CISCO COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

AUGUST 31, 2019 and 2018

CISCO COLLEGE DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018
TABLE OF CONTENTS

CISCO COLLEGE DISTRICT
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR 2018-19

Board of Regents

Officers

Brad Kimbrough	President
Ronnie Ledbetter	Vice-President
Ricky Whatley	Secretary

Members

		Term Expires May 31,
Greg Cary	Cisco, Texas	2020
Jerry Conring	Cisco, Texas	2020
Joe Jarvis	Cisco, Texas	2024
Matt Johnson	Cisco, Texas	2024
Brad Kimbrough	Cisco, Texas	2022
Ronnie Ledbetter	Cisco, Texas	2024
Ricky Whatley	Cisco, Texas	2020
Sharon Wilcoxen	Cisco, Texas	2022
Staci Wilks	Cisco, Texas	2022

Key Officers

Dr. Thad Anglin – President
Dr. Jerry Dodson – Vice President for Student Services
Dr. Carol Dupree – Provost, Abilene Educational Center and Chief Academic Officer
Audra Taylor – Dean of Business Services and Chief Financial Officer

Financial Section

Condley AND COMPANY, LLP
Certified Public Accountants and Business Advisors

993 North Third Street
PO Box 2993
Abilene, Texas 79604-2993
Phone 325-677-6251
Fax 325-677-0006
www.condley.com

December 16, 2019

To the Board of Regents
Cisco College District
Cisco, Texas

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Cisco College District (the "District") which includes the statement of net position as of August 31, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District'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 general-purpose financial statements are free of 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 business-type activities of Cisco College District as of August 31, 2019, and the respective changes in financial position, and cash flows 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 Management's Discussion and Analysis on pages 4-7, Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of District's Contributions for Pensions on pages 33-34, Schedule of District's Proportionate Share of Net OPEB Liability and Schedule of District's Contributions for OPEB on pages 35-36 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 required supplementary information 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The supporting schedules (Schedules A-F), including the schedule of expenditures of federal awards 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 the introductory section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules 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 supporting schedules, which includes the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has 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 it.

Prior Year Financial Information
The financial statements of Cisco College District, as of and for the year ended August 31, 2018, were audited by other auditors, whose report dated December 3, 2018, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2019, on our consideration of the District's internal control over financial reporting and on 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 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 District's internal control over financial reporting and compliance.

Condley and Company, L.L.P.

Certified Public Accountants

Management’s Discussion and Analysis
Required Supplementary Information

Cisco College District

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2019

The following discussion of Cisco College's (the "College") financial reports presents our analysis and insight to the College's financial performance for the fiscal year ended August 31, 2019 including some comparative information with the fiscal years ended August 31, 2018 and 2017. Please read it in conjunction with the transmittal letter preceding this report and the District's financial statements, which follow this report.

The Basic Financial Statements

The annual financial report consists of a set of financial statements and reports as required by Government Accounting Standards Board (GASB) Statement No. 34 for a government engaged in business-type activities. These basic financial statements appear in Exhibits 1-3 and in the notes to the financial statements. The basic financial statements consist of the following four elements: a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; a Statement of Cash Flows; and the Notes to the Financial Statements. These statements are presented in a government-wide format, which means all of the funds of the College are combined into a single report. A brief explanation of the purpose of each of the components of the basic financial statements is set out below.

The Statement of Net Position shows the combined assets of the College, as well as the combined liabilities. The difference in the total assets and the total liabilities is the net position, which are broken out in its various components. The information shown in this statement is a snapshot of the College's accounts on August 31 of the year indicated. This is important data in determining the viability of the school and in determining the College's overall financial strength.

The Statement of Revenues, Expenses, and Changes in Net Position shows the results of the fiscal year's operations. Revenues and expenses are arranged by their functional classifications so that a year-to-year comparison will show relevant trends. The information in this statement will assist in evaluating the College's performance for the year concluded.

The Statement of Cash Flows shows the sources and uses of cash for the fiscal year. It is divided into several categories: operating activities, non-capital financing activities, capital financing activities, and investing activities. Upon review of the cash flow statement, a person knowledgeable in using this statement can determine an institution's ability to generate future cash flows, and its ability to meet financial obligations.

The Notes to the Financial Statements provide the required disclosures to comply with GASB pronouncements and other relevant information that a user might find helpful in understanding the District's financial statements as a whole.

Condensed Comparative Financial Information

Table 1- Net Position

	Year Ended August 31, 2019	Year Ended August 31, 2018	Year Ended August 31, 2017
Current and Other Assets	$5,677,971	$7,289,293	$7,718,505
Capital Assets	$15,151,694	$15,249,063	$15,748,074
Deferred Resource Outflows	$4,281,144	$746,358	$615,049
Total Assets and Deferred Resource Outflows	**$25,110,809**	**$23,284,714**	**$24,081,628**
Current Liabilities	$2,618,643	$4,131,620	$5,135,735
Long-term Liabilities	$21,304,901	$20,277,799	$9,028,601
Deferred Resource Inflows	$5,586,692	$3,359,042	$474,517
Total Liabilities and Deferred Resource Inflows	**$29,510,236**	**$27,768,461**	**$14,638,853**
Net Position:			
Net Investment in Capital Assets	$9,881,694	$9,297,465	$9,100,703
Restricted	$687,487	$687,487	$689,396
Unrestricted and Expendable	($14,968,608)	($14,468,699)	($347,324)
Total Net Position	**($4,399,427)**	**($4,483,747)**	**$9,442,775**

Table 2 - Changes in Net Position

	Year Ended August 31, 2019	Year Ended August 31, 2018	Year Ended August 31, 2017
Operating Revenue:			
Tuition and Fees, Net of Discounts	$4,929,103	$4,600,209	$3,151,184
Federal Grants and Contracts	$270,524	$227,455	$201,415
Auxiliary Enterprises, Net of Discounts	$1,689,615	$2,006,043	$2,137,481
Other Operating Revenues	$584,810	$863,270	$652,141
Total Operating Revenues	**$7,474,052**	**$7,696,977**	**$6,142,221**
Operating Expenses:			
Instruction	$7,870,248	$8,233,462	$7,749,722
Public Service	$2,069	$1,730	$7,169
Academic Support	$953,108	$785,810	$846,210
Student Services	$1,688,847	$1,793,002	$1,719,542
Institutional Support	$2,735,747	$3,010,248	$2,636,981
Operation and Maintenance of Plant	$1,594,802	$1,609,318	$1,559,410
Scholarships and Fellowships	$5,551,543	$5,315,385	$734,384
Auxiliary Enterprises	$2,899,454	$2,935,301	$2,736,281
Depreciation	$665,176	$694,083	$719,758
Total Operating Expenses	**$23,960,994**	**$24,378,339**	**$18,709,457**
Operating Loss	**($16,486,942)**	**($16,681,362)**	**($12,567,236)**
Non-operating Revenue (Expenses):			
State Appropriations	$6,360,709	$7,254,024	$6,967,496
Maintenance Ad valorem Taxes	$1,174,942	$917,097	$840,683
Federal Revenue	$9,000,600	$8,941,574	$5,132,288
Interest on Capital Related Debt	($194,655)	($209,888)	($227,791)
Other Non-operating Revenue (Expense)	$229,666	$289,566	$382,284
Net Non-operating Revenue	**$16,571,262**	**$17,192,373**	**$13,094,960**
Increase in Net Position	$84,320	$511,011	$527,724
Net Position – Beginning of Year	($4,483,747)	$9,442,775	$8,915,051
Adjustments	-	($14,437,533)	-
Net Position – End of Year	**($4,399,427)**	**($4,483,747)**	**$9,442,775**

Analysis of the College's Overall Financial Position and Results of Operations

Tables 1 and 2 provide summarization of significant financial data from the Statement of Net Position and information concerning the College's results of operations for the past three years. Current and Other Assets decreased because of reduced inventories, deferred charges, and accounts receivable. Student tuition and fees remained a major source of revenue for 2019. Net tuition and fees increased by $328,894 from 2018 to 2019. Auxiliary revenue decreased by $316,428 from 2018 to 2019 due to the outsourcing of the bookstore. Maintenance ad valorem tax revenue increased by $257,845 from 2018 to 2019 due to keeping the tax rate at .2000 per $100 valuation.

Significant Capital Assets and Long-Term Debt Activity

Note 5 to the financial statements is a summary of the current fiscal year's capital asset activity. A review of this data shows additions to capital assets of $567,807. These were offset by depreciation expense of $665,176. Changes to capital assets during the year include furniture, machinery, vehicles and other equipment of $255,340 and an increase to buildings of $312,467.

Note 6 to the financial statements is a composite of the College's long-term liabilities for the current and previous fiscal years. During the current year, there was a decrease of $11,598 for capital leases. There was a reduction to the Revenue Bonds and Notes for payments made during the year. There were also increases to the Net Pension Liabilities and OPEB Liabilities due to GASB Statement No. 68 and GASB Statement No. 75.

Discussion of Other Facts, Decisions, and Conditions

Cisco College continues to maintain manageable enrollment growth during a time that other peer institutions report either a declining or stagnate enrollment. In correlation with the enrollment growth, the College is experiencing an increase in semester credit hour production, which continues to have a positive impact on tuition and fee revenue. As a result of the enrollment growth, the College received an 8.0% increase in state appropriations for the 2019-2020 biennial cycle. The growth in enrollment and semester credit hours is a direct result of the implementation of strategic enrollment planning strategies that continues to promote a culture of enrollment management and student success. Although community colleges across the state only grew at a rate of 2.0%, Cisco College expects to gain an even stronger market share going forward in online education course offerings, summer session terms, dual credit enrollment, and new program development.

The College continues to prioritize strategies that have an immediate impact on revenue and cost controls. These strategies include maximizing/leveraging existing resources, managing maintenance and operational costs, improving campus facilities, securing external resources from grants and fund raising activities, improving operating inefficiencies (energy usage), and increasing tax revenue.

A longer term plan to establish a sustainable funding model for the Abilene campus is currently being discussed. On the advice of the Abilene Advisory Council, the College is conducting an *Economic Impact Study*. The *Study* measures the economic impacts created by Cisco College on the business community and the benefits the College generates in return for the investments made by key stakeholder groups – students, taxpayers, and society. The study will lead the College's efforts in informing tax payers in Taylor County about the importance of approving a $0.05 maintenance tax in 2021.

Contacting Cisco College District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer: Cisco College District, 101 College Heights, Cisco, Texas 76437.

Basic Financial Statements

CISCO COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AUGUST 31, 2019 AND 2018
EXHIBIT 1

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,457,704	$ 2,960,734
Accounts receivable (net)	179,273	940,741
Deferred charges	23,734	800,337
Inventories	219,671	749,062
Prepaid expenses	37,648	37,648
Total Current Assets	3,918,030	5,488,522
Noncurrent Assets:		
Restricted cash and cash equivalents	539,959	594,909
Endowment investments	916,425	904,836
Other long-term investments	203,131	200,600
Investments in real estate	100,426	100,426
Capital assets (net)	15,151,694	15,249,063
Total Noncurrent Assets	16,911,635	17,049,834
TOTAL ASSETS	20,829,665	22,538,356
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	1,893,391	379,612
Deferred outflows of resources related to OPEB	2,387,753	366,746
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,281,144	746,358
LIABILITIES		
Current Liabilities:		
Accounts payable	405,163	432,936
Accrued liabilities	275,527	293,917
Funds held for others	50,080	59,739
Unearned revenues	1,202,873	2,663,430
Notes and capital leases payable - current portion	-	11,598
Bonds payable - current portion	685,000	670,000
Total Current Liabilities	2,618,643	4,131,620
Noncurrent Liabilities:		
Accrued compensated absences	195,088	197,924
Deposits	-	26,450
Net pension liability	3,932,929	2,391,313
Net OPEB liability	12,591,884	12,392,112
Bonds payable	4,585,000	5,270,000
Total Noncurrent Liabilities	21,304,901	20,277,799
TOTAL LIABILITIES	23,923,544	24,409,419
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	712,826	619,087
Deferred inflows of resources related to OPEB	4,873,866	2,739,955
TOTAL DEFERRED INFLOWS OF RESOURCES	5,586,692	3,359,042
NET POSITION		
Net investment in capital assets	9,881,694	9,297,465
Restricted:		
Nonexpendable for scholarships, fellowships and other	916,425	904,836
Expendable for:		
Student aid	137,487	137,487
Debt service	550,000	550,000
Unrestricted	(15,885,033)	(15,373,535)
TOTAL NET POSITION	$ (4,399,427)	$ (4,483,747)

The accompanying notes are an integral part of the financial statements.

CISCO COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018
EXHIBIT 2

	2019	2018
OPERATING REVENUES AND EXPENSES		
Operating Revenues:		
Tuition and fees (net of discounts of $4,277,832 and $4,398,533, respectively)	$ 4,929,103	$ 4,600,209
Federal grants and contracts	270,524	227,455
State grants and contracts	364,942	504,720
Nongovernmental grants and contracts	45,591	20,312
Sales and services of educational activities	-	29,279
Auxiliary enterprises	1,689,615	2,006,043
General operating revenues (net of discounts of $0, both years)	174,277	308,959
Total Operating Revenues (Schedule A)	7,474,052	7,696,977
Operating Expenses:		
Instruction	7,870,248	8,233,462
Public service	2,069	1,730
Academic support	953,108	785,810
Student services	1,688,847	1,793,002
Institutional support	2,735,747	3,010,248
Operation and maintenance of plant	1,594,802	1,609,318
Scholarships and fellowships	5,551,543	5,315,385
Auxiliary enterprises	2,899,454	2,935,301
Depreciation	665,176	694,083
Total Operating Expenses (Schedule B)	23,960,994	24,378,339
Operating Loss	(16,486,942)	(16,681,362)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	6,360,709	7,254,024
Maintenance ad valorem taxes	1,174,942	917,097
Federal revenue, non-operating	9,000,600	8,941,574
Gifts	131,138	229,366
Investment income	98,528	60,200
Interest on capital related debt	(194,655)	(209,888)
Net Non-Operating Revenues (Schedule C)	16,571,262	17,192,373
Increase in Net Position	84,320	511,011
NET POSITION		
Net position - beginning of year	(4,483,747)	9,442,775
Prior period adjustment (OPEB)	-	(14,437,533)
Net position - end of year	$ (4,399,427)	$ (4,483,747)

The accompanying notes are an integral part of the financial statements.

CISCO COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2019 AND 2018
EXHIBIT 3

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 5,938,770	$ 10,865,919
Receipts of appropriations, grants, and contracts	635,466	731,860
Other receipts	174,277	308,959
Payments to or on behalf of employees	(11,303,048)	(11,782,048)
Payments to suppliers for goods or services	(5,526,583)	(6,675,572)
Payments of scholarships	(4,774,940)	(6,478,390)
Net cash used in operating activities	(14,856,058)	(13,029,272)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	6,360,709	7,254,024
Ad valorem tax revenues	1,174,942	899,836
Federal revenue, nonoperating	9,000,600	6,004,700
Gifts and grants (other than capital)	119,549	229,366
Student organization and other agency transactions	(9,659)	(8,661)
Net cash provided by non-capital financing activities	16,646,141	14,379,265
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense paid	(194,655)	(212,934)
Purchases of capital assets	(567,807)	(195,072)
Payments on debt and capital leases	(681,598)	(695,773)
Net cash used in capital and related financing activities	(1,444,060)	(1,103,779)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	98,528	60,200
Purchases of investments	(2,531)	(6,688)
Net cash provided by investing activities	95,997	53,512
Increase in cash and cash equivalents	442,020	299,726
Cash and cash equivalents - September 1	3,555,643	3,255,917
Cash and cash equivalents - August 31	$ 3,997,663	$ 3,555,643
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (16,486,942)	$ (16,681,362)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	665,176	694,083
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable (net)	761,468	(137,307)
Deferred charges	776,603	785,912
Inventories	529,391	111,098
Other assets	-	(6,816)
Net pension and OPEB liabilities and deferrals	434,252	3,225,814
Accounts payable	(27,773)	217,560
Accrued liabilities	(18,390)	44,197
Unearend revenues	(1,487,007)	(1,257,311)
Accrued compensated absences	(2,836)	(25,140)
Net cash used by operating activities	$ (14,856,058)	$ (13,029,272)

The accompanying notes are an integral part of the financial statements.

Note 1: Reporting Entity

Cisco College District (the 'District') was established in 1940 in accordance with the laws of the State of Texas to serve the educational needs of Cisco and the surrounding communities. The District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the District receives funding from local, state, and federal sources, and must comply with the spending, reporting and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

The Board of Regents (the "Board"), a nine member group, is the level of government which has governance responsibilities over all activities related to the education of students who attend the District. The Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for the fiscal matter concerning the District. The District has two campuses, Cisco and Abilene, which offer a wide variety of general academic and vocational courses in a two year curriculum

Note 2: Summary of Significant Accounting Policies

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

Tuition Discounting

Texas Public Education Grants
Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code 56.033). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act Program Funds
Certain Title IV HEA Program funds are received by the District to pass through to students. 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 tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts
The District awards tuition and fee 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.

Basis of Accounting

The financial statements of Cisco College District 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.

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 Trustees 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.

Cash and Cash Equivalents

The District'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. Restricted cash and cash equivalents are held for federal programs, debt payments and debt reserves, and funds held for others.

Deferred Outflows

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

Investments

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at a time of purchase. The governing board has designated public funds investment pools comprised of $1,091,952 and $1,061,740 at August 31, 2019 and 2018, respectively, to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of consumable scholarship book stock. Inventories are valued at the lower of cost under the "first-in first-out" method, or market and are charged to expense when consumed.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life in excess of one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the 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 an asset's life are charged to operating expenses in the year in which the expense is incurred.

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

Asset Type	Years
Buildings	50
Facilities and other improvements	20
Library books	20
Furniture, machinery, vehicles and other equipment	10
Telecommunications and peripheral equipment	5

Other Postemployment Benefits (OPEB)

The District participates in the Employee's Retirement System of Texas (ERS) postemployment health care plan, a multiple-employer cost sharing defined benefit plan with a special funding situation. The fiduciary net position of ERS 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 OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from ERS's fiduciary net position. Benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pensions

The District 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 on 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 pension, pension expense, and information about assets, 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 benefit terms. Investments are reported at fair value.

Unearned Revenues

Tuition and fees of $1,194,783 and $2,632,536 and federal, state and local grants of $8,090 and $30,894 have been reported as deferred revenues as of August 31, 2019 and 2018, respectively.

Deferred Inflows

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a Business Type Activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. The operation of the bookstore, campus maintenance, food services and technology are outsourced and not performed by the District.

Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include bonds payable, capital lease and any premiums or discounts associated with these debts that will not be paid within the next fiscal year.

Receivables

Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the Federal government, state and local governments. Receivables are recorded net of estimated uncollectible amounts.

Net Position

The District's Net Position includes the following:

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

Restricted – nonexpendable net position – Nonexpendable restricted includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted – expendable *net position* – Expendable restricted includes resources in which the District is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted net position – All other net positions that do not meet the definition of the "restricted" or "net investment in capital assets".

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Note 3: Authorized Investments

The District is authorized to invest in obligations and instruments as defined in the Public Funds Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

Note 4: Deposits and Investments

Cash and Deposits

Cash and Deposits included in Exhibit 1, Statement of Net Position, consist of the items reported below:

	2019	2018
Bank Deposits		
Demand deposits	$ 3,267,189	$ 2,844,482
Time deposits	704,398	700,000
Total Bank Deposits	3,971,587	3,544,482
Cash and Cash Equivalents		
Petty cash on hand	6,275	7,975
Money market investments	47,405	46,882
Cash equivalents – investment pools	1,091,952	1,061,740
Total Cash and Cash Equivalents	1,145,632	1,116,597
Total Cash and Deposits	$ 5,117,219	$ 4,661,079

Reconciliation of Deposits and Investments to Exhibit 1:

		August 31, 2019		August 31, 2018
Per Note 4:				
Total cash and deposits	$	3,971,587	$	3,544,482
Time investments		1,145,632		1,116,597
Total		5,117,219		4,661,079
Per Exhibit 1:				
Unrestricted:				
Cash and cash equivalents		3,457,704		2,960,734
Long-term investments		203,131		200,600
Restricted:				
Cash and cash equivalents		539,959		594,909
Short-term investments		916,425		904,836
Total	$	5,117,219	$	4,661,079

As of August 31, 2019, Cisco College District had the following investments and maturities:

			Investment in Maturities (in Years)					
Investment Type		Fair Value		Less than 1		1 to 2		2 to 3
Investment pool	$	1,091,952	$	1,091,952	$		$	
Certificates of deposit		704,398		301,867		296,829		105,702
Mutual funds		47,406		47,406				
Total Fair Value	$	1,843,756	$	1,441,225	$	296,829	$	105,702

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of August 31, 2019, the carrying amount of the District's bank balances was $3,327,832. Bank balances of $250,000 were covered by Federal Depository Insurance. Bank balances in the amount of $3,077,832 were covered by securities held by the Bank in the District's name.

Fair Value of Financial Instruments

The three levels of the fair value of hierarchy are 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 with 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.

The fair value hierarchy of investments at August 31, 2019 follows:

	Fair Value Measurements at Reporting Date Using							
Description		(Level 1)		(Level 2)		(Level 3)		Total
Investment pool	$	1,091,952	$		$		$	1,091,952
Certificates of deposit		704,398						704,398
Money Market deposits		47,406						47,406
Total	$	1,843,756	$	-	$	-	$	1,843,756

Credit Risk

This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the District's policy to limit its investments to those investments that are fully insured or collateralized from a bank in the State of Texas and under the term of written depository agreement, obligations of the United States government, its agencies and instrumentalities and government sponsoring enterprises; or Texas Local Government Investment Pools. As of August 31, 2019, the District's investments in U.S. government securities and investment pools were rated A1 by Standard and Poor's.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. The District is not exposed to foreign currency risk.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the District's policy to not allow for a concentration of credit risk. Investments issued by the U.S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The City is not exposed to concentration of credit risk.

Note 5: Capital Assets

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

Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 468,928	$	$	$ 468,928
Construction in progress	-			-
Total capital assets not being depreciated	468,928	-	-	468,928
Capital assets being depreciated:				
Buildings	20,320,117	312,467		20,632,584
Improvements	2,175,215			2,175,215
Library books	265,056			265,056
Furniture, Machinery, Vehicles and Other Equipment	4,436,655	255,340		4,691,995
Total capital assets being depreciated	27,197,043	567,807	-	27,764,850
Less accumulated depreciation for:				
Buildings	(7,530,778)	(383,549)		(7,914,327)
Improvements	(1,366,542)	(91,711)		(1,458,253)
Library books	(122,086)	(12,113)		(134,199)
Furniture, Machinery, Vehicles and Other Equipment	(3,397,502)	(177,803)		(3,575,305)
Total accumulated depreciation	(12,416,908)	(665,176)	-	(13,082,084)
Net Other Capital Assets	14,780,135	(97,369)		14,682,766
Capital assets, net	$ 15,249,063	$ (97,369)	$ -	$ 15,151,694

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

Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 468,928	$	$	$ 468,928
Construction in progress	-			-
Total capital assets not being depreciated	468,928	-	-	468,928
Capital assets being depreciated:				
Buildings	20,249,172	70,945		20,320,117
Improvements	2,175,215			2,175,215
Library books	260,083	4,973		265,056
Furniture, Machinery, Vehicles and Other Equipment	4,317,501	119,154		4,436,655
Total capital assets being depreciated	27,001,971	195,072	-	27,197,043
Less accumulated depreciation for:				
Buildings	(7,155,027)	(375,751)		(7,530,778)
Improvements	(1,273,295)	(93,247)		(1,366,542)
Library books	(109,973)	(12,113)		(122,086)
Furniture, Machinery, Vehicles and Other Equipment	(3,184,530)	(212,972)		(3,397,502)
Total accumulated depreciation	(11,722,825)	(694,083)	-	(12,416,908)
Net Other Capital Assets	15,279,146	(499,011)		14,780,135
Capital assets, net	$ 15,748,074	$ (499,011)	$ -	$ 15,249,063

Note 6: Long-Term Obligations

Long-term liability activity for the year ended August 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Leases, Bonds and Notes:					
Revenue bonds and notes	$ 5,940,000	$	$ 670,000	$ 5,270,000	$ 685,000
Capital leases	11,598		11,598	-	-
Total Leases, Bonds and Notes	5,951,598		681,598	5,270,000	685,000
Other Liabilities:					
Compensated absences	197,924		2,836	195,088	-
Net pension liability	2,391,313	1,541,616		3,932,929	-
Net OPEB liability	12,392,112	199,772		12,591,884	-
Other – deposits	26,450		26,450	-	-
Total Other Liabilities	15,007,799	1,741,388	29,286	16,719,901	-
Total Long-Term Liabilities	$ 20,959,397	$ 1,741,388	$ 710,884	$ 21,989,901	$ 685,000

Long-term liability activity for the year ended August 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Leases, Bonds and Notes:					
Revenue bonds and notes	$ 6,590,000	$	$ 650,000	$ 5,940,000	$ 670,000
Capital leases	57,371		45,773	11,598	11,598
Total Leases, Bonds and Notes	6,647,371		695,773	5,951,598	681,598
Other Liabilities:					
Compensated absences	223,064		25,140	197,924	-
Net pension liability	2,827,490	(191,066)	245,111	2,391,313	-
Net OPEB liability	14,805,939	(2,072,959)	340,868	12,392,112	-
Other – deposits	26,450			26,450	-
Total Other Liabilities	17,882,943	(2,264,025)	611,119	15,007,799	-
Total Long-Term Liabilities	$ 24,530,314	$ (2,264,025)	$ 1,306,892	$ 20,959,397	$ 681,598

On December 6, 2011, the District issued $8,295,000 in consolidated fund revenue refunding bonds to provide the resources to place in an escrow account for the purpose of generating resources for future debt service payments of $8,435,000 of consolidated fund revenue and refunding bonds issued in 2002. Interest rates on the debt range from 2.0% to 4.0% and mature on July 1, 2026. As a result, the refunded bonds are considered defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the refunded debt by $186,150 (net of issuance costs and premiums). This advance refunding was undertaken to reduce total debt service payments over the life of the new issue versus the refunded issue by $1,558,922 and resulted in an economic gain of $1,372,272.

On May 23, 2013, the District issued $1,585,000 in consolidated fund revenue refunding bonds to provide the resources to place in an escrow account for the purpose of generating resources for future debt service payments of $1,500,000 of consolidated fund revenue and refunding bonds issued in 2002. Interest rates on the debt are 1.89% and mature on July 1, 2026. As a result, the refunded bonds are considered defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the refunded debt by $130,729 (net of issuance costs and premiums). This advance refunding was undertaken to reduce total debt service payments over the life of the new issue versus the refunded issue by $350,000 and resulted in an economic gain of $219,331.

The District has pledged the following source revenues as security for the bonds: (a) pledged tuition and fees totaling the mathematical product of $15 multiplied by the number of students regularly enrolled at the District for each regular school semester thereof and the product of $7.50 multiplied by the number of students regularly enrolled in the District for each of the two summer school terms thereof; (b) building use fees; (c) educational service fees meaning the gross collections of a special fee charged and collected from all students enrolled at the District's Abilene Educational Center for the use of facilities; (d) the out-of-district fees; (e) the operating fees for any charges for use of the District's facilities in addition to items (a) through (f); (f) the gross revenues from the Auxiliary Enterprise fund of the District; (g) earnings of the District on all investments lawfully available for this purpose; (h) all monies deposited to the District's revenue and interest and sinking funds for the purpose of the Bonds and all investment income derived from such deposits; (i) all monies deposited to the District's reserve fund for the purpose of the Bonds and all investment income derived from such deposits; (j) and any other income, receipts, or other resources permitted by law with the exception of any revenues appropriated by the State of Texas unless prior approval has been given by the Texas Higher Education Coordinating Board.

Note 7: Debt and Lease Obligations

Debt service requirements at August 31, 2019 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2020	$ 685,000	$ 175,376	$ 860,376
2021	710,000	156,047	866,047
2022	725,000	136,079	861,079
2023	745,000	115,661	860,661
2024-2026	2,405,000	178,881	2,583,881
	$ 5,270,000	$ 762,044	$ 6,032,044

As of August 31, 2019 and 2018, the District was in compliance with all material aspects of the bond indentures.

Note 8: Operating Lease Commitments and Rental Agreement

The District has numerous agreements that are categorized as operating leases. Future annual lease requirements are as follows:

Fiscal Year Ending August 31,	Total Requirement
2020	$ 85,938
2021	84,331
2022	83,780
2023	76,017
2024	35,000
2025-2026	70,000
	$ 435,066

Note 9: Ad Valorem Tax

The District'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 District.

Fiscal Year Ending August 31,	2019	2018
Assessed Valuation of the District	$ 567,707,410	$ 457,958,490
Less: Exemptions	(174,040)	(1,605,640)
Net Assessed Value of the District	$ 567,533,370	$ 456,352,850

Fiscal Year Ending August 31,	2019			2018		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per $100 valuation	$ 0.5000	$ 0.5000	$ 1.0000	$ 0.5000	$ 0.5000	$ 1.0000
Assessed tax rate per $100 valuation	$ 0.2000	$ N/A	$ 0.2000	$ 0.1515	$ N/A	$ 0.1515

Taxes levied for the year ended August 31, 2019 and 2018 totaled $1,136,251 and $833,760, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed.

Taxes Collected		2019 Current Operations		2018 Current Operations
Current taxes collected	$	1,117,838	$	876,073
Delinquent taxes collected		42,214		12,598
Penalties and interest collected		14,890		10,438
Total Collections	$	1,174,942	$	899,109

Tax collections for the year ended August 31, 2019 and 2018 were 98.54% and 96.70% of the actual tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or general obligation debt service.

Note 10: Risk Management

The District is exposed to various risks of loss related to liability, property, and errors and omissions. These exposures to loss are handled by commercial insurance. The District has self-insured arrangements for coverage in the areas of unemployment compensation and workers' compensation. Unemployment compensation is on a pay-as-you-go basis and workers' compensation is handled by a risk management fund which specializes in handling colleges and school district workers' compensation claims. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage.

Note 11: Employee's Retirement Plan

The State of Texas has joint contributory retirement plans for almost all of its employees. TRS issues suggested footnote disclosures for pension plans resulting from the implementation of GASB Statement No. 68. The TRS sample footnotes are displayed below and can also be obtained from the TRS website. Certain revisions, including additions and deletions, have been made to the TRS suggested footnote disclosures below to achieve appropriate disclosure for community colleges.

<u>Teacher Retirement System of Texas</u>

Plan Description

The District participates in a cost-sharing, multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 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 contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Pension

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf or by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using a 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefits 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 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statue, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

Contribution Rates	2018	2019
Member	7.7%	7.7%
Non-employer contributing entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY2018 District or member contributions	$351,278	
FY2018 State of Texas on-behalf contributions	$119,936	
FY2018 District or college contributions	$235,698	

District contributions to the TRS pension plan in 2019 were $246,474 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2019 were $119,936.

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 or junior college districts are required to pay the employer contributions rate in the following instances:

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

Net Pension Liability (Asset)

Actuarial Assumptions

The total Pension Liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions:	
Single discount rate	6.907%
Long-term expected investment rate of return*	7.25%
Municipal bond rate*	3.69%
Last year ending August 31 in the 2016 to 2116 projection period (100 years)	2116
Inflation	2.3%
Salary increases including inflation	3.05% to 9.05%
Payroll growth rate	3.00%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

**Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018. 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 actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 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 discount rate changed from 8 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.907 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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. Best estimates of geometric real rates of return for each major asset class included in the TRS' target asset allocation as of August 31, 2018, is summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contributions to Long-Term Portfolio Returns *
Global Equity			
U.S	18.0%	5.70%	1.04%
Non-U.S. developed	13.0%	6.90%	0.90%
Emerging markets	9.0%	8.95%	0.80%
Directional hedge funds	4.0%	3.53%	0.14%
Private equity	13.0%	10.18%	1.32%
Stable Value			
U.S. treasuries	11.0%	1.11%	0.12%
Absolute return	0.0%	0.00%	0.00%
Stable value hedge funds	4.0%	3.90%	0.12%
Cash	1.0%	(0.30%)	0.00%
Real Return			
Global inflation linked bonds	3.0%	0.70%	0.02%
Real assets	14.0%	5.21%	0.73%
Energy and natural resources	5.0%	7.48%	0.37%
Commodities	0.0%	0.0%	0.00%
Risk Parity			
Risk parity	5.0%	3.70%	0.18%
Inflation expectation			2.30%
Alpha			(0.79%)
Total	100%		7.25%

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 (6.907%) in measuring the 2018 Net Pension Liability.

		1% Decrease (5.907%)		Current Rate (6.907%)		1% Increase (7.907%)
District's proportionate share of the net pension liability (asset)	$	5,935,733	$	3,932,929	$	2,311,540

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

At August 31, 2019, the District reported a liability of 3,932,929 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District 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 District were as follows:

District's proportionate share of the collective net pension liability	$	3,932,929
State's proportionate share that is associated with the District		1,987,965
Total	$	5,920,894

The net pension liability was measured as of August 31, 2018, 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, 2017 thru August 31, 2018.

At the measurement date of August 31, 2018, the employer's proportion of the collective net pension liability was .0071452679%, which was a decrease of .0003335% from its proportion measured of as of August 31, 2017.

For the year ended August 31, 2019, the District recognized pension expense of $196,756 and revenue of $196,756 for support provided by the State.

At August 31, 2019, the District reported its proportion share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual economic experience	$	24,515	$	96,499
Changes in actuarial assumptions		1,418,010		44,313
Difference between projected and actual investment earnings		204,392		279,016
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions				292,998
Contributions paid to TRS subsequent to the measurement date		246,474		
Total	$	1,893,391	$	712,826

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense below as follows:

Year ended August 31:		Pension Expense Amount
2019	$	480,928
2020		78,657
2021		48,090
2022		210,464
2023		217,232
Thereafter		143,954
Total	$	1,179,325

Optional Retirement Plan – Defined Contribution Plan

Plan Description

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 state and each participant are 6.60% and 6.60% for 2019 and 2018. The District does not contribute 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. S.B. 1812, effective September 01, 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 District was $110,288 and $116,986 for the fiscal years ended August 31, 2019 and 2018, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the District (totaling $55,144 and $58,197 for each fiscal year, respectively).

The total payroll for all District employees was $8,010,567 and $7,907,107 for fiscal years 2019 and 2018, respectively. The total payroll for employees covered by the Teacher Retirement System was $5,537,758 and $5,357,884, and the total payroll for employees covered by the Optional Retirement Program was $1,671,022 and $1,773,080 for fiscal years 2019 and 2018, respectively.

Note 12: Deferred Compensation Program

District 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.

Note 13: Compensated Absences

Full-time employees earn annual leave from ten (10) days per year for 1-9 years of service to fifteen (15) days per year for 10+ years of service. The District's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with maximum number of days up to the number of days earned in two years. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The District recognized the accrued liability for the unpaid annual leave in the amount of $195,088 and $197,924 at August 31, 2019 and 2018. Sick leave, which can be accumulated without limit, is earned at the rate of one day per month. 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. The District's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicated the expenditure for sick leave to be minimal.

Note 14: 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 these benefits by expending the annual insurance premiums. The state's total contributions for the years ended August 31, 2019 and 2018 were $1,001,729 and $1,800,429, respectively. The cost of providing those benefits was $2,494,998 and $2,567,627 for retirees and active employees for fiscal years 2019 and 2018, respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

Note 15: Other Post-Employment Benefits (OPEB)

<u>State Retiree Health Plan – Defined Benefit Plan</u>

Plan Description

The State Retiree Health Plan (SRHP) is a cost sharing multiple employer postemployment health care plan with a special funding situation. This plan covers retired employees of the State, and other entities as specified by the State legislature in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the State Retiree Health Plan are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the internet at https://www.ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2018-CAFR.pdf or by writing to ERS at: 200 East 18th Street, Austin, Texas 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.

Contributions

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 recommendations 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 pro-vided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table 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 2018

Retiree only	$	621.90
Retiree & spouse	$	1,334.54
Retiree & children	$	1,099.06
Retiree & family	$	1,811,70

Contributions 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, 2018 and 2017

	2019	2018
Employers	$ 307,028,461	$ 890,735,173
Members (Employees)	$ 203,123,120	$ 195,806,162
Nonemployer contributing entity (State of Texas)	$ 16,585,270	$ 44,433,743

Source: ERS 2018 Comprehensive Annual Financial Report

Actuarial Assumptions

The total OPEB Liability was determined by an actuarial valuation as of August 31, 2018 using the following actuarial assumptions:

Valuation date	August 31, 2018
Actuarial cost method	Entry Age
Amortization method	Level Percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.96%
Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend rate	7.30% for 2020, 7.40% for 2021, 7.00% for 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for 2027 and later years 2.50%
Inflation assumption rate	2.50%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience Ultimate MP Projection Scale from year 2018.
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.

Source: 2018 ERS CAFR except for mortality assumptions obtained from ERS 2017 GASB 75 Actuarial Valuation

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

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an in-crease of 0.45%. 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 Analysis

The following schedules shows the impact of Cisco College District's proportionate share of the collection net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.96%) in measuring the net OPEB liability.

	1% Decrease (2.96%)	Current Rate (3.96%)	1% Increase (4.96%)
District's proportionate share of the net OPEB liability (asset)	$ 14,949,496	$ 12,591,884	$ 10,807,437

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact of the college's proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1 percent less than 1 percent greater than the healthcare cost trend rate that was used (7.3%) in measuring the net OPEB liability.

	1% Decrease in Healthcare Cost Trend Rates 6.3% decreasing to 3.5%	Current Healthcare Cost Trend Rates 7.3% decreasing to 4.5%	1% Increase in Healthcare Cost Trend Rates 8.3% decreasing to 5.5%
District's proportionate share of the net OPEB liability (asset)	$ 10,663,698	$ 12,591,884	$ 15,079,248

OPEB Liabilities, OPEB Expense, and Deferred outflows of Resources and Deferred Inflows of Resourced Related to OPEB

At August 31, 2019, the District reported a liability of $12,591,884 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 District as its proportion-ate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective net OPEB liability	$ 12,591,884
State's proportionate share that is associated with the college	9,162,825
Total	$ 21,754,709

The net OPEB liability was measured as of August 31, 2018, 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 contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At the measurement date of August 31, 2018, the District's proportion of the collective net OPEB liability was .042485970%, which is an increase of .00612% from its proportion measured as of August 31, 2017.

For the year ended August 31, 2018, the District recognized OPEB expense of $419,776 and revenue of $419,776 for the 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:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense 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 retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes in Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

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

These minor benefit changes have been reflected in the fiscal year 2019 assumed per capita health benefit costs.

At August 31, 2019, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$	$ 461,326
Changes in actuarial assumptions		4,412,540
Difference between projected and actual investment earnings	5,963	
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	2,275,292	
Contributions paid subsequent to the measurement date	106,498	
Total	$ 2,387,753	$ 4,873,866

The net amounts of the employer'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	$	705,450
2021		494,629
2022		494,629
2023		494,629
2024		296,776
Total	$	2,486,113

Note 16: Pending Lawsuits and Claims

The District could be a party to litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. College management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the District.

Note 17: Disaggregation of Receivables and Payables Balances

Receivables at August 31, 2019 and 2018 were as follows:

		2019		2018
Accounts receivable	$	50,971	$	217,132
Student receivables		36,542		196,184
Federal receivables		53,806		454,952
Taxes receivable		33,471		48,529
Other receivables		4,483		23,944
Total	$	179,273	$	940,741

Payables as of August 31, 2019 and 2018 are as follows:

		2019		2018
Vendor payables	$	405,163	$	432,936
Accrued payroll		248,499		261,541
Accrued interest		32,376		32,376
Accrued other		(5,348)		-
Total	$	680,690	$	726,853

Note 18: Contract and Grant Awards

Contract and grant awards are accounted for in accordance with requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2019 and 2018 for which monies have not been received nor funds expended totaled $0 and $0. Of these amounts $0 and $0 were from Federal Contract and Grant Awards; $0 and $0 were from State Contract and Grant Awards; $0 and $0 from Local Contract and Grant Awards; and $0 and $0 were from Private Contract and Grant Awards for the fiscal years ended 2019 and 2018, respectively.

Note 19: Group "Pooled Risk" Self-Insurance Pool

The District is a participant in the Community Colleges of Texas Insurance Association Self-Insurance Program (the "program"). The purpose of the program is to provide the statutory benefits for the members' employees through self-insurance workers' compensation prescribed by Texas Revised Civil Statutes Annotated Art. 8309h and Texas Government Code Ch. 791 (the "Interlocal Cooperation Act"). All fund members must be members of the Community Colleges of Texas Insurance Association.

The interlocal agreement between the District and the program is for a term beginning September 1, 2018, and ending August 31, 2019. Either party may terminate the agreement upon 60 days written notice.

The required contributions for each fund member is based on the prorated percentage of the members' gross payroll compared to the gross payroll of all fund members. The interlocal agreement states that members will have no joint and several liability beyond the loss fund maximum contribution payable.

The District's loss fund maximum for the period of the contract was $56,624 and $48,452 for the years ended August 31, 2019 and 2018, respectively, and stop loss protection up to a limit prescribed by law was purchased for losses above this amount. The board reserved the right in the interlocal agreement to adjust this stop loss provision in the event that the fiscal soundness of the fund would justify such an adjustment and/or result in savings to fund members. All claims are processed and paid by the District through the servicing contractor employed by the fund.

Note 20: Income Taxes

The District 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 District had no unrelated business income tax liability for the years ended August 31, 2019 and 2018.

Note 21: Subsequent Events

Management has evaluated subsequent events through December 16, 2019; the date which the financial statements were available for distribution. There were none noted.

Required Supplementary Information

CISCO COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2019 *
EXHIBIT 4

Fiscal Year Ending August 31, *	**2018**	**2017**	**2016**	**2015**	**2014**
District's proportionate share of collective net pension liability (%)	0.000071452679	0.000074787872	0.000074824066	0.000077287000	0.000087971000
District's proportionate share of collective net pension liability ($)	$3,932,929	$2,391,313	$2,827,490	$2,731,993	$2,349,827
State's proportional share of net pension liability associated with District	$1,987,965	$1,251,800	$1,540,588	$1,479,871	$1,349,919
Total	$5,920,894	$3,643,113	$4,368,078	$4,211,864	$3,699,746
District's covered payroll	$5,357,884	$5,489,110	$5,374,211	$4,211,864	$3,699,746
District's proportionate share of collective net pension liability as a percentage of covered payroll	73.40%	43.56%	52.61%	64.86%	63.51%
Plan fiduciary net position as percentage of total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

CISCO COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
LAST FIVE FISCAL YEARS
EXHIBIT 5

Fiscal Year Ending August 31, *	**2019****	**2018****	**2017****	**2016****	**2015****
Legally required contributions	246,474	235,698	245,111	237,735	228,951
Actual contributions	246,474	235,698	245,111	237,735	228,951
Contributions deficiency (excess)	-	-	-	-	-
District's covered payroll amount	$5,534,345	$5,357,884	$5,489,110	$5,374,211	$4,211,864
Contributions as a percentage of covered payroll	4.45%	4.40%	4.47%	4.42%	5.44%

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

CISCO COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2019
EXHIBIT 6

Fiscal Year Ending August 31, *	**2019****	**2018****
District's proportionate share of collective net pension liability (%)	0.0004248597	0.0003636929
District's proportionate share of collective net pension liability ($)	$12,591,882	$12,392,112
State's proportional share of net pension liability associated with District	$9,162,825	$10,035,001
Total	$21,754,707	$22,427,113
District's covered payroll	$6,946,672	$6,609,009
District's proportionate share of collective net OPEB liability as a percentage of covered payroll	181.26%	187.50%
Plan fiduciary net position as percentage of total OPEB liability	1.30%	2.04%

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

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

CISCO COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED AUGUST 31, 2019
EXHIBIT 7

Fiscal Year Ending August 31, *	**2019****	**2018****
Legally required contributions	$1,142,479	$946,437
Actual contributions	1,142,479	946,437
Contributions deficiency (excess)	-	-
College's covered payroll amount	$7,017,912	$6,946,672
Contributions as a percentage of covered payroll	16.28%	17.24%

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

Supplemental Schedules

CISCO COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2019
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)
SCHEDULE A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals Fiscal Year 2019	Totals Fiscal Year 2018
Tuition						
State-funded courses						
In-district resident tuition	$ 53,058	$ -	$ 53,058	$ -	$ 53,058	$ 91,485
Out-of-district resident tuition	2,654,419	-	2,654,419	-	2,654,419	2,539,734
Non-resident tuition	147,341	-	147,341	-	147,341	139,213
TPEG - credit (set aside)*	184,529	-	184,529	-	184,529	177,128
Non-state funded educational programs	134,885	-	134,885	-	134,885	106,217
Total Tuition	3,174,232	-	3,174,232	-	3,174,232	3,053,777
Fees						
General fee	3,187,140	-	3,187,140	48,384	3,235,524	3,260,733
Student service fee	1,150,856	-	1,150,856	-	1,150,856	1,181,365
Out-of-district fees	2,021,760	-	2,021,760	-	2,021,760	1,889,740
Laboratory fee	121,605	-	121,605	-	121,605	101,244
Other fees (as needed)	95,840	-	95,840	-	95,840	79,406
Total Fees	6,577,201	-	6,577,201	48,384	6,625,585	6,512,488
Scholarship Allowances and Discounts						
Bad debt allowances	-	-	-	-	-	-
Remissions and exemptions - state	-	-	-	-	-	(8,326)
Remissions and exemptions - local	(82,019)	-	(82,019)	-	(82,019)	(74,654)
Title IV federal grants	(4,277,831)	-	(4,277,831)	-	(4,277,831)	(4,398,533)
TPEG awards	(226,143)	-	(226,143)	-	(226,143)	(159,180)
Other state grants	(236,337)	-	(236,337)	-	(236,337)	(241,837)
Total Scholarship Allowances and Discounts	(4,822,330)	-	(4,822,330)	-	(4,822,330)	(4,882,530)
Total Net Tuition and Fees	4,929,103	-	4,929,103	48,384	4,977,487	4,683,735
Other Operating Revenues						
Federal grants and contracts	-	270,524	270,524	-	270,524	227,455
State grants and contracts	-	364,942	364,942	-	364,942	504,720
Local grants and contracts	-	45,591	45,591	-	45,591	20,312
Sales and services of educational activities	-	-	-	-	-	29,279
General operating revenues	174,277	-	174,277	-	174,277	308,959
Total Other Operating Revenues	174,277	681,057	855,334	-	855,334	1,090,725
Auxiliary Enterprises						
Bookstore	-	-	-	416,026	416,026	815,914
Food service	-	-	-	761,076	761,076	668,468
Residential life	-	-	-	464,129	464,129	438,135
Total Net Auxiliary Enterprises	-	-	-	1,641,231	1,641,231	1,922,517
Total Operating Revenues	$ 5,103,380	$ 681,057	$ 5,784,437	$ 1,689,615	$ 7,474,052	$ 7,696,977
					(Exhibit 2)	(Exhibit 2)

* - In accordance with Education Code 56.033, $184,529 and 177,128 for years August 31, 2019 and 2018, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

The accompanying notes are an integral part of the financial statements.

CISCO COLLEGE DISTRICT
STATEMENT OF OPERATING EXPENSES BY OBJECT
YEAR ENDED AUGUST 31, 2019
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)
SCHEDULE B

	Operating Expenses				Totals	
	Salaries And Wages	Benefits State	Benefits Local	Other Expenses	Fiscal Year 2019	Fiscal Year 2018
Unrestricted - Educational and General						
Instruction	$ 4,804,520	$ -	$ 1,254,188	$ 552,988	$ 6,611,696	$ 6,394,835
Public service	-	-	-	2,069	2,069	1,730
Academic support	365,196	-	93,008	427,380	885,584	673,918
Student services	996,182	-	253,706	254,768	1,504,656	1,498,793
Institutional support	1,004,210	-	255,751	1,281,714	2,541,675	2,701,152
Operation and maintenance of plant	367,969	-	93,714	1,065,083	1,526,766	1,500,761
Scholarships and fellowships	-	-	-	-	-	-
Total Unrestricted	7,538,077	-	1,950,367	3,584,002	13,072,446	12,771,189
Restricted - Educational and General						
Instruction	120,067	910,542	-	227,943	1,258,552	1,838,627
Research	-	-	-	-	-	-
Public Service	-	-	-	-	-	-
Academic support	-	67,524	-	-	67,524	111,892
Student services	-	184,191	-	-	184,191	294,209
Institutional support	-	185,675	-	8,397	194,072	309,096
Operation and maintenance of plant	-	68,036	-	-	68,036	108,557
Scholarships and fellowships	-	-	-	5,551,543	5,551,543	5,315,385
Total Restricted	120,067	1,415,968	-	5,787,883	7,323,918	7,977,766
Total Educational and General	7,658,144	1,415,968	1,950,367	9,371,885	20,396,364	20,748,955
Auxiliary Enterprises	352,424	-	89,755	2,457,275	2,899,454	2,935,301
Depreciation expense - buildings and other real estate	-	-	-	475,260	475,260	468,997
Depreciation expense - equipment and furniture	-	-	-	189,916	189,916	225,086
Total Operating Expenses	$ 8,010,568	$ 1,415,968	$ 2,040,122	$ 12,494,336	$ 23,960,994	$ 24,378,339
					(Exhibit 2)	(Exhibit 2)

The accompanying notes are an integral part of the financial statements.

CISCO COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2019
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)
SCHEDULE C

	Unrestricted	Restricted	Auxiliary Enterprises	Totals Fiscal Year 2019	Totals Fiscal Year 2018
NON-OPERATING REVENUES:					
State Appropriations					
Education and general state support	$ 4,990,088	$ -	$ -	$ 4,990,088	$ 4,998,521
State group insurance	-	1,001,729	-	1,001,729	1,800,429
State retirement matching	-	368,892	-	368,892	455,074
Total State Appropriations	4,990,088	1,370,621	-	6,360,709	7,254,024
Maintenance ad valorem taxes	1,174,942	-	-	1,174,942	917,097
Federal revenue, non-operating	-	9,000,600	-	9,000,600	8,941,574
Gifts	131,138	-	-	131,138	229,366
Investment income	98,528	-	-	98,528	60,200
Total Non-Operating Revenues	6,394,696	10,371,221	-	16,765,917	17,402,261
NON-OPERATING EXPENSES:					
Interest on capital related debt	194,655	-	-	194,655	209,888
Total Non-Operating Expenses	194,655	-	-	194,655	209,888
NET NON-OPERATING REVENUES	$ 6,200,041	$ 10,371,221	$ -	$ 16,571,262	$ 17,192,373
				(Exhibit 2)	(Exhibit 2)

The accompanying notes are an integral part of the financial statements.

CISCO COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2019
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)
SCHEDULE D

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets			
	Unrestricted	Expendable	Non-Expendable	Net of Depreciation and Related Debt	Total	Yes	No
Current:							
Unrestricted	$ (15,885,033)	$ -	$ -	$ -	$ (15,885,033)	$ 1,945,328	$ (17,830,361)
Board Designated	-	-	-	-	-	-	-
Restricted	-	137,487	-	-	137,487	137,487	-
Auxiliary enterprises	-	-	-	-	-	-	-
Loan	-	-	-	-	-	-	-
Endowment:							
Quasi:	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	916,425	-	916,425	-	916,425
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unexpended	-	-	-	-	-	-	-
Renewals	-	-	-	-	-	-	-
Debt Service	-	550,000	-	-	550,000	-	550,000
Investment in Plant	-	-	-	9,881,694	9,881,694	-	9,881,694
Total Net Position, August 31, 2019	(15,885,033)	687,487	916,425	9,881,694	(4,399,427)	2,082,815	(6,482,242)
Total Net Position, August 31, 2018	(15,373,535)	687,487	904,836	9,297,465	(4,483,747)	1,529,665	(6,013,412)
Net Increase (Decrease) in Net Position	$ (511,498)	$ -	$ 11,589	$ 584,229	$ 84,320	$ 553,150	$ (468,830)

The accompanying notes are an integral part of the financial statements.

Cisco College District
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2019
Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	**Federal CFDA Number**	**Pass-Through Grantor's Number**	**Expenditures and Pass-Through Disbursements**
U.S. Department of Education			
Direct Programs:			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		$ 92,627
Federal Work-Study Program	84.033		83,734
Federal Pell Grant Program	84.063		5,869,330
Federal Direct Student Loans	84.268		2,954,909
Total Direct Programs			9,000,600
Passed Through From:			
Pass-Through From:			
Texas Higher Education Coordinating Board			
Carl Perkins Voc. Ed.	84.048	194222	270,524
Total U.S. Department of Education			9,271,124
Total Federal Financial Assistance			$ 9,271,124

Note 1: Federal Assistance Reconciliation

Federal Revenues - per Schedule A:	
Federal Grants and Contracts	$ 270,524
Indirect/Administrative Costs Recoveries	-
Total Federal Revenues Per Schedule A	270,524
Federal Revenues - per Schedule C:	
Federal Grants, Non-Operating	9,000,600
Total Federal Revenues Per Schedule C	9,000,600
Total Federal Revenues per Schedule A and C	$ 9,271,124

Note 2: Significant accounting policies used in preparing the schedule.
The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the District 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 general purpose 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 District has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the District has a Department of Health and Human Services approved Indirect Recovery Rate it has elected not to use the 10% de minimis cost rate as permitted in the UG, section 200.414.

Note 3: Pass through amounts included in program expenditures:
None.

Cisco College District
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2019
Schedule F

Grantor Agency/Program Title	Grant Contract Number		Expenditures
Texas Comptroller of Public Accounts			
Direct Programs:			
Rifle-Resistant Body Armor Grant Program	3479801	$	1,638
Total Comptroller of Public Accounts			1,638
Texas Higher Education Coordinating Board			
Direct Programs:			
Texas Education Opportunities Grant	20357		236,306
Educational Aide Exemption			6,504
Professional Nursing Shortage Reduction Program - Under 70 Program	20353		90,823
Professional Nursing Shortage Reduction Program - Under 70 Program	20994		12,920
Total Texas Higher Education Coordinating Board			346,553
Texas Veterans Commission			
Pass Through From:			
Texas Comptroller of Public Accounts			
Hazlewood Reimbursment			16,751
Total Veterans Commission			16,751
Total State Financial Assistance		$	364,942

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A:		
State Financial Assistance per Schedule of Expenditures of State Awards	$	364,942
State Financial Assistance Continuing Education Tuition and Fees Included in Exhibit 2 Captioned "Tuition and Fees"		-
Total State Revenues per Schedule A	$	364,942

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 the District's significant accounting policies. These expenditures are reported on the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

Internal Control Section

Condley
AND COMPANY, LLP
Certified Public Accountants and Business Advisors

993 North Third Street
PO Box 2993
Abilene, Texas 79604-2993
Phone 325-677-6251
Fax 325-677-0006
www.condley.com

December 16, 2019

To the Board of Regents
Cisco College District
Cisco, Texas

INDEPENDENT AUDITORS' 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

We have audited, in accordance with the 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 business-type activities of Cisco College District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise Cisco College District's basic financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cisco College District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cisco College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cisco College District'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cisco College District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements (including the Public Funds Investment Act Chapter 2256, Texas Government Code), 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 or the Public Funds Investment Act.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Condley and Company, L.L.P.

Certified Public Accountants

Condley AND COMPANY, LLP
Certified Public Accountants and Business Advisors

993 North Third Street
PO Box 2993
Abilene, Texas 79604-2993
Phone 325-677-6251
Fax 325-677-0006
www.condley.com

December 16, 2019

To the Board of Regents
Cisco College District
Cisco, Texas

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

Report on Compliance for Each Major Federal Program

We have audited Cisco College District'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 Cisco College District's major federal programs for the year ended August 31, 2019. Cisco College District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Cisco College District'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 Cisco College District'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 of Cisco College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Cisco College District, 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, 2019.

Report on Internal Control Over Compliance

Management of Cisco College District 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 Cisco College District'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 the 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 Cisco College District'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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

Condley and Company, L.L.P.

Certified Public Accountants

CISCO COLLEGE DISTRICT
Cisco, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2019

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 identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements?	No

Federal Awards

Internal controls over major program:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program:	
CFDA Number (s)	Name of Federal/State Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

The results of our audit procedures disclosed no findings to be reported for the year ended August 31, 2019.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2019.

CISCO COLLEGE DISTRICT
Cisco, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2019

There were no findings identified for the year ended August 31, 2018.