

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2020 and 2019



DEL MAR COLLEGE

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101 Baldwin Blvd.
Corpus Christi, TX 78404-3897



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Comprehensive Annual Financial Report

For the Fiscal Years Ended August 31, 2020 and 2019

Prepared by

Raul Garcia, CPA

Vice President and Chief Financial Officer

John Johnson

Comptroller

Catherine West, CPA, Ed.D.

Director of Accounting and Budget Officer

Del Mar College

101 Baldwin Blvd., Corpus Christi, Texas 78404-3897

www.delmar.edu

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

Del Mar College
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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Introductory
Section



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Transmittal Letter

December 8, 2020

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

Del Mar College has completed the Comprehensive Annual Financial Report (CAFR) for the years ended August 31, 2020 and 2019 and our report has been audited by Collier, Johnson and Woods, P.C., as legally required by the Texas Education Code Section 44.008. The purpose of the CAFR is to provide financial information about the College's financial condition and performance. The financial report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and complies 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 the financial statements.

The College's management assumes responsibility for establishing and maintaining an internal control framework to provide reasonable assurance that the CAFR is presented in a manner that is free of material misstatements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. This letter of transmittal complements and should be read in conjunction with the Management's Discussion and Analysis (MD&A) which immediately follows the independent auditor's report. The MD&A includes a narrative introduction, overview and analysis of the basic financial statements.

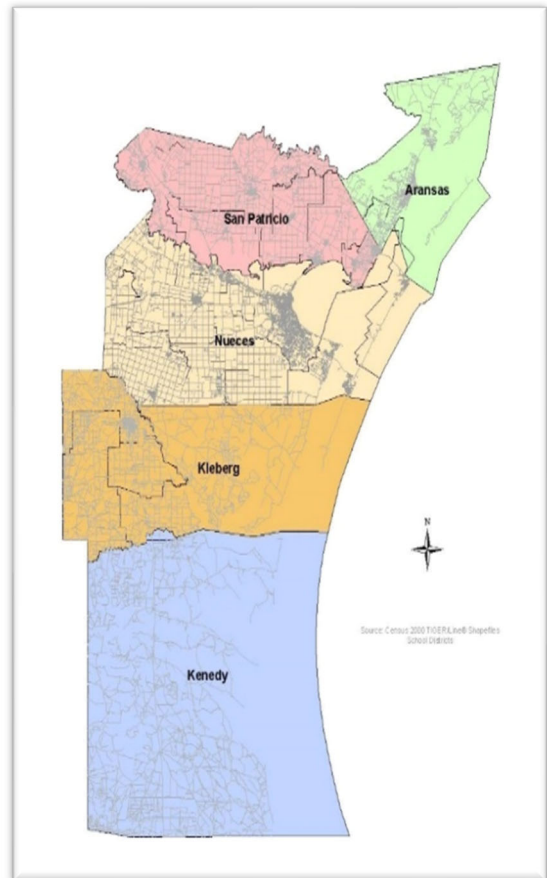
Comprehensive Annual Financial Report

The CAFR contains a wealth of financial information and is divided into four sections including the Introductory, Financial, Statistical, and Federal and State Awards. The Introductory section includes this transmittal letter; a listing of the Board of Regents and Administration; the Certificate of Excellence in Financial Reporting; and an organization chart. The Financial section includes the independent auditor's report on the basic financial statements, MD&A, the basic financial statements, notes to the financial statements, the required supplementary information and schedules required by the Texas Higher Education Coordinating Board. The Statistical section includes selected unaudited financial and demographic information that is presented on a multi-year basis. Lastly, the Federal and State Awards section includes the independent auditor's reports on the College's internal controls and compliance with grant requirements, expenditure schedules, and finding and question cost reports. The financial records of the College are maintained on the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when incurred.

College Profile

Del Mar College District (DMC) is an independent political subdivision of the State of Texas located in Nueces County. The College started in 1935 under the control of Corpus Christi Independent School District's Board of Trustees. In 1999, the College's Board of Regents adopted Del Mar College District as the official name. The College provides access to a wide range of affordable academic programs to over 23,000 students. Our programs include degree, certificate, continuing education, and customized workforce development in over 53 university transfer majors and more than 144 occupational fields. We take great pride in the fact that 88.7% of our students transfer to a four-year institution including the Texas A&M system (63.3%), University of Texas system (13.2%), the Texas Tech University system (6.4%), and the University of Houston system (2%).

The College is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). SACSCOC recently granted Del Mar College a level II status allowing the College to deliver a Bachelor of Science in Nursing Degree for the Fall of 2021. The College recently submitted the 10-year evidence based report to SACSCOC in accordance with the accreditation reaffirmation process. Following the SACSCOC On-Site visit at the end of October, SACSCOC has determined that the College is compliant in all areas with "no recommendations". The next step in the accreditation process is the finalization of accreditation by the SACSCOC Board of Trustees in 2021.



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

Del Mar's Board of Regents ratified the new mission, vision, values and the five-year "Aspire. Engage. Achieve. 2019 – 2024 Strategic Plan" on September 10, 2019. The new strategic plan focuses on student success and the alignment of academic programs with workforce demands. It is designed using the integrated planning model developed by the Society of College & University Planning. Key stakeholder groups were engaged in developing the new plan including students, faculty, staff, community members, and the Del Mar College Board.

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

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

Strategic Plan: Aspire. Engage. Achieve.

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

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

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

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

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

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

College Response to COVID-19

Fiscal year 2020 was a period of transformation in which the College demonstrated characteristics of agility to adjust to the unprecedented COVID-19 crisis; responsiveness to student needs and business interruptions; and nimbleness to institute operational change. In addition, the College added to its instructional space the expansion of the Emerging Technology and the Workforce Development Center buildings, a new General Academic Music Building, and the beginnings of a new South Campus as part of the College’s capital plan valued \$296 million. The national pandemic emergency declaration on March 13, 2020 shifted the College’s forward motion to include planning, designing, executing and adjusting to its new COVID-19 environment. The College’s vision during the pandemic is to ensure that our students gain the necessary knowledge, skills, and experience to achieve their goals of graduation, transfer and/or personal enrichment in a healthy and safe environment.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world including the United States and the state of Texas (the “State”). On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States. On March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. Immediately thereafter, Governor Greg Abbott (the “Governor”)

declared a state of disaster for all Texas counties on March 13, 2020 and once again renewed on April 12, 2020. The Governor subsequently issued executive orders including adopting the recommendations of the President of the United States and the Centers for Disease Control related to social distancing, shutting down the economy followed by a multi-stage approach to re-opening the economy.

The College's health and safety protocols are predicated on the orders and guidelines issued by the President, Governor, local government, Center for Disease Control guidelines and local medical specialists. The College's actions to the orders described above were to organize itself into various committees in order to synthesize information and shift operations to adhere to the health and safety protocols. The College's committees include the Crises Management, Return to Campus, Academic Continuity, Emergency, and the CARES Act.

The Return to Campus Committee's recommendations include a multi-stage approach to reopening the campus with protocols that allow for instructional and student service delivery in a health and safety environment. These protocols include social distancing, individual health assessment, required facial coverings, decontamination of areas, safety signage and hygiene protocols such as frequent hand washing. In addition, new or expanded digital solutions for instruction and student support services delivery have been purchased.

The CARES Act Committee's recommendations include student financial aid grants and technology investments for remote learning programs and technology capacity expansion to support instructional and student services valued at \$4.1 million. The College's technology investments include firewall upgrades, new telephone messaging, bandwidth upgrades, E-forms and signature authenticated documents, internet hot spots, cyber security, laptops, parking lot Wi-Fi access, faculty training, and software.

Financial Outlook

The College's financial outlook weighs on the uncertainty and the longevity of the COVID-19 pandemic and economic downturn. As a brief recap, the College shifted direction in response to the COVID-19 crisis and an economic downturn midway through the 2020 fiscal year. The College's financial sustainability plan with a long-term outlook changed to include redirecting resources towards mission critical costs, reduced spending to establish a Risk Fund Reserve, and revisions to the Cash Reserve Board Policy to include language around a Risk Fund reserve. The College ended fiscal year 2020 with a \$8.8 million surplus to establish the Risk Reserve Fund. The Risk Fund Reserve in concert with grant funding will add resilience to the College's operations throughout the crisis.

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

Student Outcomes

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

Guided Pathways Operating Initiatives

The Guided Pathways initiative will help the College achieve many of the above listed student outcomes. Other planned activities include course mapping into eight associate degree meta-majors; degree and transfer mapping into predictable course scheduling; and increasing student advisors and other student support services. The course mapping will reduce the complexity of student enrollment choices by detailing the class requirements leading to on-time degree completion. It will also reduce the number of unnecessary credit courses towards their degree or certificate attainment. The course mapping will also provide a pathway for continued educational attainment at a four-year institution. The college will also forge sound business partnerships with four-year institutions of higher education in order to secure the successful transfer of our students. Accordingly, the College will create, revise and implement articulation agreements that will align the academic programs at both institutions with a career outlook and incomes by field of study. The College's student transferring process will be updated to include a structured pathway towards program completion with an online delivery platform to allow easy student access. In addition, the College will make changes to course scheduling making it easier for students to plan and organize around their work schedule and family obligations.

SENDA Operating Initiatives

SENDA is an advisory initiative to help our students make informed academic choices to stay on track towards on-time academic completion. The student advising framework includes monitoring and advising academic progress at the 15/30/45 credit hour course enrollment; delivering other supportive services when they go off track; academic planning for transitioning to a four-year institution and career choices; delivering technology driven financial literacy content; instituting financial peer coaching; and providing virtual career tours. There is also a plan to increase the number of advisors and leverage technology to maintain an effective and quality advisory framework. The College has secured a 5-year Hispanic Serving Institution grant valued at \$2.8 million from the U.S. Department of Education that will help fund this intrusive advisory framework.

New Academic Program

Our Nursing Department currently offers a Nurse Certificate and an Associate of Applied Science in Registered Nursing with the option of obtaining an Associate of Arts degree. We take great pride in announcing our new Bachelor of Science Nursing degree starting in the Fall of 2021. Our research indicates that our nursing graduates and currently enrolled students would consider BSN through DMC in order to improve their technical nursing skills; meet the technical skill requirement by hospitals; increase compensation; achieve job security; and job advancement opportunities. In addition, the BSN will support the workforce demands of the local economy.

Instructional Delivery Space and Capital Plan

The College's instructional delivery space consists of a one college multi-campus model consisting of four locations throughout our district, with a planned campus expansion on the South side of Corpus Christi. Our course delivery sites include the East and West campuses, the Center for Economic Development, the Northwest Center and a forthcoming South Campus.

The College's capital plan is valued \$296 funded with the 2014 and 2016 voter-approved bond referendums. The student centric capital plan was developed in collaboration with front-line student service employees, administrators, faculty, students and the Board of Regents with consideration to student educational attainment and lifelong learning needs, improving the learning environment, and enhancing student life. The following are project highlights.

PROJECTS	STATUS	CAMPUS	PROJ. TYPE	BUDGET (\$000)	COMPLETION
General Academic Music Bldg.	Completed	East	New Building	\$59,519	Apr 2020
Emerging Technology Expansion	Completed	West	Renovation	\$11,780	Apr 2020
Workforce Development Center	Completed	West	Renovation	\$20,552	Apr 2020
New Multi-building South Campus	In Progress	South	New Building	\$115,992	Mar 2022
Fine Arts Music Bldg.	Planned	West	Renovation	\$7,200	Nov 2021
Heldenfels - New Student Center	Planned	East	Renovation	\$4,570	Aug 2022
White Library	Planned	West	Renovation	\$9,369	Nov 2021

Economy

The College's district includes the Nueces, San Patricio, Aransas and parts of Kenedy and Kleberg counties and it represents 83% of Coastal Bend's labor force. The Coastal Bend area includes our district and the Kenedy, Kleberg, Brooks, Duval, Jim Wells, Live Oak, Bee and Refugio counties. The Coastal Bend region's economic boom hit a turning point in March of 2020 due to the stay at home orders in response the COVID-19 pandemic.

Corpus Christi Regional Economic Development Corporation (CCREDC) recently reported regional investments north of \$52 billion over the last ten years. This scaling up of investments are attributed, in part, to the introduction of cost-effective oil and gas shale extraction technique in our neighboring Eagle Ford region in 2010 followed by the lifting of the ban on exports of U.S. oil production in 2015. In addition, the cost competitive energy production and entrance to new markets such as Mexico and other foreign countries help spur the region's economic growth. Capital investments in the supply chain also scaled up in response to the increase in energy demand

and production. The supply chain investments include the deepening and widening of the Port of Corpus Christi to support mega ships; the construction of pipelines to move natural resources from the Eagle Ford region and other parts of the country into Port Aransas; the expansion of our rail capacity; and a new Harbor Bridge. The following are the top 10 regional investments since 2010 reported by CCREDC.

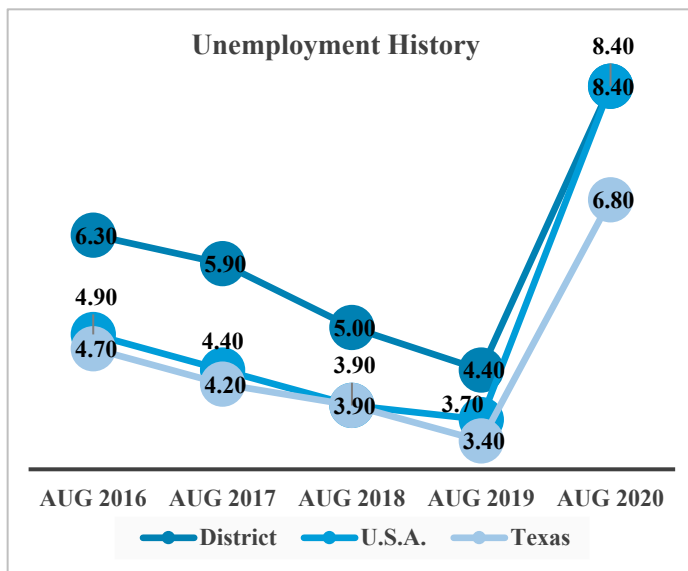
Organization	Capital Investments (In millions)	New Full-time Positions
Cheniere	\$ 14,500.0	250
GCGV (ExxonMobil/SABIC)	9,458.0	636
Cheniere	4,500.0	250
Steel Dynamics	1,800.0	600
Permico	752.0	72

Organization	Capital Investments (In millions)	New Full-time Positions
Gravity Mid-Stream	400.0	25
EPIC Y-Grade	400.0	10
Chemours	265.0	45
BASF	155.0	50
Rangeland Energy	100.0	100

Labor Markets / Workforce

The Dallas Federal Reserve reported an overall modest statewide recovery in August attributed to an increase in economic activity, employment, consumer spending and oil and gas drilling while certain parts of the service, retail, energy and transportation sectors remain depressed. However, the statewide economic outlook remains optimistic with an unemployment rate forecast of 4.8% by December down from 6.8% for the month of August.

The District’s unemployment rate reported by the Workforce Solutions of Coastal Bend (WSCC) hit a low in February (4.4%) but scaled up in April (15.9%) due to the economic shutdown. The reopening of the economy in April is moving the needle in a downward trajectory with an unemployment rate of 8.4 % for the month of August and a workforce of over 221 thousand. The industry clusters with the largest labor force include office and administrative support; food preparation and serving related; sales and related; construction and extraction; management; education, training, and library; transportation and material moving; personal care and service; healthcare practitioners and technical; installation, maintenance, and repair; production; healthcare support; and protective service.



The Coastal Bend area is expected to grow by 11% from 2018 to 2028 as reported by the Texas Workforce Commission with the largest growth in the construction and extraction occupations (24.9%). Other occupations of growth include food preparation and serving related occupations (20.0%), architecture and engineering (20%), community and social service (18%), computer and mathematical (16.1%), transportation and material moving (14.7%), personal care and service

(14.1%), management (13.1%), business and financial (11.3%), healthcare practitioners and technical (7.6%), education, training, and library (7.3%), healthcare support (7.2%) and protective service (2.8%). The College is well positioned to deliver the following academic programs to educate the skilled workforce needs of our district.

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

Budget Controls

DMC’s annual budget is modeled around the strategic plan supported with multiple revenue streams including grants, tuition, ad valorem taxes, and state appropriations. The College’s budget is prepared under the direction of the Chief Financial Officer and the Budget Office with collaboration from the Budget Committee and personnel from all areas of the College. The budget process includes solicitation of information from various cost center budget stakeholders including Chairs, Deans, Managers and Senior Leadership. Budget requests are measured against the annual department’s Unit Assessment that includes planned operating activities, measured outcomes, findings/results, and resource requests. The budget requests are reported by departmental, function and object code and reviewed by the Budget Committee.

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

Other Information

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) has recognized DMC's commitment to excellence and transparency in financial reporting. DMC has been awarded the GFOA's Certificate of Achievement for Excellence in Financial Reporting for its fiscal year 2019 CAFR. The College believes the fiscal year 2020 CAFR will continue the tradition for excellence in financial reporting and will qualify for another GFOA award.

Independent Audits:

The College has multiple state and federal statutory reporting and compliance audit requirements. The State of Texas requires an audit by an independent certified public accountant in accordance with The Texas Education Code section 44.008. An audit of our federal and state grants is required in accordance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Part 200.501), Audits of States, Local Governments and Non-Profit Organizations, and the Texas Single Audit Circular. The College has engaged the accounting firm of Collier, Johnson, and Woods, P.C. to perform these audits.

An unmodified opinion is the highest level of assurance that an independent auditor can issue in an audit. The fiscal year 2020 audits on major federal and state programs disclosed no instances of noncompliance and they did not identify a material deficiency in internal control over financial reporting. The auditors issued an unmodified opinion for the following.

- Del Mar College District's Comprehensive Annual Financial Report
- Compliance for major federal programs
- Compliance for major state programs

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

Respectfully submitted,



Raul Garcia, CPA
Vice President and Chief Financial Officer



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Del Mar College Board of Regents

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

	Term Ending	Position
Carol Scott, Chair	2020	At-Large
Rudy Garza, Jr.	2024	District 1
Dr. Nicholas L. Adame, Second Vice Chair	2020	At-Large
Dr. Mary Sherwood, Secretary	2020	District 4
Libby Averyt	2022	At-Large
Ed Bennett	2022	District 5
Elva Estrada	2024	District 3
Susan Hutchinson	2022	District 2
Hector Salinas	2024	At-Large

Administration

President and Chief Executive Officer	Dr. Mark S. Escamilla
General Counsel	Augustin Rivera, Jr.
Executive Vice President and Chief Operating Officer	Lenora Keas
Vice President and Chief Academic Officer	Dr. Jonda Halcomb (Interim)
Vice President of Administration and Human Resources	Tammy McDonald
Vice President and Chief Financial Officer	Raul Garcia
Vice President of and Chief Information Officer	August Alfonso
Vice President and Chief Facilities Officer	John Strybos
Vice President for Student Affairs	Dr. Rito Silva
Associate Vice President Planning and Institutional Effectiveness	Dr. Kristina Wilson
Associate Vice President for Student Affairs	Patricia Benavides-Dominguez
Executive Director of Governmental and Board Relations	Dr. Natalie Villareal
Executive Director of Communication and Marketing	Lorette Williams
Executive Director of Development	Mary McQueen
Dean, Division of Arts and Sciences	Dr. Cynthia Bridges (Interim)
Dean, Division of Business, Education and Health Sciences	Jennifer Sramek
Dean, Industry and Public Service	Davis Merrill
Dean, Learning Resources	Cody Gregg
Dean, Division of Student Engagement and Retention	Cheryl G. Sanders
Dean, Continuing Education and Off-Campus Programs	Dr. Leonard Rivera
Dean, Workforce Programs and Corporate Services	Dan Korus



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**Del Mar College
Texas**

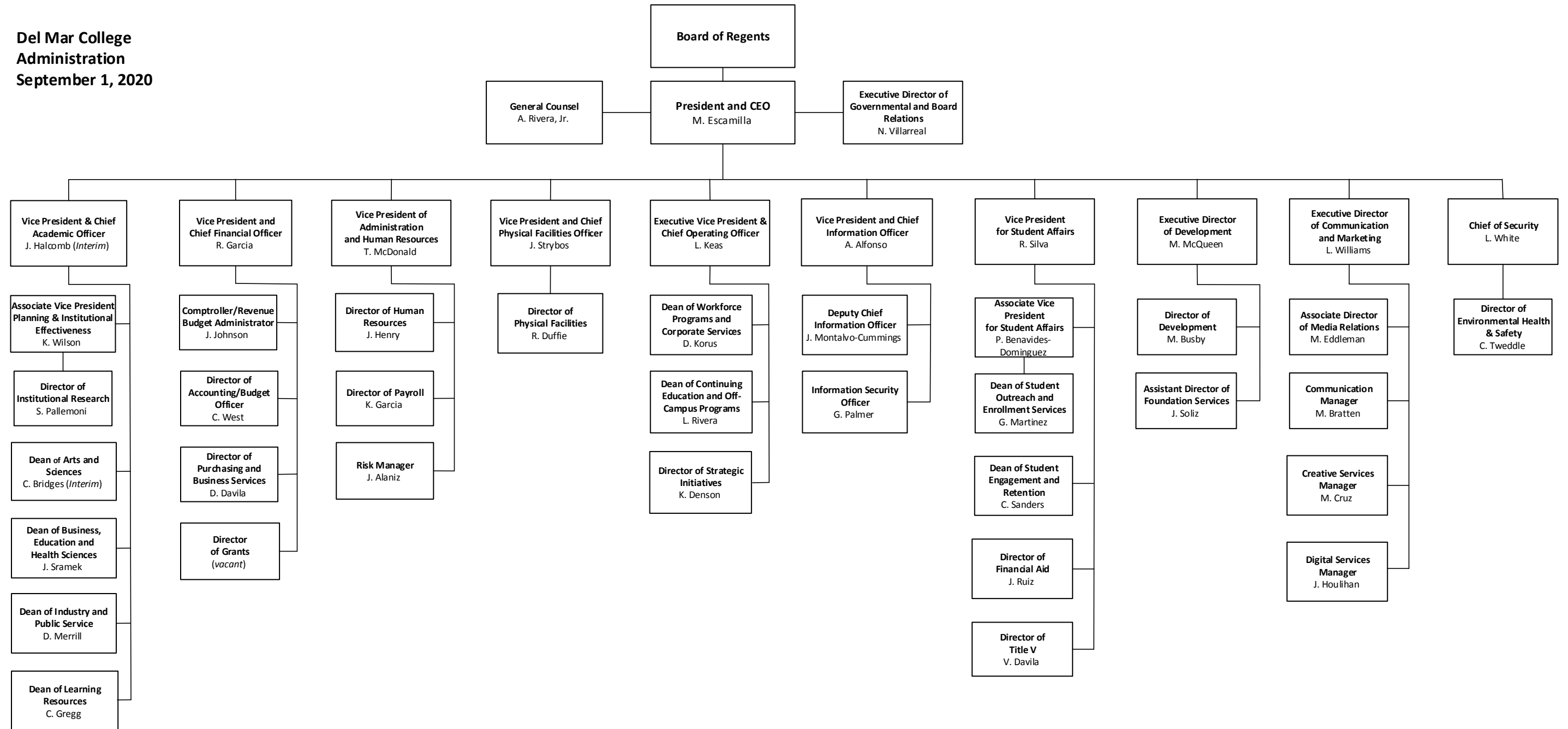
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2019

Christopher P. Morrill

Executive Director/CEO

**Del Mar College
Administration
September 1, 2020**





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Financial
Section



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INDEPENDENT AUDITOR'S REPORT

December 8, 2020

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, 2020 and 2019 and June 30, 2020 and 2019, 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, 2020 and 2019 and June 30, 2020 and 2019, respectively, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on pages 21 through 40, and pages 97 and 100 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 on pages 101 through 104 are 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) on pages 145 and 146 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of state awards (Schedule F) on pages 153 and 154 is presented for purposes of additional analysis as required by the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Collier, Johnson & Woods



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DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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, 2020 and 2019, and comparative information for the year ended August 31, 2018. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the College's Basic Financial Statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Financial Section

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

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

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

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

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

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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, 2020 and 2019. 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. 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 2020 and 2019 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 2020 are as follows:

- In July, the College issued \$22,150,000 and \$56,285,000 in Limited Tax Bonds, Series 2020A and 2020B respectively. Series 2020A is the final issue of the \$157,000,000 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 2020B is the final issue of the \$139,000,000 voter approved bond election held on November 8, 2016. Proceeds from the sale of the Bonds will be used to construct and equip school buildings 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.
- Total unrestricted net position increased \$10.6 million as a result of this year's operations which represents a 20.3% increase over the prior year. This was accomplished through conservative fiscal management.
- Total non-operating revenues increased by \$7.6 million primarily due to ad valorem tax collections. \$3.9 million of the amount collected over the preceding year was due to a 7.71% increase in property value and a .75% increase in the M&O rate.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Statement of Net Position

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

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

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

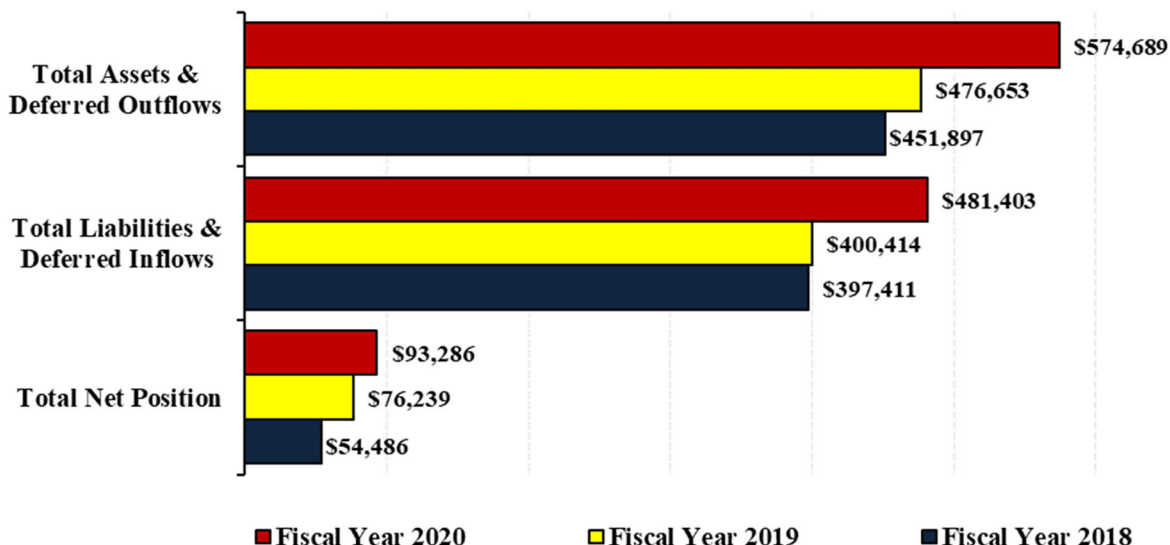
Net Position is divided into three major categories. The first category, the net investment in capital assets, represents the College's equity in property, plant and equipment owned by the college, net of debt. The next category is the restricted component of net position. Expendable restricted resources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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Statement of Net Position (Continued)

Statement of Net Position					
Comparison - Fiscal Year 2020, 2019 and 2018					
(In Thousands)					
	<u>Fiscal Year</u> 2020	<u>Fiscal Year</u> 2019	<u>Fiscal Year</u> 2018	2020-2019 <u>Variance</u>	2019-2018 <u>Variance</u>
Current Assets	\$ 88,810	\$ 78,859	\$ 70,925	\$ 9,951	\$ 7,934
Non-Current Assets:					
Capital Assets, Net of Depreciation	296,614	255,950	212,640	40,664	43,310
Other	176,444	127,275	160,936	49,169	(33,661)
Total Assets	561,868	462,084	444,501	99,784	17,583
Deferred Outflows	12,821	14,569	7,396	(1,748)	7,173
Total Assets & Deferred Outflows of Resources	574,689	476,653	451,897	98,036	24,756
Current Liabilities	47,062	40,587	31,058	6,475	9,529
Non-Current Liabilities	408,870	327,175	348,140	81,695	(20,965)
Total Liabilities	455,932	367,762	379,198	88,170	(11,436)
Deferred Inflows	25,471	32,652	18,213	(7,181)	14,439
Total Liabilities & Deferred Inflows of Resources	481,403	400,414	397,411	80,989	3,003
Net Position:					
Net Investment in Capital Assets	126,543	120,406	100,961	6,137	19,445
Restricted	8,432	8,161	12,247	271	(4,086)
Unrestricted	(41,689)	(52,328)	(58,722)	10,639	6,394
Total Net Position	\$ 93,286	\$ 76,239	\$ 54,486	\$ 17,047	\$ 21,753

Statement of Net Position
Comparison - Fiscal Year 2020, 2019 and 2018
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Statement of Net Position (continued)

2019-2020

- For fiscal year 2020, total assets and deferred outflows of resources increased by approximately \$98 million. Current assets increased by \$10 million primarily due to an increase in short term investments necessary to pay for obligations on capital improvement projects. Prepaid expenses included within the current asset category increased by \$2.1 million for the purchase of X-RAY equipment and an industrial process trainer. Offsetting this was a \$1.7 million decrease in accounts receivable caused by an 8.5% enrollment decrease for the fall term of 2020. Net capital assets increased by approximately \$40.7 million. Restricted noncurrent cash decreased by \$21.9 million primarily due to construction payments made on capital projects. Noncurrent restricted investments increased by \$71 million largely due to proceeds of \$92.2 million received for the issuance of the 2020A and 2020B Limited Tax Bonds.
- Total liabilities and deferred inflows of resources increased by \$81million. The largest contributing factor was the issuance and recording of the Limited Tax Bonds, Series 2020A & 2020B debt totaling \$78.4 million. Current liabilities increased by \$6.5 million from the recording of the current portion of OPEB liability of \$1.9 million and increase in accounts payable and accrued liabilities of \$3.5 million for construction vendors on capital improvement projects. Deferred inflows related to OPEB decreased by \$9.4 million. The decrease in liability was largely due to a 1.37% reduction in the College's proportionate share of the State's unfunded liability.
- The College's net position increased by \$17 million. This increase was in part due to the College's substantial investment in net capital assets, an increase over the prior year of \$6.1 million. Unrestricted net position increased by \$10.6 million. This was mostly attributable to increased maintenance ad valorem tax collections of \$3.9 million, increase in non-operating federal revenue of \$3.6 million, and prudent fiscal monitoring of operating expenses which were maintained at the previous year level.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Statement of Net Position (continued)

2018-2019

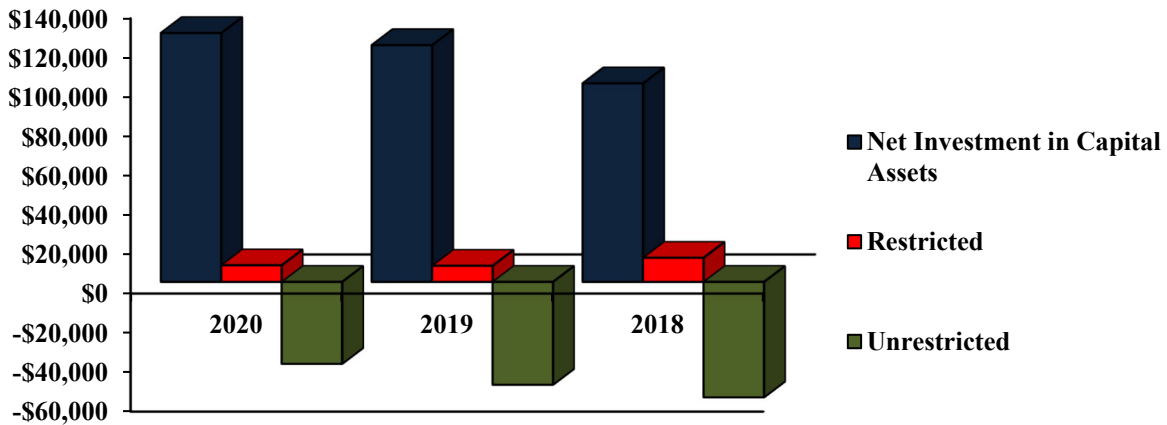
- For fiscal year 2019, total assets and deferred outflows of resources increased by approximately \$24.8 million. Current assets increased by \$7.9 million primarily due to an increase in short term investments necessary to pay for obligations on capital improvement projects. Another significant cause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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Statement of Net Position (continued)

The following is a graphic illustration of net position at August 31, 2020, 2019 and 2018:

Net Position
Comparison - Fiscal Year 2020, 2019 and 2018
(in Thousands)



Statement of Revenues, Expenses and Changes in Net Position

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

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

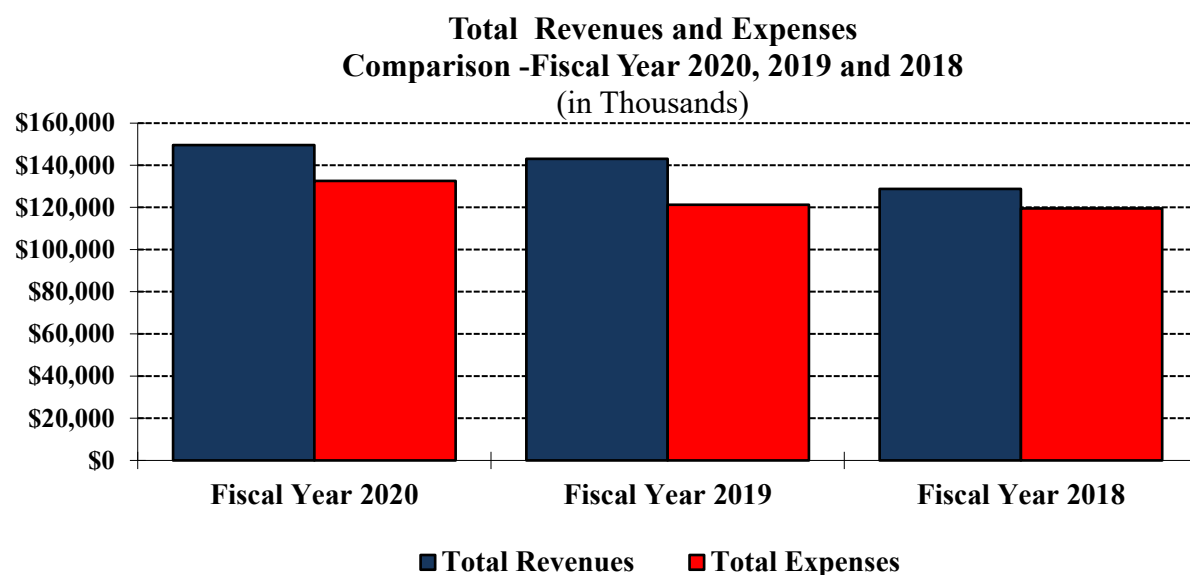
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2020 Through 2018
(In Thousands)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Fiscal Year <u>2018</u>	2020-2019 Variance	2019-2018 Variance
Operating Revenues	\$ 22,657	\$ 23,761	\$ 22,153	\$ (1,104)	\$ 1,608
Non-Operating Revenues	126,858	119,245	106,613	7,613	12,632
Total Revenues	\$ 149,515	\$ 143,006	\$ 128,766	\$ 6,509	\$ 14,240
Operating Expenses	122,505	112,273	112,413	10,232	(140)
Non-Operating Expenses	10,023	8,985	7,110	1,038	1,875
Total Expenses	\$ 132,528	\$ 121,258	\$ 119,523	\$ 11,270	\$ 1,735
Contribution from Other Agencies	60	5	689	55	(684)
Increase in Net Position	17,047	21,753	9,932	(4,706)	11,821
Net Position Beginning of Year	76,239	54,486	130,861	21,753	(76,375)
Cumulative Effect of Change in Accounting Principle	-	-	(86,307)	-	86,307
Net Position Beginning of Year Restated	76,239	54,486	44,554	21,753	9,932
Net Position End of Year	\$ 93,286	\$ 76,239	\$ 54,486	\$ 17,047	\$ 21,753

The following is a graphic illustration of total revenues and expenses at August 31, 2020, 2019 and 2018:



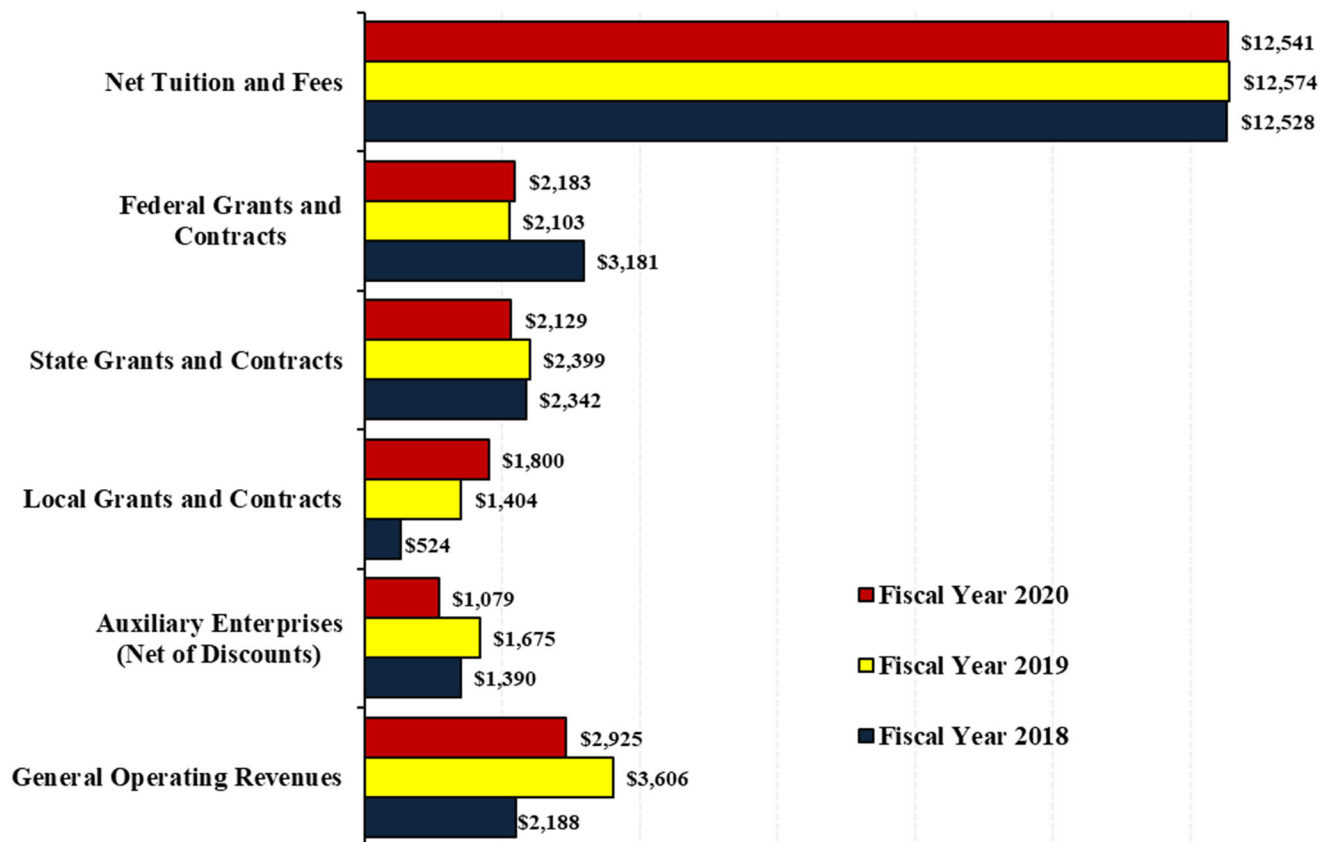
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Operating Revenues
Years Ended August 31, 2020 through 2018
(In Thousands)

Operating Revenues	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	2020-2019 Variance	2019-2018 Variance
Tuition and Fees	\$ 30,335	\$ 29,153	\$ 28,755	\$ 1,182	\$ 398
Scholarship Allowances and Discounts	(17,794)	(16,579)	(16,227)	(1,215)	(352)
Federal Grants and Contracts	2,183	2,103	3,181	80	(1,078)
State Grants and Contracts	2,129	2,399	2,342	(270)	57
Local Grants and Contracts	1,800	1,404	524	396	880
Auxiliary Enterprises (Net of Discounts)	1,079	1,675	1,390	(596)	285
General Operating Revenues	<u>2,925</u>	<u>3,606</u>	<u>2,188</u>	<u>(681)</u>	<u>1,418</u>
Total	<u>\$ 22,657</u>	<u>\$ 23,761</u>	<u>\$ 22,153</u>	<u>\$ (1,104)</u>	<u>\$ 1,608</u>

Operating Revenues
Comparison - Fiscal Year 2020, 2019 and 2018
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Key factors impacting total operating revenues:

2019-2020

- Revenue from tuition and fees increased \$1.2 million or 4% over 2019. The increase in revenue resulted from a \$3 per semester hour increase in tuition charged to students and slight increase in enrollment. The tuition revenue increase would have been significantly greater but contract instruction for local industry decreased by \$902 thousand largely due to the completion of a contract with Gulf Coast Growth Ventures of \$1.4 million in the previous year.
- The increase in Scholarship Allowances and Discounts of \$1.2 million mostly resulted from increased Pell Grant funding to students of \$948 thousand.
- Due to circumstances directly related to COVID-19 which forced the closure of most on-campus instruction the college auxiliary services sustained losses of \$596 thousand. The majority of these losses were within campus dining, vending machine, and auditorium rental facilities.
- The decrease in General operating revenues of \$681 thousand was due largely to a decrease in indirect costs and administrative fees earned on contract instruction and grants. This totaled \$213 thousand.

2018-2019

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

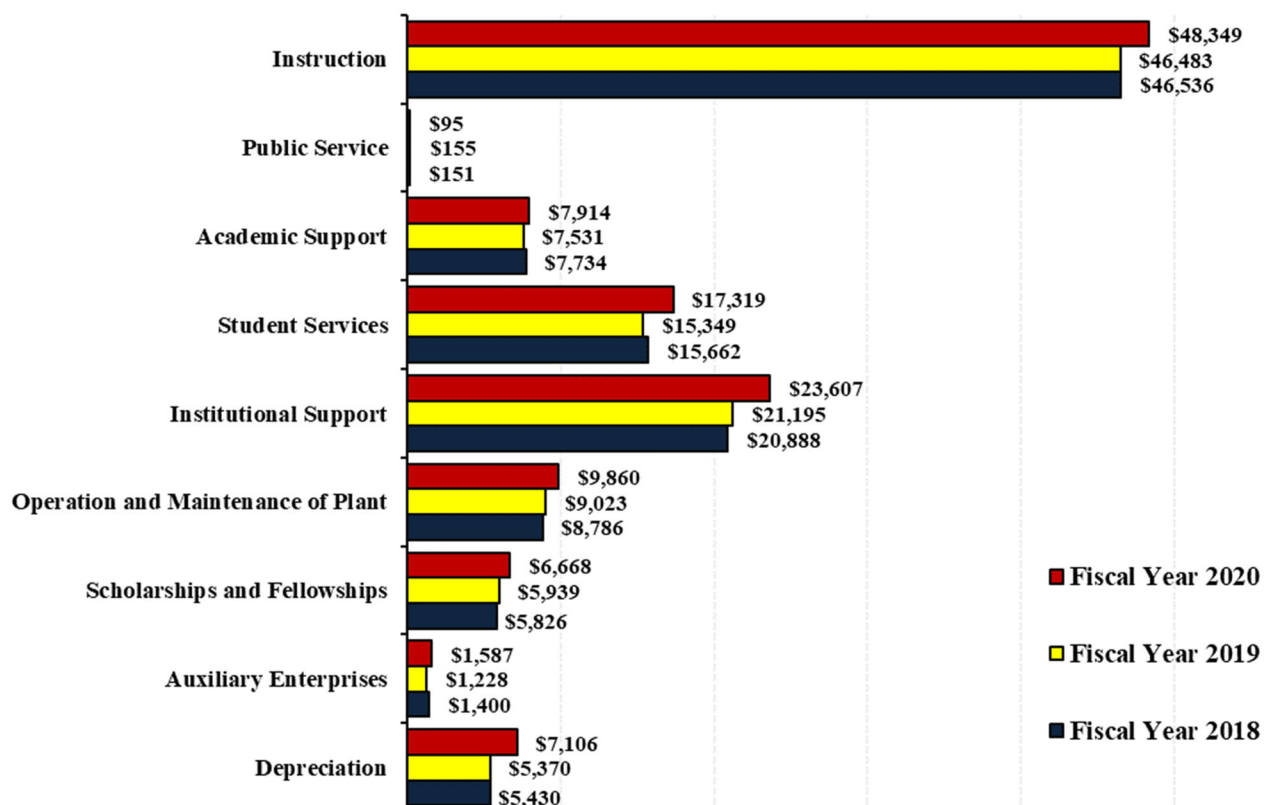
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Operating Expenses
Years Ended August 31, 2020 through 2018
(In Thousands)

Operating Expenses	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	2020-2019 Variance	2019-2018 Variance
Instruction	\$ 48,349	\$ 46,483	\$ 46,536	\$ 1,866	\$ (53)
Public Service	95	155	151	(60)	4
Academic Support	7,914	7,531	7,734	383	(203)
Student Services	17,319	15,349	15,662	1,970	(313)
Institutional Support	23,607	21,195	20,888	2,412	307
Operation and Maintenance of Plant	9,860	9,023	8,786	837	237
Scholarships and Fellowships	6,668	5,939	5,826	729	113
Auxiliary Enterprises	1,587	1,228	1,400	359	(172)
Depreciation	7,106	5,370	5,430	1,736	(60)
Total	\$ 122,505	\$ 112,273	\$ 112,413	\$ 10,232	\$ (140)

Operating Expenses by Function
Comparison - Fiscal Year 2020, 2019 and 2018
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Key factors impacting total operating expenses:

2019-2020

For the fiscal year, operating expenses increased by \$10.2 million. Items having the largest impact on this increase were:

- Salaries increased by \$3.7 million. Full-time faculty received a 2.6% increase to their base salary, a 1.24% increase in experience pay, and educational and promotion increases for those eligible. Salary for all full-time exempt and non-exempt employees increased by 3%. Total cost of these raises was approximately \$1.3 million. In addition, new personnel were hired in the academic support and learning environment areas to facilitate learning, productivity, and help guide students in achieving their educational goals. Total cost of these new position was approximately \$826 thousand. Another increase was the expansion of contract instruction for workforce programs. Additional personnel hired to cover growth in these areas was \$869 thousand.
- Employee benefits increased by \$1.4 million. The college average benefit costs to total salaries is 33.04% over the last five years. When used as a percentage to the increase in total salaries this would represent \$1.2 million of the above mentioned amount.
- Other expenses increased by \$5.1 million. Items having the largest impact on this was the purchase of non-capitalized instructional and staffing equipment for the opening of the new General Purpose and Academic Building, Workforce Development Center, and Emerging Technology Expansion.

2018-2019

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

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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, 2020 through 2018
(In Thousands)

Non-Operating Revenues	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	2020-2019 Variance	2019-2018 Variance
State Appropriations	\$ 25,500	\$ 23,437	\$ 22,928	\$ 2,063	\$ 509
Maintenance Ad Valorem Taxes	58,319	54,449	51,689	3,870	2,760
Debt Service Ad Valorem Taxes	19,158	18,706	13,423	452	5,283
Federal Revenue, Non Operating	20,413	16,860	16,237	3,553	623
Investment Income	3,442	5,755	2,308	(2,313)	3,447
Other Non-Operating Revenues	26	37	28	(11)	9
Total Non-Operating Revenues	\$ 126,858	\$ 119,244	\$ 106,613	\$ 7,614	\$ 12,631
Non-Operating Expenses					
Interest on Capital Related Debt	8,095	8,951	4,268	(856)	4,683
Bond Issuance Costs	925	-	1,017	925	(1,017)
Other Non-Operating Expenses	932	7	1,025	925	(1,018)
Loss on Disposal of Capital Assets	71	26	800	45	(774)
Total Non-Operating Expenses	\$ 10,023	\$ 8,984	\$ 7,110	\$ 1,039	\$ 1,874
Net Non-Operating Revenues	\$ 116,835	\$ 110,260	\$ 99,503	\$ 6,575	\$ 10,757

Key factors impacting non-operating revenues and expenses:

2019-2020

- Maintenance ad valorem taxes collected during the year increased by \$3.9 million. The additional tax revenue resulted from a 7.71% increase in property values along with a .75% Board approved increase in the maintenance tax rate. The maintenance property tax rate increased from .209693 to .211260 per hundred dollar valuation.
- State Appropriations increased by \$2.1 million due to larger enrollments which generated 9.2% in additional contact hours used to calculate funding. Average contact hours among all community colleges was just over 2%.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

- The decrease in investment income of \$2.3 million directly resulted from a reduction in the average yield of investments from 2.68% to 1.50%. In addition, bond funds of \$43.2 million were spent on capital projects during the fiscal year.
- Non-operating expenses increased by \$1 million largely due to bond issuance costs on the 2020A and 2020B Limited Tax Bonds.
- The increase in Federal revenue was largely due to COVID related funding received to support students and provide educational institutions with monies to purchase personal protective equipment, expand virtual learning capabilities, and purchase personal computers for both faculty and staff to allow them to work remotely. Funds received totaled \$2.1 million. In addition, the PELL grants to students increased by \$1.8 million.

2018-2019

- Maintenance ad valorem taxes collected during the year increased by \$2.8 million. The additional tax revenue resulted from a 4.57% increase in property values along with a 1.94% Board approved increase in the maintenance tax rate. The maintenance property tax rate increased from .205770 to .209693 per hundred dollar valuation.
- Debt service ad valorem taxes collected during the year increased by \$5.3 million due to the debt requirement for the Limited Tax Bond, Series 2018 A & B issued in 2018.
- The increase in investment income of \$3.4 million directly resulted from a growth in the average yield of investments from 2.069% to 2.638% and the issuance and investing of bond proceeds from the Limited Tax Bond, Series 2018 A&B received in August of 2018 of \$110.1 million.
- Interest on capital related debt increased by \$3.6 million due to the newly issued Limited Tax Bond, Series 2018 A&B.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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:

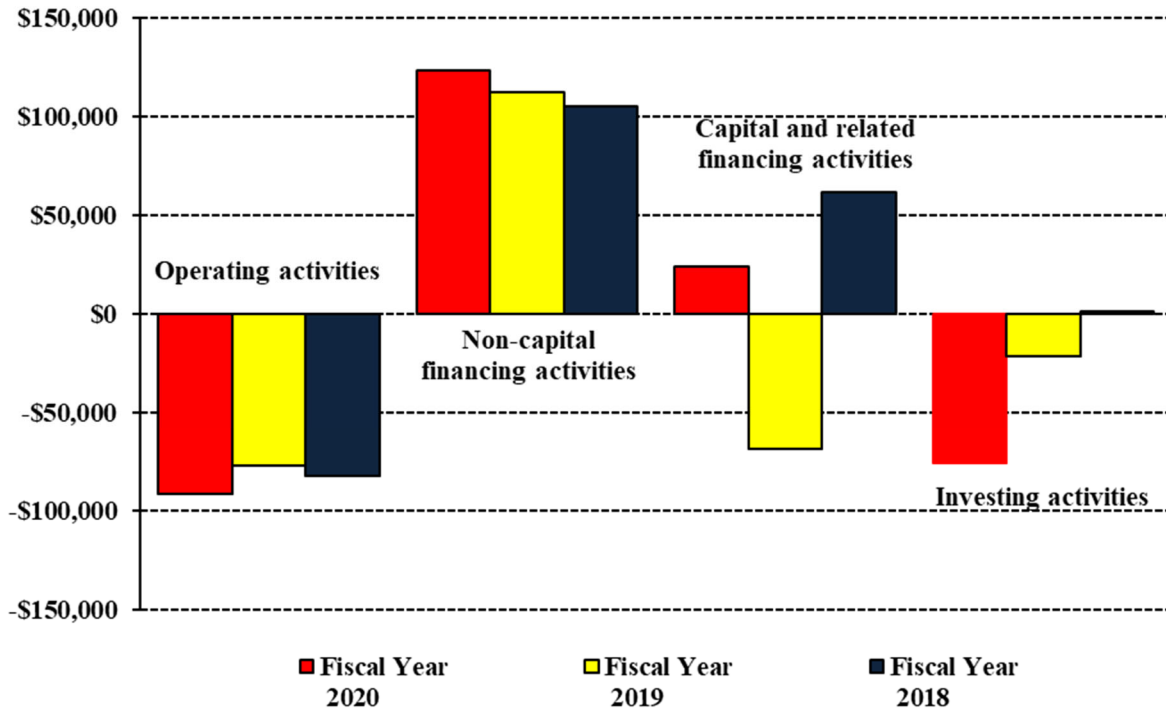
Statement of Cash Flows
Years Ended August 31, 2020 through 2018
(In Thousands)

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Cash provided (used) by:			
Operating activities	\$ (92,052)	\$ (77,246)	\$ (82,379)
Non-capital financing activities	123,137	112,390	104,908
Capital and related financing activities	23,536	(69,248)	61,428
Investing activities	(76,344)	(21,570)	820
Net change in cash and cash equivalents	(21,723)	(55,674)	84,777
Cash and cash equivalents - September 1	112,901	168,575	83,798
Cash and cash equivalents - August 31	\$ 91,178	\$ 112,901	\$ 168,575

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Statement of Cash Flows (continued)

Statement of Cash Flows
Comparison - Fiscal Year 2020, 2019 and 2018
(in Thousands)



Capital Asset and Debt Administration

The College had \$297 million invested in capital assets at August 31, 2020 and \$256 million at August 31, 2019. Additions of \$46.8 million were added to construction work in progress for costs of \$26.4 million associated with the new Main, STEM, and Culinary buildings on South Campus, \$6.7 million for the Central Plant for the South Campus, \$2.3 million for the South Campus Phase 1 project, \$6.4 million associated with the new General Academic and Music facility on the East Campus, \$2.5 million for the Workforce Development Center, \$1.3 million for the new Emerging Technology Expansion, \$1.0 million related to the new ERP implementation program, and \$160 thousand for the Pilot Plant expansion. The \$88.6 million in construction work in progress was moved to buildings with the completion of the General Academic and Music facility for \$56.6 million, the Workforce Development Center for \$20.3 million, the Emerging Technology Expansion for \$11.5 million, and \$207 thousand for additional costs for Central Plant Upgrade Phase I, Central Plant Upgrade Phase II, and re-roofing projects. New equipment purchases of \$1.0 million were made during the year. In the prior year, new equipment purchases were made totaling \$3.4 million.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Capital Asset and Debt Administration (Continued)

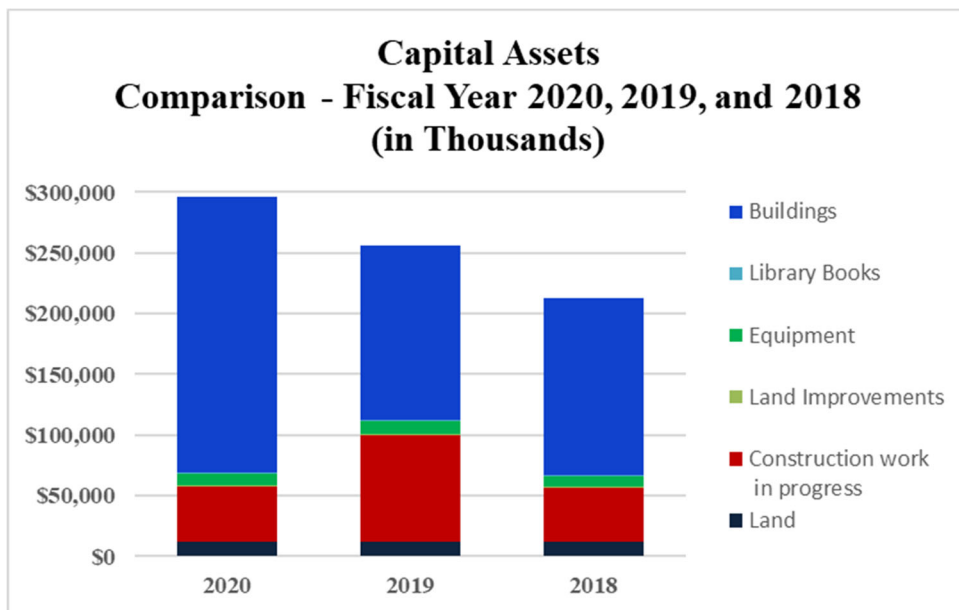
Capital assets are net of accumulated depreciation of \$110 million and \$104 million for fiscal years 2020 and 2019, respectively. Depreciation charges totaled \$7.1 million and \$5.4 million for fiscal years 2020 and 2019, respectively.

The College had \$407.1 million in capital assets, and \$110.5 million in accumulated depreciation at August 31, 2020.

Capital Assets (Net of Depreciation)
Years Ended August 31, 2020 through 2018

(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 12,649	\$ 12,649	\$ 12,649
Construction in Progress	45,091	86,912	43,349
Buildings and Improvements	227,428	143,900	145,730
Land Improvements	1,187	1,304	1,458
Library Books	700	776	854
Furniture, machinery, vehicles, and other equipment	9,559	10,409	8,600
Net capital assets	<u>\$ 296,614</u>	<u>\$ 255,950</u>	<u>\$ 212,640</u>



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Capital Asset and Debt Administration (Continued)

Total bond payable liability balances at August 31, 2020, 2019, and 2018 are as follows:

Outstanding Debt - Bonds	(In Thousands)		
	2020	2019	2018
Del Mar College District Limited Tax Refunding Bonds, Series 2011	\$ 12,395	\$ 16,165	\$ 19,790
Del Mar College District Limited Tax Refunding Bonds, Series 2013	8,365	8,450	8,535
Del Mar College District Limited Tax Refunding Bonds, Series 2014	5,950	8,930	8,930
Del Mar College District Limited Tax Refunding and Improvement Bonds, Series 2015	12,370	12,610	15,465
Del Mar College District Limited Tax Bonds, Series 2016	62,835	64,115	65,345
Del Mar College District Combined Fee Revenue Refunding Bonds, Series 2016	12,620	13,890	15,110
Del Mar College District Limited Tax Bonds, Series 2017	7,910	8,235	8,550
Del Mar College District Limited Tax Bonds, Series 2018A	43,445	43,945	44,275
Del Mar College District Limited Tax Bonds, Series 2018B	56,355	56,905	57,305
Del Mar College District Limited Tax Bonds, Series 2020A	22,150	-	-
Del Mar College District Limited Tax Bonds, Series 2020B	56,285	-	-
	\$ 300,680	\$ 233,245	\$ 243,305

The College's bond ratings for the two issuances dated June 1, 2020, are "Aa2", and "AA+" by Moody's Investor Service and Fitch Ratings, Inc. respectively. Certain of the District's outstanding tax supported debt has an underlying rating of "Aa2" by Moody's and/or "AA" by Standard and Poor's Global. See Notes 7, 8, and 9 for additional information.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Economic Factors That Will Affect the Future

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 harbor bridge to link Nueces County to the Northshore of the region are strategic investments which will solidify the continued growth.

The Coastal Bend continues to be a strong market for business growth, according the region's largest business agency. In fact, the region ranks eighth in the U.S in private industry investments made the past decade.

In 2019, the Corpus Christi region has landed several major industries including the \$1.9 billion flat roll steel mill from Steel Dynamics, the \$700 million natural gas liquids project from Permico Midstream Partners LLS, and a 700-mile, 30-inch crude oil pipeline that links the Port of Corpus Christi with the Permian Basin from EPIC.

While there has been a large growth in industry, unemployment in the city has grown to 8.4% due the current pandemic crises. In prior periods, as unemployment increased, the College District would see a surge in enrollments as people sought to re-tool their skills in order to increase their marketability in the workforce. Due to the necessity created by the pandemic to move to social distancing, face to face instruction was in most circumstances moved to a virtual learning platform. While instruction was successfully and timely transitioned to virtual learning, the college has seen an approximately 8% decline in enrollments for the fall of 2020. This decline has led to a loss in tuition revenue of approximately \$800 thousand.

In 2021, the State legislature is scheduled to meet to debate and finalize funding to all state agencies for the 2022-2023 biennium. Due to anticipated reductions in state revenues caused by the pandemic the College, along with other agencies, fully expect some reduction in funding. Planning for this probable reduction has been a high priority for the College.

In order to position the College for any possible losses in revenues, administration leaders with approval of the Board of Directors, created a "Risk Reserve Fund" from unrestricted operating reserves added during fiscal year 2020 of \$8.9 million. While no deficit is expected in fiscal year 2021, this reserve would make funds available should unanticipated potential losses occur from reduced state funding, reduced property tax collections, loss in tuition revenue or catastrophic loss in future periods.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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.

A handwritten signature in black ink, appearing to read "John Johnson", written in a cursive style.

John Johnson
Comptroller
Del Mar College

Del Mar College Statements of Net Position

ASSETS	August 31,	
	2020	2019
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$ 35,371,718	\$ 35,243,449
Short Term Investments (Note 4)	38,958,667	29,786,725
Accounts Receivable, Net (Note 6)	9,535,627	11,226,855
Taxes Receivable (Note 6)	2,009,220	1,753,339
Prepaid Expenses	2,934,425	848,759
Total Current Assets	88,809,657	78,859,127
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note 4)	55,807,276	77,658,088
Restricted Investments (Note 4)	120,637,341	49,616,973
Capital Assets, Net (Note 7):	296,613,981	255,950,241
Total Noncurrent Assets	473,058,598	383,225,302
Total Assets	561,868,255	462,084,429
Deferred Outflows of Resources		
Deferred Loss on Refunding Bonds	1,376,616	1,844,944
Deferred Outflows Related to Pensions (Note 11)	9,361,448	10,665,466
Deferred Outflows Related to OPEB (Note 16)	2,083,004	2,058,582
Total Deferred Outflows of Resources	12,821,068	14,568,992
Total Assets and Deferred Outflows of Resources	574,689,323	476,653,421
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)	15,980,256	12,484,289
Accrued Compensable Absences - Current Portion (Note 8)	710,105	710,088
Net OPEB Liability - Current Portion (Note 11)	1,910,602	-
Funds Held for Others	1,966,116	1,561,211
Unearned Revenues (Note 6)	15,155,167	14,831,880
Bonds Payable - Current Portion (Note 8)	11,340,000	11,000,000
Total Current Liabilities	47,062,246	40,587,468
Noncurrent Liabilities:		
Accrued Compensable Absences (Note 8)	6,470,512	6,470,328
Net Pension Liability (Note 11)	20,571,896	21,955,179
Net OPEB Liability (Note 16)	58,371,418	55,754,737
Bonds Payable (Note 8)	323,455,951	242,994,993
Total Noncurrent Liabilities	408,869,777	327,175,237
Total Liabilities	455,932,023	367,762,705
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions (Note 11)	3,452,115	1,203,440
Deferred Inflows Related to OPEB (Note 16)	22,019,264	31,448,063
Total Deferred Inflows of Resources	25,471,379	32,651,503
Total Liabilities and Deferred Inflows of Resources	481,403,402	400,414,208
NET POSITION		
Net Investment in Capital Assets	126,543,032	120,405,829
Restricted for:		
Expendable		
Debt Service	8,428,543	8,159,187
Loan Funds	2,957	2,440
Unrestricted	(41,688,611)	(52,328,243)
Total Net Position (Schedule D)	\$ 93,285,921	\$ 76,239,213

See Notes to Financial Statements

(Continued)

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

ASSETS	Del Mar College Foundation, Inc. June 30,	
	2020	2019
Cash and Cash Equivalents (Note 4)	\$ 1,368,919	\$ 930,669
Accounts Receivable	6,188	426,394
Investments (Note 4 and 23)	10,206,615	9,601,426
Unconditional Promises to Give (Note 6)	367,753	686,434
Total Current Assets	11,949,475	11,644,923
Endowment Investments (Note 4)	12,854,250	11,435,303
Long-Term Unconditional Promises to Give (Note 6)	243,441	215,342
Beneficial Interest in Irrevocable Charitable Trust (Note 23)	809,050	699,631
Total Assets	25,856,216	23,995,199
LIABILITIES		
Accounts Payable	34,048	39,044
Due to Del Mar College	417,174	477,890
Total Liabilities	451,222	516,934
NET ASSETS		
Without Donor Restrictions	4,990,093	3,766,249
With Donor Restrictions	20,414,901	19,712,016
Total Net Assets	\$ 25,404,994	\$ 23,478,265

See Notes to Financial Statements.

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

	Year Ended August 31,	
	2020	2019
Operating Revenues		
Tuition and Fees (net of discounts of \$17,793,854 and \$16,578,666, respectively)	\$ 12,540,731	\$ 12,574,086
Federal Grants and Contracts	2,182,843	2,103,407
State Grants and Contracts	2,128,904	2,399,247
Local Grants and Contracts	1,800,395	1,403,419
Auxiliary Enterprises	1,078,975	1,675,087
General Operating Revenues	2,924,699	3,605,925
Total Operating Revenues (Schedule A)	22,656,547	23,761,171
Operating Expenses		
Instruction	48,349,080	46,483,218
Public Service	94,984	154,635
Academic Support	7,913,959	7,531,038
Student Services	17,319,456	15,348,900
Institutional Support	23,607,141	21,194,945
Operation and Maintenance of Plant	9,859,545	9,022,898
Scholarships and Fellowships	6,667,609	5,939,657
Auxiliary Enterprises	1,586,671	1,227,858
Depreciation	7,106,091	5,369,523
Total Operating Expenses (Schedule B)	122,504,536	112,272,672
Operating Loss	(99,847,989)	(88,511,501)
Non-Operating Revenues (Expenses)		
State Appropriations	25,499,749	23,437,046
Maintenance Ad Valorem Taxes	58,318,766	54,449,297
Debt Service Ad Valorem Taxes	19,157,747	18,706,260
Federal Revenue, Non Operating	20,412,808	16,860,116
Loss on Disposal of Capital Assets	(71,492)	(26,208)
Investment Income	3,442,061	5,754,478
Interest on Capital Related Debt	(8,094,728)	(8,951,490)
Bond Issuance Costs	(925,173)	-
Other Non-Operating Revenues	26,697	37,368
Other Non-Operating Expenses	(932,172)	(7,299)
Net Non-Operating Revenues (Schedule C)	116,834,263	110,259,568
Capital Contributions		
Contributions from Other Agencies	60,434	5,000
Increase in Net Position	17,046,708	21,753,067
Net Position		
Net Position - Beginning of Year	76,239,213	54,486,146
Net Position - End of Year	\$ 93,285,921	\$ 76,239,213

See Notes to Financial Statements

(Continued)

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

Del Mar College Foundation, Inc.				
Year Ended June 30, 2020 With Comparative Totals				
For the Year Ended June 30, 2019				
	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Support, Revenue and Gains:				
Scholarship Contributions	\$ 557,611	\$ 2,081,116	\$ 2,638,727	\$ 1,113,459
Designated Scholarship Contributions	-	436,224	436,224	441,752
Grants, Managed Funds, and Other Contributions	123,546	1,689,333	1,812,879	2,242,032
Net Investment Income	513,661	716,643	1,230,304	1,393,140
Contributed Services and Expenses	747,046	-	747,046	736,646
Net Assets Released from Restrictions	3,924,784	(3,924,784)	-	-
Total Support, Revenue and Gains	5,866,648	998,532	6,865,180	5,927,029
Program Expenses:				
Foundation Services	4,494,028	-	4,494,028	3,644,342
Development Services	444,423	-	444,423	473,631
Total Program Expenses	4,938,451	-	4,938,451	4,117,973
Change in Net Assets	928,197	998,532	1,926,729	1,809,056
Transfers and Reclassifications	295,647	(295,647)	--	-
Net Assets, Beginning of Year	3,766,249	19,712,016	23,478,265	21,669,209
Net Assets - End of Year	\$ 4,990,093	\$ 20,414,901	\$ 25,404,994	\$ 23,478,265

**Del Mar College
Statements of Cash Flows**

	Year Ended August 31,	
	2020	2019
Cash Flows from Operating Activities:		
Receipts from Students and Other Customers	\$ 13,773,592	\$ 13,300,629
Receipts from Grants and Contracts	7,543,924	7,730,969
Receipts from Student Organizations and Other Agency Transactions	1,888,320	1,620,758
Payments to Student Organizations and Other Agency Transactions	(1,483,415)	(1,837,091)
Payments to Suppliers for Goods and Services	(26,496,073)	(14,361,990)
Payments to or on Behalf of Employees	(83,487,111)	(81,677,543)
Payments for Scholarships and Fellowships	(6,667,609)	(5,939,657)
Other General Operating Receipts	2,876,396	3,918,238
Net Cash Used by Operating Activities	(92,051,976)	(77,245,687)
Cash Flows from Non-Capital Financing Activities:		
Receipts from State Appropriations	25,839,094	23,079,176
Receipts from Ad Valorem Taxes	77,220,632	73,096,448
Receipts from Non Operating Federal Revenue	20,077,169	16,214,683
Net Cash Provided by Non-Capital Financing Activities	123,136,895	112,390,307
Cash Flows from Capital and Related Financing Activities:		
Proceeds on Issuance of Capital Debt	93,894,796	-
Purchases of Capital Assets	(47,780,889)	(48,715,877)
Payments on Capital Debt - Principal	(11,000,000)	(10,060,000)
Payments on Capital Debt - Interest	(10,652,410)	(10,472,393)
Payments on Capital Debt - Bond Issuance Costs	(925,173)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	23,536,324	(69,248,270)
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	231,291,113	184,555,843
Interest on Investments	3,848,524	4,966,026
Purchase of Investments	(311,483,423)	(211,092,140)
Net Cash Used by Investing Activities	(76,343,786)	(21,570,271)
Decrease in Cash and Cash Equivalents	(21,722,543)	(55,673,921)
Cash and Cash Equivalents—September 1	112,901,537	168,575,458
Cash and Cash Equivalents—August 31	\$ 91,178,994	\$ 112,901,537

See Notes to Financial Statements

(Continued)

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2020	2019
Reconciliation of Net Operating Loss to Net Cash		
Used by Operating Activities:		
Operating Loss	(99,847,989)	(88,511,501)
Adjustments to Reconcile Net Loss to Net Cash		
Used by Operating Activities:		
Depreciation Expense	7,106,091	5,369,523
Bad Debt Expense	93,678	224,776
Non-Operating Revenue	26,697	37,368
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, Net	1,187,381	(937,452)
Prepaid Expenses	(2,085,666)	(848,073)
Notes Receivable	-	907
Accounts Payable and Accrued Liabilities	3,495,967	6,675,986
Compensated Absences	201	546,693
Funds Held for Others	404,905	(216,333)
Unearned Revenues	323,287	2,087,842
Net Pension Liability	(1,383,283)	9,764,799
Net OPEB Liability	4,527,283	(18,183,441)
Deferred Outflows of Resources	1,279,596	(7,695,309)
Deferred Inflows of Resources	(7,180,124)	14,438,528
Net Cash Used by Operating Activities	(92,051,976)	(77,245,687)
Noncash Investing, Capital and Financing Activities:		
Contribution of Capital Assets	\$ 60,434	\$ 5,000

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 1 - Reporting Entity

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

Discrete Component Unit

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

Del Mar College Foundation ("the Foundation") is a Texas nonprofit corporation, chartered in 1983, to provide supplemental financial resources to advance the institutional goals and expand the educational services of the College. It is the intention of the Foundation to support educational initiatives which will enhance the quality of facilities and instruction, increase and diversify educational services, and improve accessibility to educational opportunities for students, faculty, staff, and residents of the geographic areas served by the College. The Foundation is accounted for separately in the Basic Financial Statements of the College and has a June 30 fiscal year end. The Foundation's Notes to Financial Statements are disclosed in Note 23. Complete financial statements of Del Mar College Foundation can be obtained from the administrative offices of the Foundation.

Note 2 - Summary of Significant Accounting Policies

A. Reporting Guidelines

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Nature of Operations

Del Mar College is a political subdivision of the State of Texas located in Nueces County. The College offers academic, general occupational, developmental, and continuing adult education programs. The College is governed by a nine member Board of Regents who serve staggered six-year terms. Five Regents are elected to represent single-member districts and four members are elected at large. Three positions are filled every two years. Vacancies on the Board are filled for an unexpired term according to Board bylaws.

C. Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships for qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fees revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Agency Program Funds

Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The College awards tuition and fees scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

D. Basis of Accounting

The financial statements of the College have been prepared on the accrual basis, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. The College's financial statements are prepared using the economic resources measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Budgetary Data

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

F. Cash and Cash Equivalents

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

G. Investments

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

H. Capital Assets

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

I. Other Post-Employment Benefits (OPEB)

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

J. Pensions

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

K. Deferred Outflows of Resources

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

The gain or loss on the early retirement of debt is deferred and amortized over the shorter of (1) the remaining amortization period that was used in the original refunding or (2) the life of the newly issued debt.

L. Funds Held in Trust for Others

At August 31, 2020 and 2019, the College held, in trust funds, amounts of \$1,966,116 and \$1,561,211 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB.

P. Estimates

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

Q. Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. As business-type activities, the College's operating revenues and expenses generally result from providing services in connection with the college's principal

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

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

R. Restricted and Unrestricted Resources

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

S. Net Position

The College's net position is classified as follows:

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

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

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

Note 3 - Authorized Investments

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

	2020		2019	
	College	Foundation	College	Foundation
Demand Deposits	\$ 53,389	\$ 792,739	\$ 39,256	\$ 136,302
Money Market	-	575,365	-	553,477
Sweep Account	9,502,177	-	7,534,356	-
Tex Pool	320,043	-	316,628	-
Logic Pool	70,926,035	-	84,795,065	-
Tex Star	8,204	-	8,119	-
Certificate of Deposit	10,349,804	5	20,188,771	238,830
Petty Cash on Hand	19,342	810	19,342	2,060
Total Cash and Deposits	\$ 91,178,994	\$ 1,368,919	\$ 112,901,537	\$ 930,669
Exhibit 1				
Cash and Cash Equivalents	\$ 35,371,718	\$ 1,368,919	\$ 35,243,449	\$ 930,669
Restricted Cash and Cash Equivalents	55,807,276	-	77,658,088	-
	\$ 91,178,994	\$ 1,368,919	\$ 112,901,537	\$ 930,669

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	2020		2019	
	College	Foundation	College	Foundation
Municipal Notes	\$ 35,572,852	\$ -	\$ -	\$ -
Mutual Funds	-	22,018,661	-	19,931,940
Commercial Paper	59,679,806	-	44,583,136	-
U.S. Government Agencies	64,343,350	-	34,820,562	-
Alternative Investments	-	1,042,204	-	1,104,789
Total Investments	\$ 159,596,008	\$ 23,060,865	\$ 79,403,698	\$ 21,036,729
Exhibit 1				
Short Term Investments	\$ 38,958,667	\$ 10,206,615	\$ 29,786,725	\$ 9,601,426
Restricted Investments	120,637,341	12,854,250	49,616,973	11,435,303
	\$ 159,596,008	\$ 23,060,865	\$ 79,403,698	\$ 21,036,729

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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, 2020, the College's portfolio had no holdings with stated maturities beyond 1,087 days.

Foundation

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

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

Credit Risk

College

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

As of August 31, 2020, the College's investments in local governmental investment pools were all rated AAA by Standard and Poor's. The College's commercial paper investments were rated A-1 by Standard and Poor's and P-1 by Moody's.

Foundation

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 4 - Deposits and Investments (Continued)

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

Concentration of Credit Risk

College

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

Diversification limits are set as follows:

<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
	<u>Allowable</u>	<u>Actual</u>
U.S. Obligations	80%	0%
U.S. Agencies/Instrumentalities	75%	26%
Certificates of Deposit	75%	4%
Repurchase Agreements	100%	0%
Local Governmental Investment Pools	100%	28%
Money Market Mutual Funds	50%	4%
Commercial Paper	25%	24%
Bankers Acceptances	20%	0%
Mutual Funds	10%	0%
State & Municipal Obligations	30%	14%
Corporate Obligations	25%	0%
Negotiable Certificates of Deposit	25%	0%
Interest Bearing Accounts - Texas Banks	100%	0%

Foundation

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 4 - Deposits and Investments (Continued)

Custodial Credit Risk

College

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

Foundation

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

Note 5 – Fair Value of Financial Instruments

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

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 5 – Fair Value of Financial Instruments (Continued)

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

As of August 31, 2020 and 2019 the College’s securities to be priced in the portfolio were as follows:

	Fair Value	Fair Value Measurements Using:	
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
August 31, 2020:			
U.S. Gov't Agencies	\$ 64,343,350	\$ 64,343,350	\$ -
Municipal Notes	35,572,852	35,572,852	
Commercial Paper	59,679,806	-	59,679,806
Total	\$ 159,596,008	\$ 99,916,202	\$ 59,679,806
August 31, 2019:			
U.S. Gov't Agencies	\$ 34,820,562	\$ 34,820,562	\$ -
Commercial Paper	44,583,136	-	44,583,136
Total	\$ 79,403,698	\$ 34,820,562	\$ 44,583,136

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Receivables at August 31, 2020 and 2019 were as follows:

Accounts Receivable, Net:

	<u>2020</u>	<u>2019</u>
Student Receivables	\$ 7,557,522	\$ 8,966,283
Federal Receivables	2,451,768	2,380,099
Interest Receivables	448,745	855,207
Total Receivables	10,458,035	12,201,589
Less Allowance for Doubtful Accounts	922,408	974,734
Accounts Receivable, Net	<u>\$ 9,535,627</u>	<u>\$ 11,226,855</u>

Taxes Receivable, Net:

	<u>2020</u>	<u>2019</u>
Taxes Receivable	\$ 5,287,421	\$ 3,578,242
Less Allowance for Doubtful Accounts	3,278,201	1,824,903
Taxes Receivable, Net	<u>\$ 2,009,220</u>	<u>\$ 1,753,339</u>

The Foundation has received promises and been awarded grants. Unconditional promises to give at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Student Scholarships	\$ 612,035	\$ 910,584
Less Unamortized Discount	841	8,808
Net Unconditional Promises to Give	611,194	901,776
Less Amount Due in One Year or Less	367,753	686,434
Net Long-Term Unconditional Promises to Give	<u>\$ 243,441</u>	<u>\$ 215,342</u>

Long-term promises to give are expected to be collected during the year ended June 30, 2021. The discount rate of .18 and 1.71 was used on long-term promises to give as of June 30, 2020 and 2019, respectively. The Foundation considers promises to give fully collectible; accordingly, no allowance for uncollectible promises has been provided.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Accounts Payable and Accrued Liabilities:

Payables at August 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Vendors Payable	\$ 12,584,027	\$ 10,199,857
Salaries & Benefits Payable	1,733,644	1,277,020
Accrued Interest	1,662,585	1,007,412
Total Payables	<u>\$ 15,980,256</u>	<u>\$ 12,484,289</u>

Unearned Revenues:

Unearned revenues at August 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Tuition and Fees	\$ 10,144,982	\$ 11,178,241
Unearned Lease Revenue	1,231,250	1,306,250
Federal, State and Local Grants	3,778,935	2,347,389
	<u>\$ 15,155,167</u>	<u>\$ 14,831,880</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 7 - Capital Assets

Capital assets activity for the year ended August 31, 2020 was as follows:

	Balance			Balance
	Sept 1, 2019	Increases	Decreases	Aug 31, 2020
Capital Assets Not Depreciated:				
Land	\$ 12,649,523	\$ -	\$ -	\$ 12,649,523
Construction in Progress	86,912,182	46,847,032	88,668,544	45,090,670
Total Capital Assets Not Depreciated	99,561,705	46,847,032	88,668,544	57,740,193
Capital Assets Being Depreciated:				
Buildings and Improvements	205,933,899	88,668,544	-	294,602,443
Land Improvements	11,869,319	-	-	11,869,319
Library Books	6,754,745	50,215	-	6,804,960
Furniture, Machinery, Vehicles, and Other Equipment	35,730,510	939,676	571,897	36,098,289
Total Capital Assets Being Depreciated	260,288,473	89,658,435	571,897	349,375,011
Less Accumulated Depreciation:				
Buildings and Improvements	62,033,572	5,140,973	-	67,174,545
Land Improvements	10,565,942	116,445	-	10,682,387
Library Books	5,978,789	126,560	-	6,105,349
Furniture, Machinery, Vehicles, and Other Equipment	25,321,634	1,722,113	504,805	26,538,942
Total Accumulated Depreciation	103,899,937	7,106,091	504,805	110,501,223
Net Capital Assets Being Depreciated	156,388,536	82,552,344	67,092	238,873,788
Capital Assets, Net	\$ 255,950,241	\$ 129,399,376	\$ 88,735,636	\$ 296,613,981

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 7 - Capital Assets (Continued)

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 8 – Noncurrent Liabilities

Noncurrent liability activity for the year ended August 31, 2020 was as follows:

	<u>Balance Sept. 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Aug. 31, 2020</u>	<u>Current Portion</u>
<u>Bonds Payable</u>					
General obligation bonds	\$ 219,355,000	\$ 78,435,000	\$ 9,730,000	\$ 288,060,000	\$ 10,020,000
Bond premium	20,749,993	15,459,796	2,093,838	34,115,951	-
Revenue bonds	13,890,000	-	1,270,000	12,620,000	1,320,000
Total Bonds Payable	<u>253,994,993</u>	<u>93,894,796</u>	<u>13,093,838</u>	<u>334,795,951</u>	<u>11,340,000</u>
Accrued Compensable Absences	<u>7,180,416</u>	<u>559,279</u>	<u>559,078</u>	<u>7,180,617</u>	<u>710,105</u>
Net Pension Liability	<u>21,955,179</u>	<u>-</u>	<u>1,383,283</u>	<u>20,571,896</u>	<u>-</u>
Net OPEB Liability	<u>55,754,737</u>	<u>4,527,283</u>	<u>-</u>	<u>60,282,020</u>	<u>1,910,602</u>
Total Noncurrent liabilities	<u>\$ 338,885,325</u>	<u>\$ 98,981,358</u>	<u>\$ 15,036,199</u>	<u>\$ 422,830,484</u>	<u>\$ 13,960,707</u>

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 9 – Bonds Payable

- Limited Tax Refunding Bonds, Series 2011
 - To refund Limited Tax Bonds, Series 2003
 - Issued November 1, 2011
 - Total authorized and issued \$36,330,000
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$12,395,000 and \$16,165,000
 - 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, 2020 and 2019 is \$8,365,000 and \$8,450,000
 - Bond payable installments vary from \$250,350 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, 2020 and 2019 is \$5,950,000 and \$8,930,000
 - Bond payable installments vary from \$1,383,200 to \$3,370,375, with interest rates at 3.25% to 4%, and with the final installment due in 2023
- Limited Tax Refunding and Improvement Bonds, Series 2015
 - To refund a portion of Limited Tax Bonds, Series 2006 and provide funds to construct and equip school facilities within the district
 - Issued February 3, 2015
 - Total authorized \$157,000,000; \$23,580,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$12,370,000 and \$12,610,000
 - Bond payable installments vary from \$493,787 to \$4,345,687, with interest rates at 2% to 5%, and with the final installment due in 2040

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 9 – Bonds Payable (Continued)

- Combined Fee Revenue Refunding Bonds, Series 2016
 - To refund Combined Fee Revenue Bonds, Series 2005
 - Issued February 8, 2016
 - Total authorized and issued \$15,110,000
 - Advance refunding of the 2005 Series Bonds reduced the College’s debt service payments over the next twelve years by \$1,843,819
 - Economic Gain – (\$1,481,048) difference between the net present value of the old and new debt service payments
 - Source of revenue for debt service includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$12,620,000 and \$13,890,000
 - Bond payable installments vary from \$1,950,750 to \$1,955,500, with interest rates at 4% to 5%, and with the final installment due in 2028
- Limited Tax Bonds, Series 2016
 - To construct and equip school buildings in the District and to pay the cost of issuing bonds
 - Issued July 13, 2016
 - Total authorized \$157,000,000; \$67,645,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$62,835,000 and \$64,115,000
 - Bond payable installments vary from \$3,792,150 to \$3,797,400, with interest rates at 2% to 5%, and with the final installment due in 2046
- Limited Tax Bonds, Series 2017
 - To construct and equip classrooms, laboratories, and infrastructure for an undeveloped site, and other facilities related to Phase 1 of the District’s new South Campus
 - Issued June 01, 2017
 - Total authorized \$139,000,000; \$9,070,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$7,910,000 and \$8,235,000
 - Bond payable installments vary from \$48,400 to \$1,258,400, with interest rates at 2% to 4%, and with the final installment due in 2037

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 9 – Bonds Payable (Continued)

- Limited Tax Bonds, Series 2018A
 - To construct and equip school buildings, classrooms, laboratories, infrastructure for workforce technology and training programs, academic transfer courses, high school dual credit classes, student support services and library facilities, and renovating and/or replacing certain existing education facilities
 - Issued July 15, 2018
 - Total authorized \$157,000,000; \$44,275,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$43,445,000 and \$43,945,000
 - Bond payable installments vary from \$2,840,000 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 \$139,000,000; \$57,305,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$56,355,000 and \$56,905,000
 - Bond payable installments vary from \$3,532,100 to \$3,537,100, with interest rates at 4% to 5%, and with the final installment due in 2048
- Limited Tax Bonds, Series 2020A
 - 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 June 30, 2020
 - Total authorized \$157,000,000; \$22,150,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$22,150,000 and \$0
 - Bond payable installments vary from \$857,800 to \$1,467,300 with interest rates at 5%, and with the final installment due in 2045

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 9 – Bonds Payable (Continued)

- Limited Tax Bonds, Series 2020B
 - 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 June 30, 2020
 - Total authorized \$139,000,000; \$56,285,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2020 and 2019 is \$56,285,000 and \$0
 - Bond payable installments vary from \$2,490,450 to \$3,994,950 with interest rates at 5%, and with the final installment due in 2045.

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

Year Ending August 31	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 10,020,000	\$ 13,456,669	\$ 1,320,000	\$ 631,000
2022	11,200,000	11,851,562	1,390,000	565,000
2023	11,455,000	11,348,737	1,460,000	495,500
2024	9,955,000	10,833,438	1,530,000	422,500
2025	10,375,000	10,417,187	1,605,000	346,000
2026-2030	42,120,000	45,578,388	5,315,000	540,250
2031-2035	48,520,000	35,306,288	-	-
2036-2040	57,600,000	24,308,526	-	-
2041-2045	65,615,000	12,517,550	-	-
2046-2048	21,200,000	1,727,700	-	-
Total 08/31/2020	\$ 288,060,000	\$ 177,346,045	\$ 12,620,000	\$ 3,000,250

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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. As allowed for in the lease the parties agreed to extend the lease for an additional year through February 29, 2021. 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.

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 10 – Operating Leases (Continued)

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, 2020 is \$472,096.

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

Year Ending August 31	Minimum Lease Payments
2021	\$ 186,613
2022	186,613
2023	186,613
2024	186,613
2025-2029	933,065
2030-2034	933,065
2036-2037	450,986
Total 08/31/2020	\$ 3,063,568

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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 11 – Defined Benefit Pension Plan (Continued)

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 is available at <http://www.trs.texas.gov> or write to TRS at 1000 Red River Street, Austin, Texas, 78701-2698.

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.

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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the State, participating employers and active employees to make the pension fund actuarially sound. Because this action causes the pension fund to be actuarially sound, the Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 11 – Defined Benefit Pension Plan (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 to 2025.

Contribution Rates

	2020	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
College Contributions	\$ 1,724,517	\$ 1,383,030
Member Contributions	3,134,568	2,837,133
State of Texas On-behalf Contributions	1,098,782	1,064,288

Contribution to the plan include active members, 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).

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 or all of an employee’s salary is paid by federal, private, local or non-educational and general 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 11 – Defined Benefit Pension Plan (Continued)

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, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Last year ended August 31, 2017 to 2116	
Projection period (100 years)	2116
Inflation	2.3%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 11 – Defined Benefit Pension Plan (Continued)

Changes Since the Prior Actuarial Valuation

- The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.

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 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 2.63%. 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. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. 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 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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, 2019 are summarized below:

Asset Class	Target Allocation*	New Target Allocation Percentage**	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
U. S.	18%	18%	6.4%
Non-U. S. Developed	13%	13%	6.3%
Emerging Markets	9%	9%	7.3%
Directional Hedge Funds	4%	0%	0.0%
Private Equity	13%	14%	8.4%
Stable Value			
U. S. Treasuries	11%	16%	3.1%
Stable Value Hedge Funds	4%	5%	4.5%
Cash	1%	0%	0.0%
Real Return			
Global Inflation Linked Bonds ****	3%	0%	0.0%
Real Assets	14%	15%	8.5%
Energy and Natural Resources	5%	6%	7.3%
Commodities	0%	0%	0.0%
Risk Parity			
Risk Parity	5%	8%	5.8%/6.5%*****
Asset Allocation Leverage			
Cash		2.0%	2.5%
Asset Allocation Leverage		-6.0%	2.7%
Total	100%	100%	

* *FY 2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018*

** *New target allocation based on the Strategic Asset Allocation dated 10/1/2019*

*** *10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%*

**** *New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds*

***** *5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility*

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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 (7.25%) in measuring the 2019 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Del Mar proportionate share of net pension liability:	<u>\$ 31,621,993</u>	<u>\$ 20,571,896</u>	<u>\$ 11,619,185</u>

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

At August 31, 2020 and 2019, the College reported a liability of \$20,571,896 and \$21,955,179 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, 2020:

College's Proportionate share of collective net pension liability	\$ 20,571,896
State's Proportionate share associated with College	<u>16,319,588</u>
Total	<u><u>\$ 36,891,484</u></u>

Fiscal Year Ended August 31, 2019:

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 11 – Defined Benefit Pension Plan (Continued)

The net pension liability was measured as of August 31, 2019 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, 2018 thru August 31, 2019.

At the measurement date of August 31, 2019, the employer’s proportion of the collective net pension liability was .0396% which was an increase of .0003% from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the College recognized pension expense of \$3,002,190 and revenue of \$2,563,577 for support provided by the State.

At August 31, 2020 and 2019, 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, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 86,420	\$ 714,289
Changes in actuarial assumptions	6,382,412	2,637,515
Differences between projected and actual investment earnings	206,566	-
Changes in proportion and difference between employer's contributions and the proportionate share of contributions	961,533	100,311
Contributions paid to TRS subsequent to measurement date	<u>1,724,517</u>	<u>-</u>
Total	<u><u>\$ 9,361,448</u></u>	<u><u>\$ 3,452,115</u></u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 11 – Defined Benefit Pension Plan (Continued)

Fiscal Year Ended August 31, 2019:

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

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,724,517 and \$1,383,030 will be recognized as a reduction of the net pension liability for the measurement year ending August 31, 2021 and 2020, respectively (i.e. recognized in the College's financial statements August 31, 2021). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year ended August 31:	
2020	\$ 863,325
2021	670,928
2022	1,306,793
2023	1,160,173
2024	379,829
Thereafter	(196,233)
	\$ 4,184,815

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 12 – Optional and Alternate Retirement Plans

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the college, state, and each participant are 3.3%, 3.3% and 6.65%, respectively. The College contributes an additional 1.90% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state’s contribution to 50% of eligible employees in the reporting district.

The retirement expense to the state for the College was \$1,808,775 and \$1,540,258 for the fiscal years ended August 31, 2020 and 2019, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the College.

The total payroll of employees covered by the Teacher Retirement System was \$40,713,466 and \$36,895,354 and the total payroll of employees covered by the Optional Retirement Program was \$11,302,902 and \$12,654,905 for fiscal years 2020 and 2019, 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, 2020, the College had 110 employees vested and participating in the program. A total of \$685,786 in contributions was invested in the plan during the fiscal year.

As of August 31, 2019, the College had 111 employees vested and participating in the program. A total of \$683,813 in contributions was invested in the plan during the fiscal year.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 14 - Compensable Absences

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

The College grants sick leave to regular full-time employees and to regular part-time employees who work twenty or more hours per week, and full-time term employees whose term is for one semester or longer. Sick leave, which can be accumulated, is earned at the rate of up to 10 hours per month for a maximum of 960 hours. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. Up to 640 hours of unused sick leave may be paid to an employee, upon his/her retirement from the College, with at least ten (10) years of service at Del Mar College and with eligibility for normal age retirement or early age service retirement under the definitions as set forth by the regulations of the Teacher Retirement System (TRS). The College's policy is to accrue the cost of the sick leave when earned. At August 31, 2020 and 2019, the College had an accrued liability for the unpaid vacation and sick leave as follows:

	<u>2020</u>	<u>2019</u>
Vacation	\$ 1,079,564	\$ 1,079,534
Sick Leave	<u>6,101,053</u>	<u>6,100,882</u>
Total Liability for Compensable Absences	<u>\$ 7,180,617</u>	<u>\$ 7,180,416</u>

The College recognized \$710,105 and \$710,088 of the liability above as a current liability for fiscal years August 31, 2020 and 2019 respectively.

Note 15 – Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing the benefits by expending the annual insurance premiums. The state's contribution per full-time employee ranged from \$625 to \$1,223 per month for the year ended August 31, 2020, \$625 to \$1,223 for the year ended 2019, and \$622 to \$1,217 for the year ended August 31, 2018. Total contributions from the state for the years ended 2020, 2019, and 2018 were \$4,263,497, \$4,407,706, and \$4,215,909, respectively. The cost of providing those benefits for 432 retirees was \$3,671,715 for the year ended 2020, \$3,614,903 for 425 retirees in 2019, and \$3,631,240 for 435 retirees in 2018. The cost of providing benefits for 712 active employees was \$6,164,218 in 2020, \$5,961,082 for 726 employees in 2019, and \$6,071,313 for 678 employees in 2018. SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 16 – Other Post-Employment Benefits (OPEB)

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2019-CAFR.pdf>; or by writing ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Contribution

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendation of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

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

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2020

	<u>FY2020</u>	<u>FY2019</u>
Retiree Only	\$ 625	\$ 622
Retiree & Spouse	1,341	1,335
Retiree & Children	1,104	1,099
Retiree & Family	1,820	1,812

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, 2019 and 2018

	<u>FY 2019</u>	<u>FY2018</u>
Employers	\$2,058,220	\$2,032,179
Member (Employees)	-0-	-0-
Non-employer Contributing Entity (State of Texas)	4,407,701	4,238,847

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumption
ERS Group Benefits Program Plan

Valuation Date	August 31, 2019
Actuarial cost method	Entry Age
Amortization method	Level Percent of Payroll, Open
Remaining amortization period	30 Years
Asset valuation method	Not Applicable
Discount rate	2.97%
Projected annual salary increase	2.5% to 9.5%, including inflation
Annual healthcare trend rate	7.3% for FY 2021, 7.4% for FY 2022, 7.0% for FY2023, decreasing 50 basis points per year to an ultimate rate of 4.5% for FY 2028 and later years
Inflation assumption rate	2.5%
Ad hoc post-employment benefit changes	None
Mortality Assumptions:	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Service retirees, survivors and other	
Inactive members	
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Many of the actuarial assumptions used were primarily based on a study of actuarial experience for the three year period ending August 31, 2018 and adopted in July 2018 and performed by the TRS retirement actuary.

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 State Retiree Health Plan does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to a decrease of 0.99%. 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 (2.97%) in measuring the net OPEB Liability:

Sensitivity of Net OPEB Liability to Changes In Discount Rate			
State Retiree Health Plan			
	<u>1% Decrease in Discount Rate (1.97%)</u>	<u>Discount Rate (2.97%)</u>	<u>1% Increase in Discount Rate (3.97%)</u>
College’s proportionate Share of the net OPEB liability:	\$71,935,148	\$60,282,020	\$51,315,321

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Healthcare Cost Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 7.3% for HealthSelect and 10.8% for HeathSelect Medicare Advantage 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 Cost Trend Rates
State Retiree Health Plan**

	1% Decrease in Trend Rates <u>(3.50%)</u>	Current Trend Rates <u>(4.50%)</u>	1% Increase in Trend Rates <u>(5.50%)</u>
College’s proportionate Share of the net OPEB liability	\$50,618,278	\$60,282,020	\$72,910,316

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

At August 31, 2020, the College reported a liability of \$60,282,020 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the College as it’s proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

Fiscal Year Ended August 31, 2020:

College’s proportionate share of the collective net OPEB liability	\$60,282,020
State’s proportionate share that is associated with the College	<u>50,558,119</u>
Total	<u>\$110,840,139</u>

Fiscal Year Ended August 31, 2019:

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

The net OPEB liability was measured as of August 31, 2019, 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, 2018 thru August 31, 2018.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.1744%, which was a decrease of .0137% from its proportionate share measured at August 31, 2018.

For the year ended August 31, 2020, the Districted recognized OPEB expense of (\$2,806,894) and revenue of (\$1,271,389) 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:

- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations;
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- The percentage of future male retirees assumed to be married and electing coverage for their spouse;
- The percentage of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends;

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

Changes of Benefit Terms Since Prior Measurement Date

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

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

These minor benefit changes have been reflected in the fiscal year 2020 Assumed Per Capita Health Benefit Costs.

At August 31, 2020, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

For the Year Ended August 31, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,568,592
Changes in actuarial assumptions	-	9,180,796
Changes in proportion and differences between the employer's contribution and the proportionate share of contributions	-	11,269,876
Differences between projected and actual investment earnings	24,784	-
Contributions paid to ERS subsequent to measurement date	2,058,220	-
Total	\$ 2,083,004	\$ 22,019,264

For the Year Ended August 31, 2019:

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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

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

Year ended August 31:	OPEB Expense Amount
2020	\$ (7,095,138)
2021	(7,095,138)
2022	(5,442,264)
2023	(2,430,312)
2024	68,375
	\$ (21,994,477)

Note 17 – On-behalf Payments

For the fiscal years ended August 31, 2020 and 2019, the College recorded the following State on-behalf contributions as revenues and expenses in the accompanying basic financial statements:

	2020	2019
Teacher Retirement System	\$ 1,385,144	\$ 1,129,451
Optional Retirement Programs	439,642	410,806
Health Insurance	4,263,497	4,407,701
Total On-behalf Payments	\$ 6,088,283	\$ 5,947,958

Note 18 - Pending Lawsuits and Claims

At August 31, 2020, various other lawsuits and claims involving Del Mar College were pending. While the ultimate liability, with respect to litigation asserted against the College, cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

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 2020 and 2019 for which monies have not been received nor funds expended totaled \$10,441,759 and \$8,000,080 respectively. Of these amounts, \$5,731,104 and \$2,897,179 were from Federal Contract and Grant Awards; \$1,996,173 and \$1,883,688 were from State Contract and Grant awards; \$2,714,482 and \$3,219,213 were from Private Contract and Grant Awards, for the fiscal years ended 2020 and 2019, 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.

	2020	2019
Assessed Valuation of the College District	\$35,034,885,156	\$33,527,327,714
Less Exemptions	6,061,795,815	6,301,621,450
Net Assessed Valuation of the College District	\$28,973,089,341	\$27,225,706,264

	2020			2019		
	Operations	Debt Service	Total	Operations	Debt Service	Total
Tax Rate per \$100 Valuation						
for authorized	\$0.5000	\$0.5000	\$1.0000	\$0.5000	\$0.5000	\$1.0000
for assessed	\$0.2113	\$0.0694	\$0.2807	\$0.2097	\$0.0722	\$0.2819

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 20 – Ad Valorem Tax (Continued)

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

	<u>2020</u>	<u>2019</u>
Taxes Levied	\$ 80,012,456	\$ 74,310,163
Maintenance and Operations Taxes:		
Current Taxes Collected	56,649,792	53,160,289
Delinquent Taxes Collected	1,019,709	852,218
Penalties and Interest Collected	492,517	429,324
Total Maintenance and Operations Taxes	58,162,018	54,441,831
Debt Service Taxes:		
Current Taxes Collected	18,611,713	18,303,093
Delinquent Taxes Collected	318,493	223,373
Penalties and Interest Collected	153,555	128,152
Total Debt Service Taxes	19,083,761	18,654,618
Total Taxes Collected	\$77,245,779	\$73,096,449
Current Tax Levy Collection Percent	95.2%	97.7%

Note 21 – Tax Abatements

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 21 – Tax Abatements (Continued)

For the fiscal year ended August 31, 2020, the college had property tax abatement agreement with the following entities:

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 21 – Tax Abatements (Continued)

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

	Project Value 2019	Percent Abated 2019	Tax Rate per \$100 Valuation 2019	Foregone Taxes 2019
(1)	\$ 7,052,867	100%	0.211260	\$ 14,900
(2)	518,554,400	100%	0.211260	1,095,498

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

Note 22 - Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(b), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2020 and 2019.

Note 23 - Component Unit

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 23 - Component Unit (Continued)

Significant Accounting Policies

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

Net Assets

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

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

Revenue Recognition

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 23 – Component Unit (Continued)

Fair Value Measurement

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

Level 1 Fair Value Measurements

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

Level 3 Fair Value Measurement

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

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 23 – Component Unit (Continued)

The Foundation’s investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at June 30, 2020 and 2019 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, 2020			
Investments:			
Mutual Funds	\$22,018,661	\$22,018,661	-
Alternative Investments	1,042,204	-	1,042,204
Total Investments	23,060,865	22,018,661	1,042,204
Beneficial Interest in Irrevocable Charitable Trust			
	809,050	-	809,050
Total	\$ 23,869,915	\$ 22,018,661	\$ 1,851,254
June 30, 2019			
Investments:			
Mutual Funds	\$19,931,940	\$19,931,940	-
Alternative Investments	1,104,789	-	1,104,789
Total Investments	21,036,729	19,931,940	1,104,789
Beneficial Interest in Irrevocable Charitable Trust			
	699,631	-	699,631
Total	\$ 21,736,360	\$ 19,931,940	\$ 1,804,420

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 23 – Component Unit (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at June 30, 2020 and 2019:

	Beneficial Interest In Irrevocable Trust	Alternative Investments	Total
Beginning Balance, July 1, 2018	\$ 623,343	\$ 727,925	\$ 1,351,268
Purchases	-	376,898	376,898
Sales	-	(35,506)	(35,506)
Total Unrealized Gain Included in Changes in Net Assets	76,288	35,472	111,760
Ending Balance, June 30, 2019	699,631	1,104,789	1,804,420
Purchases	-	32,824	32,824
Sales	-	(98,725)	(98,725)
Total Unrealized Gain Included in Changes in Net Assets	109,419	3,316	112,735
Ending Balance, June 30, 2020	\$ 809,050	\$ 1,042,204	\$ 1,851,254

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 2020 and 2019, 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, 2020, the College met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members injured employees.

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

Note 25 – Workers’ Compensation Aggregate Deductible (Continued)

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund’s self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2019, the Fund carries a discounted reserve of \$45,439,534 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August, 31, 2020, 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, 2019, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 26 – Commitments

Facilities

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

Note 27 – College’s Response to COVID-19

As a result of the COVID-19 pandemic, in March 2020, the College asked students not to return to campus after spring break and the majority of the remainder of spring semester instruction was converted to a virtual learning platform. Keeping the health and safety of its students and employees its top priority, the College decided to conduct the majority of its courses and programs online for the fall 2020 semester. While instruction was successfully transitioned to virtual learning, there has been an approximate 8% decline in fall 2020 enrollment which resulted in a loss of tuition revenue of approximately \$800 thousand.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act Higher Education Emergency Relief Fund allocated funding of \$4.1 million to the College. At least half of this funding must be distributed directly to students as emergency aid for expenses related to the disruption of campus operations during the pandemic. The other half may be used for institutional purposes such as technology investments for remote learning programs and technology capacity expansion to support instructional and student support services.



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DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
EXHIBIT 4

Fiscal Year Ended August 31, *	Measurement Year Ended August 31,					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's Proportion of the Net Pension Liability	0.03957418	0.039887739	0.000381252	0.000370818	0.000347864	0.000346008
College's Proportionate Share of Net Pension Liability	\$20,571,896	\$21,955,179	\$12,190,380	\$14,012,665	\$12,296,529	\$9,242,352
States's Proportionate Share of the Net Pension Liability Associated with the District	<u>16,319,588</u>	<u>17,400,379</u>	<u>9,751,441</u>	<u>10,697,440</u>	<u>9,047,629</u>	<u>7,116,186</u>
TOTAL	<u>\$36,891,484</u>	<u>\$39,355,558</u>	<u>\$21,941,821</u>	<u>\$24,710,105</u>	<u>\$21,344,158</u>	<u>\$16,358,538</u>
College's Covered-Employee Payroll	\$40,713,466	\$36,895,354	\$32,929,363	\$30,129,463	\$26,992,189	\$22,530,675
College's Proportional Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	50.53%	59.51%	37.02%	46.51%	45.56%	41.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
EXHIBIT 5

	Measurement Year Ended August 31,					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
* Fiscal Year Ended August 31, *						
Contractually Required Contributions	\$1,724,517	\$1,383,030	\$1,344,534	\$1,249,598	\$1,178,183	\$1,030,041
Contribution in Relation to the Contractually Required Contribution	<u>(1,724,517)</u>	<u>(1,383,030)</u>	<u>(1,344,534)</u>	<u>(1,249,598)</u>	<u>(1,178,183)</u>	<u>(1,030,041)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
College's Covered-employee Payroll	\$40,713,466	\$36,895,354	\$35,500,740	\$32,929,636	\$30,129,463	\$26,992,189
Contribution as a Percentage of Covered-Employee Payroll	4.24%	3.75%	3.79%	3.79%	3.91%	3.82%

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

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

DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020
EXHIBIT 6

	Measurement Year Ended August 31,		
	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.1744136400%	0.1881207300%	0.2169992500%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 60,282,020	\$ 55,754,737	\$ 73,938,180
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	50,558,119	43,247,818	56,463,411
Total	<u>\$ 110,840,139</u>	<u>\$ 99,002,555</u>	<u>\$ 130,401,591</u>
District's Covered Employee Payroll	\$ 33,597,726	\$ 33,096,904	\$ 32,924,204
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	79.42%	68.46%	124.57%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	2.32%	1.27%	2.04%

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

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

DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR OPEB
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020
EXHIBIT 7**

	Fiscal Year Ended		
	August 31,		
	2020	2019	2018
Contractually Required Contribution	\$ 2,058,220	\$ 2,032,179	\$ 2,039,351
Contribution in Relation to the Contractually Required Contribution	(2,058,220)	(2,032,179)	(2,039,351)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 34,494,924	\$ 33,597,726	\$ 33,096,904
Contributions as a percentage of Covered Employee Payroll	5.97%	6.05%	6.16%

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

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

Del Mar College
Schedule of Operating Revenues
Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2020 Total	2019 Total
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 10,128,904	\$ -	\$ 10,128,904	\$ -	\$ 10,128,904	\$ 9,257,907
Out-of-District Resident Tuition	3,160,192	-	3,160,192	-	3,160,192	2,921,616
Non-Resident Tuition	676,761	-	676,761	-	676,761	631,070
TPEG - Credit (Set Aside) *	871,906	-	871,906	-	871,906	837,742
State-Funded Continuing Education	518,586	-	518,586	-	518,586	638,736
TPEG - Non-Credit (Set Aside) *	151,406	-	151,406	-	151,406	218,266
Non-State Funded Educational Programs	29,903	-	29,903	-	29,903	32,903
Total Tuition	15,537,658	-	15,537,658	-	15,537,658	14,538,240
Fees:						
Building Use Fee	2,649,702	-	2,649,702	-	2,649,702	2,572,239
General Fee	7,534,664	-	7,534,664	-	7,534,664	7,320,033
Student Service Fee	-	-	-	455,671	455,671	448,254
Out-of-District Fee	2,097,160	-	2,097,160	-	2,097,160	2,056,462
Class Repeat Fee	216,250	-	216,250	-	216,250	220,110
Dual Credit Fee	1,083,144	-	1,083,144	-	1,083,144	1,065,878
Non-Instructional Contract Training Fees	277,208	-	277,208	-	277,208	482,666
Laboratory Fees	483,128	-	483,128	-	483,128	448,870
Total Fees	14,341,256	-	14,341,256	455,671	14,796,927	14,614,512
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(93,678)	-	(93,678)	-	(93,678)	(224,776)
Remissions and Exemptions - State	(4,498,539)	-	(4,498,539)	-	(4,498,539)	(4,104,727)
Remissions and Exemptions - Local	(1,175,411)	-	(1,175,411)	-	(1,175,411)	(1,130,792)
Title IV Federal Grants	(10,495,793)	-	(10,495,793)	-	(10,495,793)	(9,547,665)
Other Federal Grants	(879,964)	-	(879,964)	-	(879,964)	(991,823)
TPEG Awards	(533,583)	-	(533,583)	-	(533,583)	(377,100)
Other State Grants	(116,886)	-	(116,886)	-	(116,886)	(201,783)
Total Scholarship Allowances	(17,793,854)	-	(17,793,854)	-	(17,793,854)	(16,578,666)
Total Net Tuition and Fees	12,085,060	-	12,085,060	455,671	12,540,731	12,574,086
Additional Operating Revenues:						
Federal Grants and Contracts	-	2,182,843	2,182,843	-	2,182,843	2,103,407
State Grants and Contracts	-	2,128,904	2,128,904	-	2,128,904	2,399,247
Local Grants and Contracts	-	1,800,395	1,800,395	-	1,800,395	1,403,419
General Operating Revenues	2,924,699	-	2,924,699	-	2,924,699	3,605,925
Total Additional Operating Revenues	2,924,699	6,112,142	9,036,841	-	9,036,841	9,511,998
Auxiliary Enterprises:						
Food Service	-	-	-	337,431	337,431	645,944
Vending	-	-	-	71,343	71,343	80,099
Rents	-	-	-	6,249	6,249	61,943
Childcare Center	-	-	-	177,328	177,328	267,175
Other	-	-	-	486,624	486,624	619,926
Total Net Auxiliary Enterprises	-	-	-	1,078,975	1,078,975	1,675,087
Total Operating Revenues	\$ 15,009,759	\$ 6,112,142	\$ 21,121,901	\$ 1,534,646	\$ 22,656,547	\$ 23,761,171
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, tuition of \$1,023,312 and \$1,056,008 for years August 31, 2020 and 2019, respectively, was set aside for Texas Public Education Grants (TPEG).

Del Mar College
Schedule of Operating Expenses by Object
Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Operating Expenses				2020 Total	2019 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 35,464,787	\$ -	\$ 5,960,296	\$ 2,063,618	\$ 43,488,701	\$ 42,331,351
Public Service	67,949	-	11,797	5,618	85,364	147,317
Academic Support	4,998,700	-	1,089,336	937,614	7,025,650	6,801,185
Student Services	5,054,131	-	1,032,451	831,597	6,918,179	6,882,707
Institutional Support	10,725,673	-	2,126,761	9,020,418	21,872,852	19,729,406
Operation and Maintenance of Plant	1,247,429	-	307,393	8,054,057	9,608,879	8,805,671
Total Unrestricted Educational Activities	57,558,669	-	10,528,034	20,912,922	88,999,625	84,697,637
Restricted - Educational Activities						
Instruction	-	4,860,379	-	-	4,860,379	4,151,867
Public Service	-	9,620	-	-	9,620	7,318
Academic Support	-	888,309	-	-	888,309	729,853
Student Services	2,658,827	1,202,855	442,613	6,096,982	10,401,277	8,466,193
Institutional Support	-	1,734,289	-	-	1,734,289	1,465,539
Operation and Maintenance of Plant	-	250,666	-	-	250,666	217,227
Scholarships and Fellowships	-	-	-	6,667,609	6,667,609	5,939,657
Total Restricted Educational Activities	2,658,827	8,946,118	442,613	12,764,591	24,812,149	20,977,654
Total Educational Activities	60,217,496	8,946,118	10,970,647	33,677,513	113,811,774	105,675,291
Auxiliary Enterprises	472,760	-	177,705	936,206	1,586,671	1,227,858
Depreciation Expense - Buildings and other real estate improvements	-	-	-	5,257,418	5,257,418	3,689,403
Depreciation Expense - Equipment and furniture	-	-	-	1,848,673	1,848,673	1,680,120
Total Operating Expenses	\$ 60,690,256	\$ 8,946,118	\$ 11,148,352	\$ 41,719,810	\$ 122,504,536	\$ 112,272,672
					(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2020 Total</u>	<u>2019 Total</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 16,553,631	\$ -	\$ -	\$ 16,553,631	\$ 15,907,746
State Group Insurance	-	6,382,541	-	6,382,541	4,150,604
State Retirement Matching	-	2,563,577	-	2,563,577	3,378,696
Total State Appropriations	16,553,631	8,946,118	-	25,499,749	23,437,046
Maintenance Ad Valorem Taxes	58,318,766	-	-	58,318,766	54,449,297
Debt Service Ad Valorem Taxes	-	19,157,747	-	19,157,747	18,706,260
Federal Revenue, Non Operating	-	20,412,808	-	20,412,808	16,860,116
Investment Income	3,442,061	-	-	3,442,061	5,754,478
Other Non-Operating Revenue	26,697	-	-	26,697	37,368
Total Non-Operating Revenues	78,341,155	48,516,673	-	126,857,828	119,244,565
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	8,094,728	-	-	8,094,728	8,951,490
Bond Issuance Costs	925,173	-	-	925,173	-
Loss on Disposal of Capital Assets	71,492	-	-	71,492	26,208
Other Non-Operating Expense	932,172	-	-	932,172	7,299
Total Non-Operating Expenses	10,023,565	-	-	10,023,565	8,984,997
Net Non-Operating Revenues	\$ 68,317,590	\$ 48,516,673	\$ -	\$ 116,834,263	\$ 110,259,568
				(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Net Position by Source and Availability
Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Detail by Source				Available for Current Operations	
	Restricted		Net Investment in Capital Assets	Total	Yes	No
	Unrestricted	Expendable				
Current:						
Unrestricted	\$ (54,360,403)	\$ -	\$ -	\$ (54,360,403)	\$ (54,360,403)	\$ -
Restricted	-	-	-	-	-	-
Auxiliary enterprises	1,246,218	-	-	1,246,218	1,246,218	-
Loan	-	2,957	-	2,957	-	2,957
Endowment:						
Quasi:						
Unrestricted	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Endowment						
True	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-
Annuities	-	-	-	-	-	-
Plant:						
Unexpended	11,425,574	-	-	11,425,574	-	11,425,574
Renewals	-	-	-	-	-	-
Debt Service	-	8,428,543	-	8,428,543	-	8,428,543
Investment in Plant	-	-	126,543,032	126,543,032	-	126,543,032
Total Net Position, August 31, 2020	\$ (41,688,611)	\$ 8,431,500	\$ 126,543,032	\$ 93,285,921 (Exhibit 1)	\$ (53,114,185)	\$ 146,400,106
Total Net Position, August 31, 2019	(52,328,243)	8,161,627	120,405,829	76,239,213 (Exhibit 1)	(58,929,845)	135,169,058
Net Increase (Decrease) in Net Position	\$ 10,639,632	\$ 269,873	\$ 6,137,203	\$ 17,046,708 (Exhibit 2)	\$ 5,815,660	\$ 11,231,048

Statistical
Section



**DEL MAR
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Statistical Information

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

CONTENTS	PAGE
Financial Trends (Schedules 1-3, 19) <i>These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.</i>	109-111, 130-131
Revenue Capacity (Schedules 4-8, 20-21) <i>These schedules contain information to help the reader assess the College's most significant local revenue sources, including the property tax.</i>	114-119, 132-134
Debt Capacity (Schedules 9-11, 22) <i>These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future</i>	120-122, 135
Demographic and Economic Information (Schedules 12-13) <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.</i>	123-124
Operating and Other Information (Schedules 14-18) <i>These schedules contain service, infrastructure and other data to help the reader understand how the information in the College's financial report relates to the services the government provides and the activities it performs.</i>	125-129

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 2011 to 2020
(unaudited)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net investment in capital assets	\$ 126,543	\$ 120,406	\$ 100,961	\$ 95,287	\$ 90,491	\$ 79,669	\$ 72,177	\$ 63,706	\$ 60,565	\$ 56,854
Restricted - expendable	8,431	8,161	12,247	12,343	12,251	13,546	13,669	11,945	10,694	10,330
Unrestricted	(41,688)	(52,328)	(58,722)	23,231	23,076	23,510	31,900	31,668	24,779	17,242
Total primary government net position	\$ 93,286	\$ 76,239	\$ 54,486	\$ 130,861	\$ 125,818	\$ 116,725	\$ 117,746	\$ 107,319	\$ 96,038	\$ 84,426

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2011 to 2020
(unaudited)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues:										
Tuition and Fees (Net of Discounts)	\$ 12,541	\$ 12,574	\$ 12,528	\$ 12,755	\$ 11,976	\$ 10,878	\$ 10,683	\$ 9,681	\$ 14,875	\$ 9,850
Federal Grants and Contracts	2,182	2,103	3,181	3,268	4,650	5,424	3,256	3,465	3,658	4,050
State Grants and Contracts	2,129	2,399	2,342	3,718	4,334	3,090	2,021	1,613	1,480	1,997
Local Grants and Contracts	1,800	1,404	524	548	2,212	593	1,044	838	1,779	535
Auxiliary enterprises	1,079	1,675	1,390	1,249	1,323	1,508	1,398	1,374	1,607	1,426
General Operating Revenues	2,925	3,606	2,188	1,768	2,305	1,379	1,357	1,173	1,234	1,089
Total Operating Revenues	22,656	23,761	22,153	23,306	26,800	22,872	19,759	18,144	24,633	18,947
Non-Operating Revenues:										
State Appropriations	25,499	23,437	22,928	20,176	19,800	19,918	19,554	19,535	20,929	23,890
Maintenance Ad Valorem Taxes	58,319	54,449	51,689	47,179	46,704	43,342	40,524	37,312	35,581	33,966
Debt Service Ad Valorem Taxes	19,158	18,706	13,423	12,387	8,338	8,385	8,639	8,679	8,940	9,801
Federal Revenue, Non Operating	20,413	16,860	16,238	16,715	16,323	16,265	16,521	18,730	13,113	21,317
Gifts	-	-	-	-	-	-	-	-	61	40
Investment Income	3,442	5,755	2,308	1,108	337	206	198	216	347	491
Other Non-Operating Revenues	26	37	28	12	22	30	144	174	155	139
Total Non-Operating Revenues	126,857	119,244	106,614	97,577	91,524	88,146	85,580	84,646	79,126	89,644
Total Revenues	\$ 149,513	\$ 143,005	\$ 128,767	\$ 120,883	\$ 118,324	\$ 111,018	\$ 105,339	\$ 102,790	\$ 103,759	\$ 108,591

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 2 (Continued)
Revenues by Source
Fiscal Years 2011 to 2020
(unaudited)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues:										
Tuition and fees (net of discounts)	8.39%	8.79%	9.73%	10.55%	10.12%	9.80%	10.14%	9.42%	14.34%	9.07%
Federal grants and contracts	1.46%	1.47%	2.47%	2.70%	3.93%	4.89%	3.09%	3.37%	3.53%	3.73%
State grants and contracts	1.42%	1.68%	1.82%	3.08%	3.66%	2.78%	1.92%	1.57%	1.43%	1.84%
Local grants and contracts	1.20%	0.98%	0.41%	0.45%	1.87%	0.53%	0.99%	0.82%	1.71%	0.49%
Auxiliary enterprises	0.72%	1.17%	1.08%	1.03%	1.12%	1.36%	1.33%	1.34%	1.55%	1.31%
General Operating Revenues	1.96%	2.52%	1.70%	1.46%	1.95%	1.24%	1.29%	1.14%	1.19%	1.00%
Total Operating Revenues	15.15%	16.00%	17.21%	19.27%	22.65%	20.60%	18.76%	17.66%	23.74%	17.44%
Non-Operating Revenues:										
State Appropriations	17.06%	16.39%	17.81%	16.69%	16.73%	17.94%	18.56%	19.00%	20.17%	22.00%
Maintenance Ad Valorem Taxes	39.01%	38.07%	40.14%	39.03%	39.47%	39.04%	38.47%	36.30%	34.29%	31.28%
Debt Service Ad Valorem Taxes	12.81%	13.08%	10.42%	10.25%	7.05%	7.55%	8.20%	8.44%	8.62%	9.03%
Federal Revenue, Non Operating	13.65%	11.79%	12.61%	13.83%	13.80%	14.65%	15.68%	18.22%	12.64%	19.63%
Gifts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.04%
Investment Income	2.30%	4.02%	1.79%	0.92%	0.28%	0.19%	0.19%	0.21%	0.33%	0.45%
Other Non-Operating Revenues	0.02%	0.02%	0.02%	0.01%	0.02%	0.03%	0.14%	0.17%	0.15%	0.13%
Total Non-Operating Revenues	84.85%	84.00%	82.79%	80.73%	77.35%	79.40%	81.24%	82.34%	76.26%	82.56%
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 2011 to 2020
(unaudited)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Expenses:										
Instruction	\$ 48,349	\$ 46,483	\$ 46,536	\$ 43,909	\$ 39,580	\$ 36,441	\$ 35,017	\$ 33,766	\$ 34,475	\$ 35,632
Public service	95	155	151	129	111	21	14	21	25	97
Academic support	7,914	7,531	7,734	7,189	6,946	6,193	5,554	4,985	4,830	5,852
Student services	17,319	15,349	15,662	16,487	18,040	16,106	12,295	12,439	10,906	11,251
Institutional support	23,607	21,195	20,888	19,430	18,690	16,792	16,637	15,235	15,440	15,340
Operation and maintenance of plant	9,859	9,023	8,786	10,128	9,702	8,771	8,113	7,597	7,748	9,486
Scholarships and fellowships	6,668	5,940	5,826	5,906	5,111	6,286	5,980	6,857	5,755	10,616
Auxiliary enterprises	1,587	1,228	1,400	1,484	1,417	1,470	1,339	1,405	1,521	1,304
Depreciation	7,106	5,369	5,430	5,566	5,516	5,590	5,571	5,607	5,595	5,669
Total Operating Expenses	122,504	112,273	112,413	110,228	105,113	97,670	90,520	87,912	86,295	95,247
Non-Operating Expenses:										
Interest on capital related debt	9,020	8,952	5,285	5,075	4,091	3,961	4,441	4,400	4,376	5,876
Other Non-Operating Expenses	1,003	34	1,825	602	86	88	47	33	102	34
Total Non-Operating Expenses	10,023	8,986	7,110	5,677	4,177	4,049	4,488	4,433	4,478	5,910
Total Expenses	\$ 132,527	\$ 121,259	\$ 119,523	\$ 115,905	\$ 109,290	\$ 101,719	\$ 95,008	\$ 92,345	\$ 90,773	\$ 101,157

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 3 (Continued)
Program Expenses by Function
Fiscal Years 2011 to 2020
(unaudited)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Expenses:										
Instruction	36.48%	38.33%	38.93%	37.88%	36.21%	35.82%	36.86%	36.56%	37.98%	35.22%
Public service	0.07%	0.13%	0.13%	0.11%	0.10%	0.02%	0.02%	0.02%	0.03%	0.10%
Academic support	5.97%	6.21%	6.54%	6.20%	6.35%	6.09%	5.85%	5.40%	5.32%	5.79%
Student services	13.07%	12.66%	13.10%	14.23%	16.51%	15.83%	12.94%	13.47%	12.01%	11.12%
Institutional support	17.78%	17.48%	17.48%	16.76%	17.10%	16.51%	17.51%	16.50%	17.01%	15.17%
Operation and maintenance of plant	7.44%	7.44%	7.35%	8.74%	8.88%	8.62%	8.54%	8.23%	8.54%	9.38%
Scholarships and fellowships	5.03%	4.90%	4.87%	5.10%	4.68%	6.18%	6.29%	7.43%	6.34%	10.49%
Auxiliary enterprises	1.20%	1.01%	1.17%	1.28%	1.30%	1.45%	1.41%	1.52%	1.68%	1.29%
Depreciation	5.36%	4.43%	4.54%	4.80%	5.05%	5.50%	5.86%	6.07%	6.16%	5.60%
Total Operating Expenses	92.42%	92.59%	94.66%	95.10%	96.18%	96.02%	95.28%	95.20%	95.07%	94.16%
Non-Operating Expenses:										
Interest on capital related debt	6.81%	7.38%	4.42%	4.38%	3.74%	3.89%	4.67%	4.76%	4.82%	5.81%
Other Non-Operating Expenses	0.76%	0.03%	1.53%	0.52%	0.08%	0.09%	0.05%	0.04%	0.11%	0.03%
Total Non-Operating Expenses	7.58%	7.41%	5.34%	4.90%	3.82%	3.98%	4.72%	4.80%	4.93%	5.84%
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
2019	\$ 67	\$ 117	\$ 12	\$ 12	\$ 12	\$ 85	\$ 1,321	\$ 1,921	6.45%	4.35%
2018	61	111	12	12	12	77	1,241	1,841	5.08	3.37
2017	56	106	12	12	12	77	1,181	1,781	0.00	0.00
2016	56	106	12	12	12	77	1,181	1,781	0.00	0.00
2015	56	106	12	12	12	77	1,181	1,781	1.03	0.68
2014	55	105	12	12	12	77	1,169	1,769	5.60	3.63
2013	52	102	12	12	10	75	1,107	1,707	1.10	0.71
2012	51	101	12	12	10	75	1,095	1,695	10.72	6.67
2011	43	93	12	12	10	65	989	1,589	13.29	7.88
2010	38	88	10	10	10	57	873	1,473	1.39	-28.53

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 of State	% Increase/ (Decrease) from Prior Year International
2019	\$ 154	\$ 154	\$ 12	\$ 12	\$ 12	\$ 85	\$ 2,365	\$ 2,365	3.50%	3.50%
2018	148	148	12	12	12	77	2,285	2,285	2.70	2.70
2017	143	143	12	12	12	77	2,225	2,225	0.00	0.00
2016	143	143	12	12	12	77	2,225	2,225	0.00	0.00
2015	143	143	12	12	12	77	2,225	2,225	0.54	0.54
2014	142	142	12	12	12	77	2,213	2,213	2.88	2.88
2013	139	139	12	12	10	75	2,151	2,151	0.56	0.56
2012	138	138	12	12	10	75	2,139	2,139	5.21	5.21
2011	130	130	12	12	10	65	2,033	2,033	6.05	6.05
2010	125	125	10	10	10	57	1,917	1,917	-23.47	-23.47

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

(2) Registration Fee: Not applicable

Source: College Annual Financial Reports

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

(in Thousands)

Direct Rate

Fiscal Year	Assessed Valuation of Property		Taxable Assessed Value	% Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations	Debt Service	Total
	(a)	Less: Exemptions	(TAV)		(b)	(b)	(b)
2019-20	\$ 35,034,885	\$ 6,061,795	\$ 28,973,090	0.83	\$ 0.211260	\$ 0.069405	\$ 0.280665
2018-19	33,527,327	6,301,621	27,225,706	0.81	0.209700	0.072200	0.281900
2017-18	31,619,662	5,950,780	25,668,882	0.81	0.205700	0.053463	0.259163
2016-17	29,841,475	4,975,595	24,865,880	0.83	0.194718	0.051441	0.246159
2015-16	27,500,612	4,683,363	22,817,249	0.83	0.210549	0.037524	0.248073
2014-15	25,746,282	4,622,735	21,123,547	0.82	0.207910	0.040163	0.248073
2013-14	24,255,580	4,577,887	19,677,693	0.81	0.206690	0.043976	0.250666
2012-13	22,433,940	4,557,652	17,876,288	0.80	0.209394	0.048609	0.258003
2011-12	21,081,166	3,605,685	17,475,481	0.83	0.206200	0.051800	0.258000
2010-11	20,302,854	3,078,992	17,223,862	0.85	0.200200	0.057800	0.258000

Source: Local Appraisal District

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

(b) per \$100 Taxable Assessed Valuation

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

Fiscal Year	State Appropriation (in thousands)	Appropriation per FTSE		Appropriation per Contact Hour			
		Annual FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (in thousands) (b)	Voc/Tech Contact Hours (in thousands) (b)	Total Contact Hours (in thousands)	State Appropriation per Contact Hour
2019-20	\$ 25,499	7,271	\$ 3,507	2,788	2,046	4,834	\$ 5.28
2018-19	23,437	7,064	3,318	2,817	1,833	4,650	5.04
2017-18	22,928	7,103	3,228	2,757	1,873	4,630	4.95
2016-17	20,176	7,290	2,768	2,827	1,939	4,766	4.23
2015-16	19,800	6,948	2,850	2,715	1,820	4,535	4.37
2014-15	19,918	6,590	3,022	2,655	1,660	4,315	4.62
2013-14	19,554	6,650	2,940	2,823	1,615	4,438	4.41
2012-13	19,535	7,004	2,789	2,998	1,692	4,690	4.17
2011-12	20,929	7,610	2,750	3,287	1,801	5,088	4.11
2010-11	23,890	7,982	2,993	3,430	2,021	5,451	4.38

Notes:

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

(a) Source: Coordinating Board Management Report 004

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

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

Taxpayer	Type of Business	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Flint Hills Resources West LP	Petrochemical	\$ 1,396,033	\$ 1,275,786	\$ 994,320	\$ 901,967	\$ 795,171	\$ 809,036	\$ 894,028	\$ 911,024	\$ 791,276	\$ 826,955
Valero Refining Texas LP	Petrochemical	1,335,095	1,180,094	992,798	782,638	982,007	732,218	732,219	680,667	674,643	810,563
Citgo Refining/Chemical Co LP	Petrochemical	717,443	662,713	636,937	598,035	576,842	609,788	588,394	527,999	521,728	460,855
Corpus Christi Polymers LLC	Petrochemical	532,193	532,193	-	-	-	-	-	-	-	-
Equistar Chemicals LP	Petrochemical	450,375	476,587	498,921	525,325	187,352	198,039	227,826	235,788	217,385	157,388
Equistar Chemicals LP	Petrochemical	-	-	169,513	178,657	-	-	-	-	-	-
Flint Hills Resources East LP	Petrochemical	202,176	192,216	174,379	154,846	165,685	180,163	190,891	195,559	163,746	-
AEP Texas Central Company	Utility	325,205	375,892	290,124	249,585	197,103	198,622	167,729	143,951	115,054	162,087
Valero Marketing & Supply	Petrochemical	185,721	187,744	186,973	-	-	139,352	147,665	-	-	-
Epic Y-Grade Logistics LP	Petrochemical	181,276	173,917	-	-	-	-	-	-	-	-
Nueces Bay WLE	Utility	-	-	-	-	179,958	-	-	-	-	-
Corpus Christi Retail Venture LP	Retail	-	-	-	-	-	-	94,714	101,682	86,000	75,510
Buckeye Texas Processing LLC	Petrochemical	277,459	281,540	266,934	252,476	255,721	173,856	-	-	-	-
Buckeye Texas HUB LLC	Petrochemical	-	-	166,772	177,212	161,468	155,421	-	-	-	-
Barney M Davis LP	Utility	-	-	-	132,802	182,407	-	-	-	84,296	-
Flint Hill Resources	Petrochemical	-	-	-	-	-	107,045	105,017	105,696	-	-
HE Butt Grocery Company	Grocery	-	-	-	-	-	-	84,069	80,885	78,986	74,869
Corpus Christi Cogeneration LP	Utility	-	-	-	-	-	-	-	-	67,453	-
Hoechst Cel - Plastics Division	Manufacturing	-	-	-	-	-	-	-	-	-	164,980
EOG Resources	Petrochemical	-	-	-	-	-	-	-	-	-	110,501
Apache Corporation	Petrochemical	-	-	-	-	-	-	-	-	-	76,205
Totals		\$ 5,602,976	\$ 5,338,682	\$ 4,377,671	\$ 3,953,543	\$ 3,683,714	\$ 3,303,540	\$ 3,232,552	\$ 2,983,251	\$ 2,800,567	\$ 2,919,913
Total Taxable Assessed Value		\$ 28,973,090	\$ 28,973,089	\$ 27,225,706	\$ 25,668,882	\$ 24,865,880	\$ 21,123,547	\$ 19,677,694	\$ 17,876,288	\$ 17,876,288	\$ 17,475,481

Source: Local County Appraisal District as of valuation date

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

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

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Flint Hills Resources LP	Petrochemical	4.82%	4.40%	3.65%	3.51%	3.20%	3.83%	4.54%	5.10%	4.43%	4.73%
Valero Refining Texas LP	Petrochemical	4.61	4.07	3.65	3.05	3.95	3.47	3.72	3.81	3.77	4.64
Citgo Refining/Chemical Co LP	Petrochemical	2.48	2.29	2.34	2.33	2.32	2.89	2.99	2.95	2.92	2.64
Corpus Christi Polymers LLC	Petrochemical	1.84	1.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equistar Chemicals LP	Petrochemical	1.55	1.64	1.83	2.05	0.75	0.94	1.16	1.32	1.22	0.90
Equistar Chemicals LP	Petrochemical	0.00	0.00	0.62	0.70	0.00	0.00	0.00	0.00	0.00	0.00
Flint Hills Resources East LP	Petrochemical	0.70	0.66	0.64	0.60	0.67	0.85	0.97	1.09	0.92	0.00
AEP Texas Central Company	Utility	1.12	1.30	1.07	0.97	0.79	0.94	0.85	0.81	0.64	0.93
Valero Marketing & Supply	Petrochemical	0.64	0.65	0.69	0.00	0.00	0.66	0.75	0.00	0.00	0.00
Epic Y-Grade Logistics LP	Petrochemical	0.63	0.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nueces Bay WLE	Utility	0.00	0.00	0.00	0.00	0.72	0.00	0.00	0.00	0.00	0.00
Corpus Christi Retail Venture LP	Retail	0.00	0.00	0.00	0.00	0.00	0.00	0.48	0.57	0.48	0.43
Buckeye Texas Processing LLC	Petrochemical	0.96	0.97	0.98	0.98	1.03	0.82	0.00	0.00	0.00	0.00
Buckeye Texas HUB LLC	Petrochemical	0.00	0.00	0.61	0.69	0.65	0.74	0.00	0.00	0.00	0.00
Barney M Davis LP	Utility	0.00	0.00	0.00	0.52	0.73	0.00	0.00	0.00	0.47	0.00
Flint Hill Resources	Petrochemical	0.00	0.00	0.00	0.00	0.00	0.51	0.53	0.59	0.00	0.00
HE Butt Grocery Company	Grocery	0.00	0.00	0.00	0.00	0.00	0.00	0.43	0.45	0.44	0.43
Corpus Christi Cogeneration LP	Utility	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.38	0.00
Hoechst Cel - Plastics Division	Manufacturing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.94
EOG Resources	Petrochemical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63
Apache Corporation	Petrochemical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.44
Totals		19.35%	18.42%	16.08%	15.40%	14.81%	15.64%	16.43%	16.69%	15.67%	16.71%

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
2020	\$ 80,012	\$ (791)	\$ 79,222	\$ 75,442	95.23%	\$ -	\$ 1,410	\$ 76,852	97.01%
2019	74,310	(866)	73,444	71,737	97.68	-	950	72,687	98.97
2018	65,697	(381)	65,316	63,078	96.57	-	1,661	64,739	99.12
2017	60,296	(838)	59,458	57,956	97.47	-	1,082	59,038	99.29
2016	56,481	(1617)	54,864	53,473	97.46	-	39	53,512	97.54
2015	52,752	(358)	52,394	51,113	97.56	-	1,052	52,165	99.56
2014	49,097	(317)	48,780	47,518	97.41	-	1,124	48,642	99.72
2013	45,729	(71)	45,658	44,579	97.64	-	994	45,573	99.81
2012	44,477	(309)	44,168	43,139	97.67	-	911	44,050	99.73
2011	43,545	(198)	43,347	42,217	97.39	-	873	43,090	99.41

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Bonded Debt										
General obligation bonds	\$ 288,060	\$ 219,355	\$ 228,195	\$ 134,695	\$ 132,860	\$ 71,170	\$ 69,730	\$ 75,380	\$ 80,415	\$ 86,120
Premium	34,115	20,749	22,800	14,907	15,649	5,827	4,852	4,227	4,999	2,115
Net general bonded debt	\$ 322,175	\$ 240,104	\$ 250,995	\$ 149,602	\$ 148,509	\$ 76,997	\$ 74,582	\$ 79,607	\$ 85,414	\$ 88,235
Other Debt										
Revenue bonds	\$ 12,620	\$ 13,890	\$ 15,110	\$ 16,345	\$ 17,530	\$ 21,385	\$ 23,405	\$ 25,335	\$ 27,200	\$ 28,985
Capital lease obligations	-	-	-	-	-	-	-	109	225	1,187
Total Outstanding Debt	\$ 334,795	\$ 253,994	\$ 266,105	\$ 165,947	\$ 166,039	\$ 98,382	\$ 97,987	\$ 105,051	\$ 112,839	\$ 118,407
General Bonded Debt Ratios										
Per Capita	\$ 889.26	\$ 662.79	\$ 692.85	\$ 414.16	\$ 410.78	\$ 213.62	\$ 209.23	\$ 225.66	\$ 245.55	\$ 257.08
Per FTSE	44,310	33,947	35,336	20,522	21,374	11,684	11,215	11,366	11,224	11,054
As a percentage of Taxable Assessed Value	1.20%	0.96%	1.05%	0.65%	0.69%	0.38%	0.40%	0.48%	0.52%	0.55%
Total Outstanding Debt Ratios										
Per Capita	\$ 924.10	\$ 701.13	\$ 734.56	\$ 459.41	\$ 459.27	\$ 272.95	\$ 274.90	\$ 297.78	\$ 324.39	\$ 344.98
Per FTSE	46,045	35,910	37,464	22,764	23,897	14,929	14,735	14,999	14,828	14,834
As a percentage of Taxable Assessed Value	1.25%	1.02%	1.12%	0.72%	0.78%	0.49%	0.53%	0.63%	0.69%	0.74%

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Taxable Assessed Value	\$35,034,885	\$33,527,327	\$25,668,882	\$24,865,880	\$22,817,249	\$21,123,547	\$19,677,693	\$17,876,288	\$17,475,481	\$17,223,862
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	175,174	167,637	128,344	124,329	114,086	105,618	98,388	89,381	87,377	86,119
Less: Funds Restricted for Repayment of General Obligation Bonds	(4,646)	(4,478)	(4,099)	(3,865)	(3,831)	(4,303)	(4,155)	(4,181)	(5,286)	(5,286)
Total Net General Obligation Debt	170,528	163,159	124,245	120,464	110,255	101,315	94,233	85,200	82,091	80,833
Current Year Debt Service Requirements	19,084	18,654	13,407	12,387	8,649	8,413	8,668	8,666	8,978	9,120
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 151,444	\$ 144,505	\$ 110,838	\$ 108,077	\$ 101,606	\$ 92,902	\$ 85,565	\$ 76,534	\$ 73,113	\$ 71,713
Net Current Requirements as a % of Statutory Limit	8.24%	8.46%	7.25%	6.85%	4.22%	3.89%	4.59%	5.02%	4.23%	4.45%

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

Source: College Annual Financial Reports

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

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (in Thousands)					Debt Service Requirements (in Thousands)			
	Tuition Fee	Building Use Fee	Matriculation Fee	Income Revenues	Total	Principal	Interest	Total	Coverage Ratio
2020	\$ 3,884	\$ 2,650	\$ 2,650	\$ 1,353	\$ 10,537	\$ 1,270	\$ 682	\$ 1,952	5.40
2019	3,635	2,572	2,572	125	8,904	1,220	731	1,951	4.56
2018	3,511	2,581	2,581	872	9,491	1,235	780	2,015	4.71
2017	3,324	2,656	2,656	242	8,878	1,185	827	2,012	4.41
2016	3,210	2,537	2,537	232	8,516	2,100	963	3,063	2.78
2015	3,003	2,403	2,403	108	7,917	2,020	1,044	3,064	2.58
2014	2,939	2,413	2,413	64	7,829	1,930	1,121	3,051	2.57
2013	3,028	2,568	2,568	141	8,305	1,865	1,191	3,056	2.72
2012	3,269	2,777	2,777	151	8,974	1,785	1,261	3,046	2.95
2011	2,943	2,909	2,909	171	8,932	1,730	1,320	3,050	2.93

Source: College Annual Financial Reports

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

Calendar Year	Nueces County Population (a)	Nueces County Personal Income (in Thousands) (b)	Nueces County Personal Income Per Capita	Nueces County Unemployment Rate (c)
2019	362,294	(d)	(d)	4.1%
2018	362,265	\$ 16,076,668	\$ 44,378	4.6%
2017	361,221	15,125,406	41,873	5.4%
2016	361,529	14,695,250	40,647	5.6%
2015	360,437	15,356,003	42,604	4.9%
2014	356,452	15,464,512	43,385	5.1%
2013	352,781	14,641,008	41,502	6.1%
2012	347,848	14,171,370	40,740	6.6%
2011	343,225	13,534,104	39,432	7.9%
2010	340,261	12,485,495	36,694	8.1%

Sources:

- (a) 2019 Population estimate from U.S. Census Bureau as of July 2019
2010-2018 actual population from U.S. Bureau of Economic Analysis as of March 2019
- (b) Personal income from U.S. Bureau of Economic Analysis as of March 2019
- (c) Unemployment rate from U.S. Department of Labor as of April 2019
- (d) Not yet available

Del Mar College
Statistical Supplement 13
Principal Employers
(unaudited)

Employer	2019		2010	
	Number of Employees	Percentage of Total Employment ¹	Number of Employees	Percentage of Total Employment
Corpus Christi ISD	5,944	2.88%	5,178	2.62%
Corpus Christi Naval Air Station	4,782	2.32%	1,630	0.82%
H.E.B.	3,840	1.86%	5,000	2.53%
Corpus Christi Army Depot	3,658	1.78%	4,876	2.47%
City of Corpus Christi	3,202	1.55%	3,171	1.60%
CHRISTUS Spohn Health Systems	3,000	1.46%	5,400	2.73%
Driscoll Children's Hospital	2,512	1.22%	1,500	0.76%
Kiewit Offshore Service Bay, Ltd.	1,750	0.85%	-	-
Corpus Christi Medical Center	1,500	0.73%	1,300	0.66%
Del Mar College	1,474	0.72%	1,542	0.78%
Total	33,362	16.19%	31,697	16.03%

Source:

Corpus Christi Regional Economic Development Corporation and EMSI 2Q 2020 Data Set - Corpus Christi MSA

Note:

1. Percentage of Total Employment (2020 Corpus Christi Total Employment = 206,078)
2. 2020 is not yet available

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

Fall Term

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instructional Faculty										
Full-Time	310	314	316	311	298	282	279	278	286	301
Part-Time	213	218	223	216	227	236	254	287	323	292
Total	523	532	539	527	525	518	533	565	609	593
Percent										
Percent Full-Time	59.3%	59.0%	58.6%	59.0%	56.8%	54.4%	52.3%	49.2%	47.6%	50.8%
Percent Part-Time	40.7%	41.0%	41.4%	41.0%	43.2%	45.6%	47.7%	50.8%	52.4%	49.2%
Staff and Administrators										
Full-Time	411	374	381	367	348	309	293	283	291	378
Part-Time	353	359	417	445	408	331	309	380	195	274
Total	764	733	798	812	756	640	602	663	486	652
Percent										
Percent Full-Time	53.8%	51.0%	47.7%	45.2%	46.0%	48.3%	48.7%	42.7%	59.2%	58.0%
Percent Part-Time	46.2%	49.0%	52.3%	54.8%	54.0%	51.7%	51.3%	57.3%	40.8%	42.0%
Total										
Full-Time	721	688	697	678	646	591	572	561	577	679
Part-Time	566	577	640	661	635	567	563	667	518	566
Total	1,287	1,265	1,337	1,339	1,281	1,158	1,135	1,228	1,095	1,245
Percent										
Percent Full-Time	56.0%	54.4%	52.1%	50.6%	50.4%	51.0%	50.4%	45.7%	52.7%	54.5%
Percent Part-Time	44.0%	45.6%	47.9%	49.4%	49.6%	49.0%	49.6%	54.3%	47.3%	45.5%
FTSE per Full-time Faculty	15.45	15.56	14.96	15.71	16.29	16.42	16.67	16.95	17.36	17.03
FTSE per Full-Time Staff Member	19.13	20.75	20.15	21.50	21.25	22.97	24.78	27.05	28.50	22.41
Average Annual Faculty Salary	\$72,214	\$71,020	\$69,237	\$68,279	\$64,487	\$60,656	\$57,676	\$55,919	\$56,203	\$56,071

Notes: Year 2020 is not yet available. FTSE: Full Time Student Equivalent (as reported on CBM001).

Source: College Statistical Profiles.

Del Mar College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2018-19 Students as of Fall 2019
(Includes only public senior colleges in Texas)
(unaudited)

Universities:	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Transfer Students	Percent of Total Transfer Students
1 Texas A&M University - Corpus Christi	796	67	11	874	50.55%
2 Texas A&M University - Kingsville	138	20	1	159	9.20%
3 Texas A&M University	143	6	1	150	8.68%
4 The University of Texas at San Antonio	125	7	1	133	7.69%
5 Texas State University	87	4	1	92	5.32%
6 The University of Texas at Austin	75	1	3	79	4.85%
7 Texas Tech University	35	1	0	36	1.80%
8 The University of Texas at Arlington	23	13	0	36	2.08%
9 University of Houston	18	0	1	19	1.10%
10 University of North Texas	15	2	0	17	0.98%
11 Sam Houston State University	16	0	0	16	0.93%
12 Stephen F. Austin State University	12	0	0	12	0.69%
13 The University of Texas - Rio Grande Valley	9	2	0	11	0.64%
14 The University of Texas at Dallas	9	0	0	9	0.52%
15 Tarleton State University	8	0	0	8	0.46%
16 Texas A&M University - San Antonio	8	0	0	8	0.46%
17 Texas A&M University at Galveston	8	0	0	8	0.46%
18 Texas A&M International University	7	0	0	7	0.40%
19 Texas A&M University System Health Science Center	7	0	0	7	0.40%
20 University of Houston - Victoria	7	0	0	7	0.40%
21 Angelo State University	6	0	0	6	0.35%
22 Sul Ross State University	4	0	0	4	0.23%
23 Texas Southern University	4	0	0	4	0.23%
24 Texas Woman's University	4	0	0	4	0.23%
25 Texas A&M University - Commerce	2	0	1	3	0.17%
26 The University of Texas at El Paso	3	0	0	3	0.17%
27 The University of Texas Health Science Center at San Antonio	2	1	0	3	0.17%
28 The University of Texas Medical Branch at Galveston	3	0	0	3	0.17%
29 The University of Texas of the Permian Basin	2	1	0	3	0.17%
30 Midwestern State University	1	1	0	2	0.12%
31 University of Houston - Clear Lake	2	0	0	2	0.12%
32 Texas Tech University Health Sciences Center	1	0	0	1	0.06%
33 The University of Texas Health Science Center at Houston	1	0	0	1	0.06%
34 The University of Texas at Tyler	1	0	0	1	0.06%
35 University of Houston - Downtown	1	0	0	1	0.06%
	1583	126	20	1729	100.00%

Notes: Year 2020 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 2011 to 2020
(unaudited)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Academic buildings	37	34	34	34	35	34	34	34	34	34
Square footage (in thousands)	1,129	921	897	897	914	894	894	875	875	850
Libraries	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	114	114	114	114	114	114	114	114	114	114
Number of Volumes (in thousands)	187	187	187	187	187	187	187	187	187	187
Administrative and support buildings	7	7	7	7	7	7	7	7	7	7
Square footage (in thousands)	253	253	253	253	253	253	237	237	237	237
Athletic Facilities	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	60	60	60	60	60	60	60	60	60	60
Aquatic Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	1	1	1	1
Plant facilities	6	6	6	6	6	6	6	6	6	6
Square footage (in thousands)	70	70	70	70	70	70	70	70	70	70
Transportation										
Cars	22	22	7	4	9	33	53	69	8	8
Light Trucks/Vans	81	81	63	55	50	43	37	68	47	55
Buses	3	3	2	0	0	1	1	1	2	2

Source: Del Mar College Physical Facilities Building Report

Del Mar College
Statistical Supplement 19
Changes in Net Position
Fiscal Years 2011 to 2020
(unaudited)

For the Year Ended August 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues:										
Tuition and Fees (net of discounts)	\$ 12,540,731	\$ 12,574,086	\$ 12,528,094	\$ 12,755,431	\$ 11,975,986	\$ 10,878,328	\$ 10,683,123	\$ 9,681,161	\$ 14,874,912	\$ 9,849,642
Federal Grants and Contracts	2,182,843	2,103,407	3,181,036	3,268,403	4,650,416	5,423,812	3,255,877	3,465,361	3,657,769	4,049,813
State Grants and Contracts	2,128,904	2,399,247	2,341,669	3,717,804	4,334,183	3,090,218	2,021,264	1,613,439	1,480,295	1,996,563
Local Grants and Contracts	1,800,395	1,403,419	523,681	547,774	2,211,054	592,945	1,043,836	837,213	1,779,174	534,974
Auxiliary Enterprises (net of discounts)	1,078,975	1,675,087	1,390,301	1,248,486	1,323,238	1,507,338	1,397,476	1,373,947	1,606,639	1,426,632
General Operating Revenues	2,924,699	3,605,925	2,187,741	1,767,755	2,304,931	1,378,951	1,357,212	1,172,798	1,233,891	1,089,147
Total Operating Revenues	22,656,547	23,761,171	22,152,522	23,305,653	26,799,808	22,871,592	19,758,788	18,143,919	24,632,680	18,946,771
Operating Expenses:										
Instruction	48,349,080	46,483,218	46,536,019	43,908,899	39,580,321	36,440,531	35,017,334	33,765,746	34,475,078	35,631,929
Public Service	94,985	154,635	151,245	129,056	110,626	21,290	14,146	21,359	24,975	97,181
Academic Support	7,913,959	7,531,038	7,734,321	7,189,179	6,946,425	6,193,494	5,553,605	4,984,898	4,829,859	5,852,202
Student Services	17,319,456	15,348,900	15,662,326	16,486,986	18,039,997	16,105,881	12,295,001	12,439,289	10,905,844	11,251,405
Institutional Support	23,607,141	21,194,945	20,887,777	19,429,845	18,690,329	16,792,500	16,637,302	15,235,208	15,440,078	15,340,165
Operating and Maintenance of Plant	9,859,544	9,022,898	8,785,591	10,128,134	9,701,525	8,770,592	8,112,724	7,597,543	7,748,373	9,485,873
Scholarships and Fellowships	6,667,609	5,939,657	5,825,627	5,905,955	5,111,125	6,285,920	5,980,411	6,856,972	5,755,165	10,616,294
Auxiliary Enterprises	1,586,671	1,227,858	1,400,092	1,483,984	1,417,025	1,469,943	1,339,143	1,404,623	1,521,295	1,303,387
Depreciation	7,106,091	5,369,523	5,430,143	5,565,557	5,515,438	5,589,559	5,570,425	5,606,843	5,594,775	5,668,964
Total Operating Expenses	122,504,536	112,272,672	112,413,141	110,227,595	105,112,811	97,669,710	90,520,091	87,912,481	86,295,442	95,247,400
Operating Loss	\$ (99,847,989)	\$ (88,511,501)	\$ (90,260,619)	\$ (86,921,942)	\$ (78,313,003)	\$ (74,798,118)	\$ (70,761,303)	\$ (69,768,562)	\$ (61,662,762)	\$ (76,300,629)

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 19 (Continued)
Changes in Net Position
Fiscal Years 2011 to 2020
(unaudited)

For the Year Ended August 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Non-Operating Revenues (Expenses):										
State Appropriations	\$ 25,499,749	\$ 23,437,046	\$ 22,927,559	\$ 20,175,851	\$ 19,800,318	\$ 19,917,744	\$ 19,553,776	\$ 19,535,227	\$ 20,928,729	\$ 23,890,346
Maintenance Ad Valorem Taxes	58,318,766	54,449,297	51,688,633	47,179,178	46,704,072	43,341,908	40,524,142	37,311,571	35,581,594	33,966,441
Debt Service Ad Valorem Taxes	19,157,747	18,706,260	13,423,409	12,386,836	8,338,292	8,384,937	8,639,074	8,678,589	8,939,543	9,800,687
Federal Revenue, Non Operating	20,412,808	16,860,116	16,237,471	16,714,930	16,322,598	16,265,164	16,521,106	18,730,358	13,113,471	21,317,348
Gifts	-	-	-	-	-	-	-	-	60,517	39,748
Loss on Disposal of Capital Assets	(71,492)	(26,208)	(800,597)	(302,112)	(80,308)	(85,079)	(44,591)	(31,345)	(100,187)	(31,752)
Investment Income	3,442,061	5,754,478	2,308,152	1,107,980	337,362	205,840	197,482	216,246	347,282	490,659
Interest on Capital Related Debt	(9,019,901)	(8,951,490)	(5,284,975)	(5,075,351)	(4,090,597)	(3,961,174)	(4,441,005)	(4,399,676)	(4,570,120)	(5,876,467)
Other Non-Operating Revenues	26,697	37,368	28,316	11,704	21,428	30,022	144,164	173,864	155,367	139,255
Other Non-Operating Expenses	(932,172)	(7,299)	(1,024,243)	(299,981)	(6,000)	(2,750)	(2,800)	(1,600)	(1,450)	(1,450)
Net Non-Operating Revenues	116,834,263	110,259,568	99,503,725	91,899,035	87,347,165	84,096,612	81,091,348	80,213,234	74,454,746	83,734,815
Capital Contributions	60,434	5,000	689,500	65,500	59,513	151,333	97,300	836,140	60,000	161,319
Income Before Extraordinary Item	17,046,708	21,753,067	9,932,606	5,042,593	9,093,675	9,449,827	10,427,345	11,280,812	12,851,984	7,595,505
Restatements	-	-	-	-	-	-	-	-	(1,239,182)	-
Increase in Net Position	17,046,708	21,753,067	9,932,606	5,042,593	9,093,675	9,449,827	10,427,345	11,280,812	11,612,802	7,595,505
Net Position										
Net Position - Beginning of Year	76,239,213	54,486,146	130,861,035	125,815,870	116,722,195	117,743,992	107,316,647	96,035,835	84,423,033	76,827,528
Cumulative Effect of Change in Accounting Principle			(86,307,495)	-	-	(10,471,624)	-	-	-	-
Net Position - Beginning of Year - as restated	76,239,213	54,486,146	44,553,540	125,815,870	116,722,195	107,272,368	-	-	-	-
Net Position - End of Year	\$ 93,285,921	\$ 76,239,213	\$ 54,486,146	\$ 130,858,463	\$ 125,815,870	\$ 116,722,195	\$ 117,743,992	\$ 107,316,647	\$ 96,035,835	\$ 84,423,033

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
2019	0.5000	0.5000	1.0000
2018	0.5000	0.5000	1.0000
2017	0.5000	0.5000	1.0000
2016	0.5000	0.5000	1.0000
2015	0.5000	0.5000	1.0000
2014	0.5000	0.5000	1.0000
2013	0.5000	0.5000	1.0000
2012	0.5000	0.5000	1.0000
2011	0.5000	0.5000	1.0000
2010	0.5000	0.5000	1.0000

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Del Mar College District	0.280	0.281	0.282	0.259	0.246	0.248	0.248	0.251	0.258	0.258
Special Districts:										
Hospital District	0.112	0.112	0.118	0.121	0.127	0.127	0.130	0.137	0.148	0.162
Downtown Management District	0.300	0.300	0.300	0.300	0.370	0.370	0.370	0.370	0.370	0.370
Nueces County	0.307	0.308	0.309	0.304	0.304	0.304	0.313	0.331	0.341	0.351
Drainage District No. 2	0.354	0.355	0.349	0.338	0.333	0.333	0.334	0.350	0.390	0.400
Drainage District No. 3	0.146	0.146	0.193	0.193	0.193	0.030	0.193	0.178	0.189	0.189
South Texas Water Authority	0.086	0.087	0.087	0.085	0.083	0.083	0.083	0.085	0.085	0.062
Cities:										
Corpus Christi	0.646	0.646	0.626	0.606	0.606	0.606	0.606	0.585	0.585	0.571

Source: Nueces County Tax Office as of valuation year

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
School Districts:										
Calallen ISD	1.311	1.311	1.403	1.375	1.375	1.375	1.375	1.358	1.359	1.359
Corpus Christi ISD	1.270	1.270	1.305	1.237	1.237	1.237	1.237	1.237	1.237	1.237
Flour Bluff ISD	1.070	1.070	1.140	1.145	1.150	1.154	1.154	1.168	1.178	1.071
London ISD	1.347	1.348	1.304	1.349	1.357	1.357	1.356	1.395	1.251	1.238
Port Aransas ISD	1.054	1.055	1.118	1.118	1.118	1.118	1.118	1.126	1.126	1.086
Tuloso Midway ISD	1.213	1.214	1.372	1.372	1.409	1.409	1.377	1.394	1.317	1.332
West Oso ISD	1.408	1.408	1.450	1.450	1.450	1.450	1.450	1.370	1.370	1.370
Fire Districts:										
Fire District No. 1	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Fire District No. 2	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.026	0.026
Fire District No. 3	0.100	0.100	0.100	0.100	0.030	0.030	0.030	0.030	0.030	0.030
Fire District No. 4	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Fire District No. 5	0.100	0.100	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
TOTAL:	11.280	11.341	11.716	11.612	11.648	11.491	11.634	11.625	11.490	11.342

Source: Nueces County Tax Office as of valuation year

Del Mar College
Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2020
(unaudited)

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicable	Applicable to Direct
Special Districts:			
Nueces County	\$ 118,393,120	82.87%	\$ 98,112,379
Nueces County Hospital District			-
County-Line Special Districts:			
Nueces County Drainage District 2	-	-	-
South Texas Water Authority	-	-	-
City:			
Corpus Christi	525,054,591	99.77%	525,054,591
School Districts:			
Calallen ISD	67,725,000	100.00%	67,725,000
Corpus Christi ISD	761,950,330	100.00%	761,950,330
Flour Bluff ISD	45,169,986	100.00%	45,169,986
London ISD	12,800,705	38.65%	4,947,472
Port Aransas ISD	491,462	8.68%	42,659
Tuloso-Midway ISD	50,930,000	100.00%	50,930,000
West Oso ISD	31,678,514	100.00%	31,678,514
Sub-total direct and overlapping debt	1,614,193,708		1,585,610,931
Del Mar College District	288,060,000	100.00%	288,060,000
Total direct and overlapping debt	\$ 1,902,253,708	98.50%	\$ 1,873,670,931

Source: Debt outstanding data provided by each entity



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Federal and State
Award Section



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

December 8, 2020

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, 2020 and 2019 and June 30, 2020 and 2019, respectively, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Collier, Johnson & Woods

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

December 8, 2020

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, 2020. The College's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Programs

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

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, 2020

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

 Cares Act Cluster:

 Higher Education Emergency Relief Fund

- 84.425E CARES Act- Student Portion
- 84.425F CARES Act- Institutional Support

U.S. Department of Homeland Security

- 97.036 Public Assistance Grant COVID-19

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk auditee: Yes

Section II:
Findings - Financial Statement Audit

None reported

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

None Reported

Section IV:
Prior Year Findings

None Reported

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

Federal Grantor/Cluster/Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Expenditures			Subrecipients Expenditures
		Direct Awards	Pass-Through Awards	Total	
U.S. DEPARTMENT OF EDUCATION					
Direct Programs:					
Student Financial Assistance Cluster					
SEOG	84.007	\$ 233,749	-	\$ 233,749	-
Federal College Workstudy Program	84.033	223,000	-	223,000	-
Federal Pell Grant	84.063	16,909,994	-	16,909,994	-
Direct Student Loans	84.268	2,252,752	-	2,252,752	-
Total Student Financial Assistance Cluster		19,619,495	-	19,619,495	-
CARES Act Higher Education Emergency Relief Fund Cluster:					
CARES Act-Student Portion	84.425E	1,641,286	-	1,641,286	-
CARES Act-Institutional Portion	84.425F	460,320	-	460,320	-
Total CARES Act Cluster		2,101,606	-	2,101,606	-
Title V Cluster					
Celebrando Educacion	84.031S				
Viking Connect: Academic and Career Coaching	84.031S	356,033	-	356,033	-
Project SENDA	84.031S	125,141	-	125,141	-
Total Title V Cluster		481,174	-	481,174	-
HSI Stem Success Initiative					
TRIO Upward Bound	84.031C				
Child Care Access	84.047V	314,460	-	314,460	-
	84.335A	56,325	-	56,325	-
Total		370,785	-	370,785	-
Pass-Through From:					
Texas Higher Education Coordinating Board:					
Carl Perkins Vocational Education-Basic - 19204	84.048	-	700,983	700,983	-
Texas State University:					
Career & Financial Education - 16002-8248-1	84.031S	-	216,547	216,547	-
Texas Workforce Commission:					
Accelerate TX - 2219AEL001	84.002A	-	201,246	201,246	-
Ability to Benefit - 2219AEL000	84.002A	-	36,518	36,518	-
Total Workforce Commission		-	237,764	237,764	-
Total of U.S. Department of Education		22,573,060	1,155,294	23,728,354	-
U.S. DEPARTMENT OF AGRICULTURE					
Pass-Through From:					
Texas State Department of Agriculture					
Child & Adult Care Food Program - 02190	10.558	-	14,589	14,589	-
Total U.S. Department of Agriculture		-	14,589	14,589	-
U.S. DEPARTMENT OF DEFENSE					
Direct Program:					
Procurement Technical Assistance of Business Firms					
SP4800-16-2-1787	12.002	133,704	-	133,704	-
Procurement Technical Assistance of Business Firms	12.002	185,567	-	185,567	-
SP4800-18-2-1887					
Total U.S. Department of Defense		319,271	-	319,271	-

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

Federal Grantor/Cluster/Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Direct Awards	Expenditures Pass-Through Awards	Total	Subrecipients Expenditures
U.S. DEPARTMENT OF LABOR					
Pass-Through From:					
Texas Workforce Commission					
Apprenticeship WIOA - 2219ATP000	17.278	-	187,775	187,775	-
Nat'l Dislocated Worker Disaster Grant - 2918NDW001	17.277	-	(3,409)	(3,409)	-
Total U.S. Department of Labor		-	184,366	184,366	-
NATIONAL SCIENCE FOUNDATION					
Direct Programs:					
Education and Human Resources Cluster					
Unmanned Aircraft Systems Technology Education	47.076	108,942	-	108,942	32,414
Total Education and Human Resources Cluster		108,942	-	108,942	32,414
Pass-Through From:					
Austin Community College - AC2 - NSF 1501207	47.076	-	10,239	10,239	-
Total National Science Foundation		108,942	10,239	119,181	32,414
U.S. SMALL BUSINESS ADMINISTRATION					
Pass-Through From:					
University of Texas at San Antonio					
Small Business Administration - Z0049-32-DMC	59.006	-	12,733	12,733	-
Small Business Development Center - 8-603001	59.037	-	163,431	163,431	-
Small Business Development Center - OSBDC-COVID-2020-1	59.037	-	24,603	24,603	-
Total Small Business Administration		-	200,767	200,767	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-Through From:					
Texas Workforce Commission					
Temporary Assistance for Needy Families-Apprenticeship 2219ATP000	93.558	-	35,137	35,137	-
Total U.S. Department of Health and Human Services		-	35,137	35,137	-
U.S. DEPARTMENT OF HOMELAND SECURITY					
Pass-Through From:					
Texas Department of Public Safety					
Public Assistance Grant-COVID-19	97.036	246,738	-	246,738	-
Total U.S. Department of Homeland Security		246,738	-	246,738	-
Total Federal Financial Assistance			\$ 23,248,011	\$ 1,600,392	\$ 24,848,403
			\$	\$	\$ 32,414

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

Note 1: Federal Assistance Reconciliation

Other Operating Revenue-Federal Grants and Contracts revenue - per Schedule A	\$ 2,182,843
Add: Non-Operating Revenues-Federal Revenue, non-operating-per Schedule C	<u>20,412,808</u>
Total Federal Revenues per Schedule A and C	\$ <u>22,595,651</u>

Reconciling Item:

Add: Direct Student Loans	<u>2,252,752</u>
Total Federal Expenditures per Schedule of Expenditures and Federal Awards	\$ <u>24,848,403</u>

Note 2: Significant Accounting Policies used in Preparing the Schedule

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

Note 3: Expenditures Not Subject to Federal Single Audit

None

Note 4: Student Loans Processed and Administrative Costs Recovered

None

Note 5: Nonmonetary Federal Assistance

None

Note 6: Amounts Passed Through by the College

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

National Science Foundation	
NSF UASTEC (CFDA 47.076)	
Texas A&M University-Corpus Christi	32,414
Total amount passed through by the College	\$ <u>32,414</u>



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

December 8, 2020

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, 2020. The College's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, and terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2020.

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, 2020

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 Workforce Commission: Apprenticeship Training Program	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low risk auditee:	Yes

Section II:
Findings - Financial Statement Audit

None reported.

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

None Reported

Section IV:
Prior Year Findings

None reported

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2020

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Texas College Work Study	22339	\$ 41,082
Texas Grant Program	13399	750,842
CRSM	17433	6,900
Nursing Shortage Reduction	13129	21,948
Nursing Shortage Reduction-Under 70		223,864
Workstudy Mentorship	15555	18,238
Total Texas Higher Education Coordinating Board		<u>1,062,874</u>
TEXAS WORKFORCE COMMISSION		
Christus Spohn Health System Corporation	2218SDF001	(31,275)
DMC in Partnership with a Construction Consortium	2218SDF002	102,925
TWC Skills for Sm. Business	2218SSD000	175
TWC CC Polymers	2220SDF001	44,862
Bay Area Healthcare	2219SDF001	225,412
TWC Skills COVID-19	2220COS001	597
Total Skills Development		<u>342,696</u>
Apprenticeship Training Program	2219ATP000	477,247
Jobs and Education for Texans Grant Program	2220JET002	16,881
Total Workforce Commission		<u>836,824</u>
UNIVERSITY OF TEXAS AT SAN ANTONIO		
Small Business Development	8-603001-Z-0049-32-DMC	127,206
SBDC Rural	8-603001-Z-0049-32-DMC	102,000
Total University of Texas at San Antonio		<u>229,206</u>
Total State Financial Assistance		<u><u>\$ 2,128,904</u></u>

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2020

Note 1: State Assistance Reconciliation

State Revenues-per Schedule A	
State Financial Assistance	
Per Schedule of expenditures of state awards	2,128,904
Total State Revenues per Schedule A	<u><u>\$ 2,128,904</u></u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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



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

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