CISCO COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

AUGUST 31, 2025 and 2024

CISCO COLLEGE DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024
TABLE OF CONTENTS

CISCO COLLEGE DISTRICT
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR 2024-25

Board of Regents

Officers

Brad Kimbrough	President
Rick Watts	Vice-President
Ricky Whatley	Secretary

Members

		Term Expires May 31,
Jerry Conring	Cisco, Texas	2026
Brad Kimbrough	Cisco, Texas	2028
Greg Cary	Cisco, Texas	2030
Rick Watts	Cisco, Texas	2026
Ricky Whatley	Cisco, Texas	2026
Kenneth Preston	Cisco, Texas	2028
Staci Wilks	Cisco, Texas	2028
Kyle Wilks	Cisco, Texas	2026
Jalyn Johnson	Cisco, Texas	2026

Key Officers

Dr. Thad Anglin – President
Dr. Jerry Dodson – Vice President for Student Services
Heather Hicks – Vice President of Instruction & SACSCOC Liaison
Audra Taylor – Vice President of Business Services & Chief Financial Officer

Financial Section

Condley
AND COMPANY, LLP

December 15, 2025

To the Board of Regents
Cisco College District
Cisco, Texas

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type and fiduciary activities of Cisco College District (the "District"), as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type and fiduciary activities of Cisco College District as of August 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing*

Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5-9, Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of District's Contributions for Pensions, Schedule of District's Proportionate Share of the Net OPEB Liability, and Schedule of District's Contributions for OPEB on pages 44-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Supplementary Information

Our audits were 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 schedule of expenditures of state awards as required by the *Texas Uniform Grant Management Standards* are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 include the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section (organizational data) but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, 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, 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, 2025

The following discussion of Cisco College District's (the "District") financial reports presents our analysis and insight into the District's financial performance for the fiscal year ended August 31, 2025, including some comparative information with the fiscal years ended August 31, 2024 and 2023. 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 District's funds are combined into a single report. A brief explanation of the purpose of each component of the basic financial statements is set out below.

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

The Statement of Fiduciary Net Position shows the assets and liabilities related to funds held and maintained by the District in a fiduciary capacity.

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 District'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 reviewing the cash flow statement, a person knowledgeable in using this statement can determine an institution's ability to generate future cash flows and 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

Table1 – Net Position

	Year Ended August 31, 2025	Year Ended August 31, 2024	Year Ended August 31, 2023
Current and Other Assets	**$ 11,634,436**	$ 11,110,683	$ 10,099,726
Capital Assets	**$ 17,137,061**	$ 17,400,744	$ 16,884,693
Deferred Resource Outflows	**$ 3,919,121**	$ 3,649,834	$ 4,220,944
Total Assets and Deferred Resource Outflows	**$ 32,690,618**	$ 32,161,261	$ 31,205,363
Current Liabilities	**$ 7,027,599**	$ 6,331,366	$ 6,147,091
Long-term Liabilities	**$ 17,370,391**	$ 17,193,467	$ 16,608,251
Deferred Resource Inflows	**$ 3,999,809**	$ 5,231,928	$ 6,356,244
Total Liabilities and Deferred Resource Inflows	**$ 28,397,799**	$ 28,756,761	$ 29,111,586
Net Position:			
Net Investment in Capital Assets	**$ 14,952,342**	$ 14,096,720	$ 14,068,929
Restricted	**$ 1,367,222**	$ 1,182,903	$ 1,031,033
Unrestricted and Expendable	**$ (12,026,745)**	$ (11,875,122)	$ (13,006,185)
Total Net Position	**$ 4,292,819**	$ 3,404,500	$ 2,093,777

Table 2 - Changes in Net Position

	Year Ended August 31, 2025	Year Ended August 31, 2024	Year Ended August 31, 2023
Operating Revenue:			
Tuition and Fees, Net of Discounts	**$ 5,553,219**	$ 5,280,870	$ 5,355,186
Federal Grants and Contracts	**$ 136,068**	$ 125,909	$ 162,949
Auxiliary Enterprises, Net of Discounts	**$ 1,294,059**	$ 1,278,488	$ 1,249,711
Other Operating Revenues	**$ 1,608,997**	$ 895,818	$ 1,216,216
Total Operating Revenues	**$ 8,592,343**	$ 7,581,085	$ 7,984,062
Operating Expenses:			
Instruction	**$ 10,274,309**	$ 8,649,820	$ 7,833,401
Public Service	**$ -**	$ -	$ -
Academic Support	**$ 1,210,431**	$ 1,082,602	$ 875,970
Student Services	**$ 2,115,837**	$ 1,815,231	$ 1,588,213
Institutional Support	**$ 4,832,807**	$ 3,975,259	$ 4,896,258
Operation and Maintenance of Plant	**$ 2,490,526**	$ 2,115,472	$ 1,992,976
Scholarships and Fellowships	**$ 4,477,378**	$ 4,194,463	$ 4,051,220
Auxiliary Enterprises	**$ 2,595,219**	$ 2,609,580	$ 2,263,881
Depreciation	**$ 1,369,025**	$ 1,025,836	$ 979,049
Total Operating Expenses	**$ 29,365,532**	$ 25,468,263	$ 24,480,968
Operating Loss	**$ (20,773,189)**	$ (17,887,178)	$ (16,496,906)
Non-operating Revenue (Expenses):			
State Appropriations	**$ 12,274,993**	$ 11,245,096	$ 7,604,425
Maintenance Ad valorem Taxes	**$ 1,827,932**	$ 1,676,470	$ 1,530,286
Federal Revenue	**$ 7,216,546**	$ 7,044,023	$ 7,783,398
Interest on Capital Related Debt	**$ (64,835)**	$ (29,690)	$ (38,017)
Other Non-operating Revenue (Expense)	**$ 406,872**	$ 420,753	$ 80,270
Net Non-operating Revenue	**$ 21,661,508**	$ 20,356,652	$ 16,960,362
Increase in Net Position	**$ 888,319**	$ 2,469,474	$ 463,456
Net Position – Beginning of Year	**$ 3,404,500**	$ 2,093,777	$ 1,630,321
Adjustments	**$ -**	$ (1,158,751)	$ -
Net Position – End of Year	**$ 4,292,819**	$ 3,404,500	$ 2,093,777

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

Tables 1 and 2 provide a summarization of significant financial data from the Statements of Net Position and information concerning the District's results of operations for the past three years. The Current and Other Assets increased by over $500,000 for FY 2025. Student tuition and fees remained a major source of revenue for 2025. There was another increase in the state appropriations revenue due to the changes in House Bill 8. The Operating Expenses have increased in most of the categories. This is due to salary increases, additional full-time employees, increased adjunct/overload salaries due to additional course sections, and increased grant activity.

Significant Capital Assets and Long-Term Debt Activity

Note 5 to the financial statements summarizes the current fiscal year's capital asset activity. A review of this data shows a slight increase in the net capital assets. Changes to capital assets during the year include equipment, vehicles, buildings, and improvements.

Note 6 to the financial statements is a composite of the District's long-term liabilities for the current and previous fiscal years. There was a reduction to the Revenue Bonds and Notes for payments made during the year. There was also an increase in Net OPEB Liability and a decrease in Net Pension Liability due to GASB Statement No. 68 and GASB Statement No. 75.

Discussion of Other Facts, Decisions, and Conditions

During the 88th Legislative Session, House Bill 8 (Community College Funding Bill) passed, establishing a new funding model for all community colleges across the state. With the passage of HB 8, Texas has reformed its community college finance system to align policy and funding incentives with the rapidly changing needs of the workforce.

The changes moved from an enrollment formula to one that calculates funding based on student success metrics. In addition, HB 8 established base tier funding for community colleges serving rural communities with tax revenue below a level required to maintain services and support that is necessary. The new funding model provides funding for investments in the college's capacity.

The funding formula and base tier funding for rural community colleges have changed the financial landscape for Cisco College. The uncertainty that has existed for over 50 years in community college state appropriations has become much more stable. The impact on Cisco College is more financial stability on the state appropriations side and the capacity to fully execute plans for future growth. This growth phase is already underway with the move to a new Enterprise Resource Planning (ERP) system.

Cisco College is in the process of converting from the legacy operating system (POISE) to Jenzabar (J-1). The projected timeline to complete the migration process is mid-2026. The transition to J-1 is a significant investment in the College's operational infrastructure, and it will have a significant impact on process and workflow across the college. We are confident that J-1 will improve operational efficiency, streamline services and workflow, and improve services to students, faculty, staff, and the communities we serve.

This investment further supports the College's Strategic Plan goals relative to continuous improvement in technology, instructional programs, student support, and operating processes across the College. The expected outcomes from these improvements include enrollment growth, improved student retention rates, quality of services, and the financial/budgeting process.

Cisco College continues to be aggressive in the enhancement of current programs and the development of new and innovative programs. Partnerships with business and industry leaders continue to expand the college's capacity to start new programs. New programs are underway and producing opportunities for additional revenue streams.

Cisco College remains strong and strategically positioned to grow student enrollment and expand infrastructure and capital improvements. Partnerships with local and regional four-year universities, business and industry leaders, and over thirty regional high schools will continue to grow.

Contacting Cisco College District's Financial Management

This financial report is designed to give our citizens, taxpayers, customers, and creditors a general overview of the District's finances and show its 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, 2025 AND 2024
EXHIBIT 1

	2025	2024 (Restated)
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 6,664,256**	$ 6,226,902
Accounts receivable (net)	**2,553,924**	2,774,155
Deferred charges	**268,981**	2,629
Prepaid expenses	**107,673**	103,373
Total Current Assets	**9,594,834**	9,107,059
Noncurrent Assets:		
Restricted cash and cash equivalents	**739,301**	720,240
Restricted cash and cash equivalents - endowments	**503,026**	485,848
Long-term investments - restricted for endowments	**498,947**	496,510
Long-term investments - other	**197,902**	200,600
Investments in real estate	**100,426**	100,426
Capital assets (net)	**17,137,061**	17,400,744
Total Noncurrent Assets	**19,176,663**	19,404,368
TOTAL ASSETS	**28,771,497**	28,511,427
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	**2,172,916**	2,369,668
Deferred outflows of resources related to OPEB	**1,746,205**	1,280,166
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**3,919,121**	3,649,834
LIABILITIES		
Current Liabilities:		
Accounts payable	**416,866**	504,555
Accrued liabilities	**479,574**	350,528
Accrued compensated absences	**343,089**	264,517
Unearned revenues	**4,603,513**	4,053,033
Note payable - current portion	**15,900**	15,900
Lease and subscription liabilities - current portion	**368,657**	347,833
Bonds payable - current portion	**800,000**	795,000
Total Current Liabilities	**7,027,599**	6,331,366
Noncurrent Liabilities:		
Net pension liability	**4,224,905**	4,381,729
Net OPEB liability	**12,145,324**	10,666,447
Note payable	**-**	15,900
Lease and subscription liabilities - noncurrent portion	**1,000,162**	1,329,391
Bonds payable	**-**	800,000
Total Noncurrent Liabilities	**17,370,391**	17,193,467
TOTAL LIABILITIES	**24,397,990**	23,524,833
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	**1,152,477**	1,070,316
Deferred inflows of resources related to OPEB	**2,847,332**	4,161,612
TOTAL DEFERRED INFLOWS OF RESOURCES	**3,999,809**	5,231,928
NET POSITION		
Net investment in capital assets	**14,952,342**	14,096,720
Restricted:		
Nonexpendable for scholarships, fellowships and other	**1,001,973**	982,358
Expendable for:		
Student aid	**365,249**	200,545
Unrestricted	**(12,026,745)**	(11,875,123)
TOTAL NET POSITION	**$ 4,292,819**	$ 3,404,500

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

CISCO COLLEGE DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
AUGUST 31, 2025 AND 2024
EXHIBIT 1.1

	Custodial Funds	
	2025	2024
ASSETS		
Cash and cash equivalents	**$ 264,853**	$ 180,909
TOTAL ASSETS	**264,853**	180,909
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	**264,853**	180,909
TOTAL NET POSITION	**$ 264,853**	$ 180,909

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, 2025 AND 2024
EXHIBIT 2

	2025	2024
OPERATING REVENUES AND EXPENSES		
Operating Revenues:		
Tuition and fees (net of discounts of $5,459,283 and $4,287,348, respectively)	**$ 5,553,219**	$ 5,280,870
Federal grants and contracts	**136,068**	125,909
State grants and contracts	**1,120,237**	721,242
Non-governmental grants and contracts	**43,686**	53,999
Auxiliary enterprises	**1,294,059**	1,278,488
General operating revenues	**169,233**	120,577
Total Operating Revenues (Schedule A)	**8,316,502**	7,581,085
Operating Expenses:		
Instruction	**10,274,309**	8,649,820
Academic support	**1,210,431**	1,082,602
Student services	**2,115,837**	1,815,231
Institutional support	**4,556,966**	3,975,259
Operation and maintenance of plant	**2,490,526**	2,115,472
Scholarships and fellowships	**4,477,378**	4,194,463
Auxiliary enterprises	**2,595,219**	2,609,580
Depreciation	**1,369,025**	1,025,836
Total Operating Expenses (Schedule B)	**29,089,691**	25,468,263
Operating Loss	**(20,773,189)**	(17,887,178)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	**12,274,993**	11,245,096
Maintenance ad valorem taxes	**1,827,932**	1,676,470
Federal revenue, non-operating	**7,216,546**	7,044,023
Gifts	**17,875**	6,732
Investment income	**388,997**	437,076
Interest on capital related debt	**(64,835)**	(29,690)
Loss on disposal of fixed assets	**-**	(23,055)
Net Non-Operating Revenues (Schedule C)	**21,661,508**	20,356,652
Increase in Net Position	**888,319**	2,469,474
NET POSITION		
Net position - beginning of year	**3,404,500**	2,093,777
Prior period adjustment	**-**	(1,158,751)
Net position - end of year	**$ 4,292,819**	$ 3,404,500

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

CISCO COLLEGE DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024
EXHIBIT 2.1

	Custodial Funds	
	2025	2024
ADDITIONS		
Contributions	**$ 291,238**	$ 233,303
TOTAL ADDITIONS	**291,238**	233,303
DEDUCTIONS		
Recipient payments	**207,294**	206,711
TOTAL DEDUCTIONS	**207,294**	206,711
Increase in Net Position	**83,944**	26,592
NET POSITION		
Net position - beginning of year	**180,909**	154,317
Net position - end of year	**$ 264,853**	$ 180,909

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

CISCO COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2024 AND 2023
EXHIBIT 3

	2025	2024 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	**$ 9,176,531**	$ 6,123,748
Receipts of appropriations, grants, and contracts	**-**	644,179
Other receipts	**65,709**	120,577
Payments to or on behalf of employees	**(15,244,012)**	(13,184,576)
Payments to suppliers for goods or services	**(8,526,621)**	(6,964,245)
Payments of scholarships	**(4,354,915)**	(4,194,463)
Net cash used in operating activities	**(18,883,308)**	(17,454,780)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	**12,274,993**	11,245,096
Ad valorem tax revenues	**1,827,932**	1,676,470
Federal revenue, nonoperating	**7,136,325**	7,044,023
Gifts and grants (other than capital)	**17,875**	6,732
Net cash provided by non-capital financing activities	**21,257,125**	19,972,321
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense paid	**(64,835)**	(29,690)
Purchases of capital assets	**(1,105,341)**	(1,350,746)
Payments on debt and capital leases	**(1,119,305)**	(884,686)
Net cash used in capital and related financing activities	**(2,289,481)**	(2,265,122)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	**389,257**	437,076
Net cash provided by investing activities	**389,257**	437,076
Increase in cash and cash equivalents	**473,593**	689,495
Cash and cash equivalents - September 1	**7,432,990**	6,743,495
Cash and cash equivalents - August 31	**$ 7,906,583**	$ 7,432,990
Cash and cash equivalents	**$ 6,664,256**	6,226,902
Restricted cash and cash equivalents	**739,301**	720,240
Restricted cash and cash equivalents - endowment	**503,026**	485,848
Total cash and cash equivalents	**$ 7,906,583**	$ 7,432,990
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	**$ (20,773,189)**	$ (17,887,178)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	**974,692**	918,231
Lease amortization expense	**394,333**	107,605
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable (net)	**300,452**	(407,734)
Deferred charges	**-**	34,094
Prepaid expenses	**(270,652)**	52,178
Deferred outflows of resources	**278,913**	571,110
Deferred outflows of resources	**(1,780,319)**	(1,124,316)
Accounts payable	**(14,716)**	105,241
Accrued liabilities	**134,645**	106,621
Unearned revenues	**550,480**	(284,847)
Net pension liability	**(156,824)**	686,447
Net OPEB liability	**1,478,877**	(332,232)
Net cash used in operating activities	**$ (18,883,308)**	$ (17,454,780)

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 that 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.

Cisco College Foundation (the "Foundation") was established as a separate nonprofit organization in 2025 to raise funds to provide student scholarships and assistance in the development and growth of the College. In future years this will be reported as a component unit, but as of the date of issuance the Foundation does not have any material activity.

Note 2: Summary of Significant Accounting Policies

The significant accounting policies followed by the 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 District applies all applicable GASB pronouncements. The District is reported as a special-purpose government engaged in business-type activities.

<u>Tuition Discounting</u>

<u>Texas Public Education Grants</u>
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 student uses the award 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.

<u>Title IV, Higher Education Act Program Funds</u>
Certain Title IV HEA Program funds are received by the District to pass through to students. These funds are initially received by the District and recorded as revenue. When the student uses the award 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.

<u>Other Tuition Discounts</u>
The District awards tuition and fee scholarships from institutional funds to eligible students. 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 the District have been prepared on an 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 Regents adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

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, the 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 the time of purchase. The governing board has designated public funds investment pools comprised of $1,174,426 and $1,179,885 at August 31, 2025 and 2024, 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 net realizable value, and are charged to expense when consumed.

Investments in Real Estate

Investments in real estate represent real estate that was donated to the District. The real estate is carried at fair market value as determined on the date of donation. Any variance in fair market value subsequent to the date of donation is not considered to be material.

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

Right-of-use lease assets resulting from public-private and/or public-public partnership (PPP) arrangements that qualify as leases are amortized over the shorter of the lease term or the useful life of the underlying asset.

Right-of-use subscription assets resulting from qualifying subscription-based information technology arrangements (SBITAs) are amortized over the subscription term.

Other Postemployment Benefits (OPEB)

The District participates in the Employees' Retirement System of Texas (ERS) post-employment 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 focused on the 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 $4,338,642 and $3,999,084 and federal, state, and local grants of $264,871 and $53,949 have been reported as unearned revenues as of August 31, 2025 and 2024, respectively.

Deferred Inflows

In addition to liabilities, the 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 is outsourced and not performed by the District.

Noncurrent Long-Term Liabilities

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

Leases

The District has implemented GASB 87. GASB 87 has adopted a single model that all leases represent financings of the right to use an underlying asset. It, therefore, provides for three accounting treatments: (1) short-term leases of 12 months or less, (2) contracts that transfer ownership, and (3) contracts that do not transfer ownership.

All leases not falling into the first two categories listed above are treated as "contracts that do not transfer ownership".

For leases where the District is a lessee, a lease payable and a right-of-use asset are recognized. The lease liability is initially measured at the present value of fixed minimum lease payments expected to be made during the lease term. The lease payable is subsequently reduced by the principal payments made. The District must recognize interest expense over time based on the current balance of the lease and the implicit interest rate. The right-of-use asset is classified as an intangible and is initially measured as the lease payable with adjustments for payments made at or before the lease commencement date and certain initial direct costs. The District is required to amortize the value of the right-of-use asset in a systematic manner over the shorter period of the lease term or the useful life of the asset. Right-of-use assets are reported as capital assets, while lease payables are reported as long-term liabilities in the statement of net position.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the components if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease payable.

<u>Subscription-Based Information Technology Arrangements (SBITA)</u>

The District recognizes a subscription liability, reported with long-term debt, and a right-of-use subscription asset (an intangible asset), reported with capital assets, in the statements of net position. The District recognizes subscription liabilities on agreements with total annual payments of over $9,000. At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. The subscription liability is subsequently reduced by the principal portion of SBITA payments. Interest expense is recognized over time based on the current balance of the SBITA and the implicit interest rate. The subscription asset is initially measured as the subscription liability adjusted for SBITA payments made at or before the commencement date and certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) subscription payments.

- The District uses its incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the non-cancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such option, subscription contract incentives receivable from the vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a re-measurement of its SBITAs and will re-measure the components if certain changes occur that are expected to significantly affect the amount of the subscription asset or subscription liability.

Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

<u>Receivables</u>

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 and state and local governments. Receivables are recorded net of estimated uncollectible amounts.

<u>Net Position</u>

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, Statements of Net Position, consist of the items reported below at August 31,:

	2025	2024
Bank Deposits		
Demand and savings deposits	**$ 6,724,776**	$ 6,245,732
Total Bank Deposits	**6,724,776**	6,245,732
Other Cash and Cash Equivalents		
Petty cash on hand	**7,275**	7,275
Money market accounts	**106**	98
Investment pools	**1,174,426**	1,179,885
Total Other Cash and Cash Equivalents	**1,181,807**	1,187,258
Total Cash and Deposits	**$ 7,906,583**	$ 7,432,990

Reconciliation of Deposits to Exhibit 1:

		2025		2024
Per Note 4:				
Total bank deposits	**$**	**6,724,776**	$	6,245,732
Total other cash and cash equivalents		**1,181,807**		1,187,258
Total		**7,906,583**		7,432,990
Per Exhibit 1:				
Unrestricted:				
Cash and cash equivalents		**6,664,256**		6,226,902
Restricted:				
Cash and cash equivalents		**1,242,327**		1,206,088
Total	**$**	**7,906,583**	$	7,432,990

As of August 31, 2025, the 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
U.S. Treasury securities	$	498,947	$	347,170	$	151,777	$	-
Certificates of deposit		197,902		174,998		22,904		-
Land		100,426		N/A		N/A		N/A
Total Fair Value	$	797,275	$	522,168	$	174,681	$	-

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, 2025, the carrying amount of the District's bank balances was transferred to IntraFi, where the total bank balances are collateralized.

Fair Value of Financial Instruments

The three levels of the fair value 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, 2025 follows:

	Fair Value Measurements at Reporting Date Using				
Description	(Level 1)	(Level 2)	(Level 3)	Total	FY2024
Treasury securities	$ 498,947	$ -	$ -	$ 498,947	$ 147,110
Certificates of deposit	197,902	-	-	197,902	550,000
Land	-	-	100,426	100,426	100,426
Total	$ 696,849	$ -	$ 100,426	$ 797,275	$ 797,536

The land represents rodeo arena property donated to the College. The unobservable inputs related to fair value consist of comparable sales of real estate in an active market.

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 indicate credit risk. It is the District’s policy to limit its investments to those investments that are fully insured or collateralized by a bank in the State of Texas and under the terms of a written depository agreement, obligations of the United States government, its agencies, and instrumentalities, and government-sponsored enterprises, or Texas Local Government Investment Pools. As of August 31, 2025, the District’s 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 a maturity 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 not to 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 District is not exposed to a concentration of credit risk.

Note 5: Capital Assets

Capital asset activity for the year ended August 31, 2025, was as follows:

Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 468,928	$ -	$ -	$ 468,928
Total capital assets not being depreciated	468,928	-	-	468,928
Capital assets being depreciated:				
Buildings	22,623,486	565,848	-	23,189,334
Improvements	1,495,661	62,560	-	1,558,221
Library books	190,313	-	-	190,313
Right-of-use assets - equipment	225,943	8,367	-	234,310
Right-of-use assets - buildings	377,447	-	-	377,447
Right-of-use assets - subscriptions	1,658,553	51,284	-	1,709,837
Furniture, machinery, vehicles and other equipment	5,943,141	417,282	(6,013)	6,354,410
Total capital assets being depreciated	32,514,544	1,105,341	(6,013)	33,613,872
Less accumulated depreciation for:				
Buildings	(10,878,308)	(508,850)	-	(11,387,158)
Improvements	(1,128,956)	(32,355)	-	(1,161,311)
Library books	(136,650)	(9,515)	-	(146,165)
Right-of-use assets - equipment	(75,314)	(58,159)	-	(133,473)
Right-of-use assets - buildings	(272,920)	(33,907)	-	(306,827)
Right-of-use assets - subscriptions	(207,785)	(302,267)	-	(510,052)
Furniture, machinery, vehicles and other equipment	(2,882,795)	(423,971)	6,013	(3,300,753)
Total accumulated depreciation	(15,582,718)	(1,369,024)	6,013	(16,945,739)
Capital assets, net	$ 17,400,744	$ (263,683)	$ -	$ 17,137,061

Capital asset activity for the year ended August 31, 2024, was as follows:

Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 468,928	$ -	$ -	$ 468,928
Total capital assets not being depreciated	468,928	-	-	468,928
Capital assets being depreciated:				
Buildings	22,268,310	355,176	-	22,623,486
Improvements	2,175,215	116,626	(796,180)	1,495,661
Library books	265,056	-	(74,743)	190,313
Right-of-use assets - equipment	281,546	-	(55,603)	225,943
Right-of-use assets - buildings	377,447	-	-	377,447
Right-of-use assets - subscriptions	81,827	1,605,547	(28,821)	1,658,553
Furniture, machinery, vehicles and other equipment	5,168,847	853,227	(78,933)	5,943,141
Total capital assets being depreciated	30,618,248	2,930,576	(1,034,280)	32,514,544
Less accumulated depreciation for:				
Buildings	(9,421,250)	(1,457,058)	-	(10,878,308)
Improvements	(1,778,476)	(67,591)	717,111	(1,128,956)
Library books	(182,653)	(9,944)	55,947	(136,650)
Right-of-use assets - equipment	(71,321)	(59,596)	55,603	(75,314)
Right-of-use assets - buildings	(239,013)	(33,907)	-	(272,920)
Right-of-use assets - subscriptions	(36,642)	(199,964)	28,821	(207,785)
Furniture, machinery, vehicles and other equipment	(2,553,408)	(382,533)	53,146	(2,882,795)
Total accumulated depreciation	(14,282,763)	(2,210,593)	910,628	(15,582,718)
Capital assets, net	$ 16,834,413	$ 719,983	$ (123,652)	$ 17,400,744

Note 6: Long-Term Obligations

Long-term liability activity for the year ended August 31, 2025, was as follows:

	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**	**Current Portion**
Leases, Bonds and Notes:					
Leases and subscriptions	**$ 1,677,224**	**$ 59,651**	**$ 368,056**	**$ 1,368,819**	**$ 368,657**
Revenue bonds and notes	**1,626,800**	**-**	**810,900**	**815,900**	**815,900**
Total Leases, Bonds and Notes	**3,304,024**	**59,651**	**1,178,956**	**2,184,719**	**1,184,557**
Other Liabilities:					
Net pension liability	**4,381,729**	**-**	**156,824**	**4,224,905**	**-**
Net OPEB liability	**10,666,447**	**1,478,877**	**-**	**12,145,324**	**-**
Total Other Liabilities	**15,048,176**	**1,478,877**	**156,824**	**16,370,229**	**-**
Total Long-Term Liabilities	**$ 18,352,200**	**$ 1,538,528**	**$ 1,335,780**	**$ 18,554,948**	**$ 1,184,557**

Long-term liability activity for the year ended August 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Leases, Bonds and Notes:					
Leases and subscriptions	$ 388,064	$ 1,398,665	$ 109,505	$ 1,677,224	$ 347,833
Revenue bonds and notes	2,427,700	-	800,900	1,626,800	810,900
Total Leases, Bonds and Notes	2,815,764	1,398,665	910,405	3,304,024	1,158,733
Other Liabilities:					
Net pension liability	3,695,282	686,447	-	4,381,729	-
Net OPEB liability	10,998,679	-	332,232	10,666,447	-
Total Other Liabilities	14,693,961	686,447	332,232	15,048,176	-
Total Long-Term Liabilities	$ 17,509,725	$ 2,085,112	$ 1,242,637	$ 18,352,200	$ 1,158,733

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 to generate resources for future debt service payments of $8,435,000 of consolidated fund revenue and refunding bonds issued in 2002. Debt interest rates 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 bonds were refunded on April 7, 2021.

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 bonds outstanding as of August 31, 2025 is $125,000 and are scheduled to mature on August 31, 2026.

On April 7, 2021, the District issued $3,960,000 for the purpose of providing funds to (a) acquire, purchase, construct, improve, renovate, enlarge, equip, operate, and/or maintain any property, buildings, structures, activities, operations, or facilities, of any nature, for and on behalf of the District owned and operated by the District , to wit, (b) construct and equip instructional and support service facilities for the District's Abilene Educational Center and (c) to renovate existing facilities for dormitory purposes (the "Outstanding Projects"). The Outstanding Projects remain in service and have not been sold or otherwise disposed of by the District. The bonds outstanding as of August 31, 2025 is $675,000 and are scheduled to mature on August 31, 2026.

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.

On January 20, 2022, the District purchased a 20.91 acre tract of land from the Cisco Independent School District. The District signed a note payable to CISD in the amount of $63,600 payable in four equal installments of $15,900 with no interest charged. The note is scheduled to mature on January 20, 2026.

Note 7: Debt and Lease Obligations

Debt service requirements at August 31, 2025 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2026	$ 800,000	$ 9,315	$ 809,315
	$ 800,000	$ 9,315	$ 809,315

Obligations under leases as of August 31, 2025 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2026	$ 96,081	$ 3,933	$ 100,014
2027	76,836	1,143	77,979
	$ 172,917	$ 5,076	$ 177,993

Lease obligations consisted of the following as of August 31, 2025:

- Monthly (48 months) copier lease maturing in April 2027; monthly payments of $5,054; discount rate of 3.68%.
- Annual (5 years) athletic facility lease maturing in August 2027; annual payments of $35,000; discount rate of 1.6%.
- Monthly (25 months) copier lease maturing in March 2027; monthly payments of $364; discount rate of 4.20%.

The District does not capitalize any lease obligations with an original term of less than one year.

Obligations under subscription-based information technology arrangements as of August 31, 2025 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2026	$ 272,576	$ 47,010	$ 319,586
2027	305,479	35,862	341,341
2028	295,174	24,147	319,321
2029	322,674	12,611	335,285
	$ 1,195,903	$ 119,630	$ 1,315,533

Subscription-based leases consisted of the following as of August 31, 2025:

- Annual (5 years) software lease maturing in August 2027; annual payments of $11,467; discount rate of 3.69%.
- Monthly (42 months) software lease maturing in August 2026; monthly payments ranging from $8,430 to $9,273; discount rate of 0.27%.
- Annual (3 years) software lease maturing in April 2028; annual payments ranging from $17,200 to $18,400; discount rate of 4.28%.
- Annual (5 years) software lease maturing in August 2029; annual payments ranging from 206,881 up to $335,285; discount rate of 3.84%.

The District does not capitalize any subscription-based leases with an original term of less than one year.

As of August 31, 2025 and 2024, the District was in compliance with all material aspects of the bond indentures and other debt covenants.

Note 8: 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,		**2025**		2024
Assessed Valuation of the District	$	**892,549,718**	$	783,524,215
Less: Tax Ceilings		**(74,796,210)**		(65,425,895)
Less: Exemptions		**(66,630)**		(578,170)
Net Assessed Value of the District	$	**817,688,878**	$	717,520,150

Fiscal Year Ending August 31,	**2025**						2024					
		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**	$	0.2180	$	N/A	$	0.2180

Taxes levied for the year ended August 31, 2025 and 2024 totaled $1,830,200 and $1,678,750, 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		**2025 Current Operations**		2024 Current Operations
Current taxes collected	**$**	**1,794,175**	$	1,645,045
Delinquent taxes collected		**27,242**		20,890
Penalties and interest collected		**6,515**		10,535
Total Collections	**$**	**1,827,932**	$	1,676,470

Tax collections for the year ended August 31, 2025 and 2024 were 98.15% and 98.13% of the actual tax levy. Allowances for uncollectible taxes are based on historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or general obligation debt service.

Note 9: 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 that specializes in handling college 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 10: Employee 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.

Teacher Retirement System of Texas

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 workload 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/learning-resources/publications/resource-library-financial-reports 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 statute, Texas Government Code 825.402. Senate Bill 12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2022 through 2026.

Contribution Rates	**2024**	2023
Member	**8.25%**	8.00%
Non-employer contributing entity (State)	**8.25%**	8.00%
Employers	**8.25%**	8.00%
FY2024 District or member contributions	**$590,177**	
FY2024 State of Texas on-behalf contributions	**$287,488**	
FY2024 District or college contributions	**$337,943**	

District contributions to the TRS pension plan in 2025 were $406,245 as reported in the Schedule of District's Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2025 were $359,096. The on-behalf payments are reflected in the accompanying financial statements as both revenue and expenses.

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 are 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2024
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Fair Value
Actuarial assumptions:	
Single discount rate	7.00%
Long-term expected investment rate of return*	7.00%
Municipal bond rate*	3.87%
Last year ending August 31 in the 2023 to 2123 projection period (100 years)	2123
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%
Payroll growth rate	2.90%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

**The municipal bond rate used is 3.87% as of August 2024 (i.e., the rate closest to but not later than the Measurement Date). 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 on analysis and recommendations by the system's actuary. The board 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 four-year period ending August 31, 2021, and were adopted in July 2022.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumes that contributions from active members, employers, and non-employer contributing entities will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00 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, 2024, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-US developed	13.00%	4.20%	0.80%
Emerging markets	9.00%	5.20%	0.70%
Private equity	14.00%	6.70%	1.20%
Stable Value			
Government bonds	16.00%	1.90%	0.40%
Absolute return	0.00%	4.00%	0.00%
Stable value hedge funds	5.00%	3.00%	0.20%
Real Return			
Real estate	15.00%	6.60%	1.20%
Energy, natural resources, and infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset allocation leverage	(6.00%)	1.30%	(0.10%)
Inflation expectations			2.40%
Volatility drag			(0.70%)
Expected Return	100%		7.90%

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability (asset)	$ 6,748,243	$ 4,224,905	$ 2,134,139

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

At August 31, 2025, the District reported a liability of $4,224,905 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction in 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	$ 4,224,905
State's proportionate share that is associated with the District	2,369,819
Total	$ 6,594,724

The net pension liability was measured as of August 31, 2024, 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, 2023 through August 31, 2024. At the measurement date of August 31, 2024, the employer's proportion of the collective net pension liability was 0.0069165288%, which was an increase of 0.0005375708% from its proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the District recognized pension expense of $405,322 and revenue of $2,503,877 for support provided by the State.

At August 31, 2025, 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	$ 232,871	$ 32,986
Changes in actuarial assumptions	218,141	29,245
Difference between projected and actual investment earnings	1,014,430	988,749
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	301,229	101,497
Contributions paid to TRS subsequent to the measurement date	406,245	-
Total	$ 2,172,916	$ 1,152,477

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
2025	$ 427,726
2026	487,698
2027	106,119
2028	(50,383)
2029	49,279
Thereafter	-
Total	$ 1,020,439

<u>Optional Retirement Plan – Defined Contribution Plan</u>

Plan Description

Participation in the Optional Retirement Program is instead 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 2025 and 2024. The District does not contribute to employees participating in the Optional Retirement Program before 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 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the District was $107,538 and $100,886 for the fiscal years ended August 31, 2025 and 2024, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the District (totaling $53,769 and $50,443 for 2025 and 2024, respectively).

The total payroll for all District employees was $11,377,643 and $9,541,969 for fiscal years 2025 and 2024, respectively. The total payroll for employees covered by the Teacher Retirement System was $8,593,413 and $7,299,066, and the total payroll for employees covered by the Optional Retirement Program was $1,629,376 and $1,528,577 for fiscal years 2025 and 2024, respectively.

Note 11: Deferred Compensation Program

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

Note 12: 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 the 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 of $343,089 and $264,517 at August 31, 2025 and 2024, respectively. 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 13: 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, 2025 and 2024 were $817,198 and $817,200, respectively. The cost of providing those benefits was $2,710,417 and $2,533,418 for retirees and active employees for fiscal years 2025 and 2024, respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for active employees.

Note 14: Other Post-Employment Benefits (OPEB)

Plan Description

The State Retiree Health Plan (SRHP) is a cost-sharing multiple-employer post-employment 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. The benefits 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 Annual Comprehensive Financial Report (ACFR), which includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained on the internet at:

That report may be obtained on the internet at https://ers.texas.gov/about-ers/reports-and-studies/reports-on-overall-ers-operations-and-financial-ma/2024-acfr 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 provided through the GBP. The Trustees revise benefits when necessary to match expected benefits 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 premiums. 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 Years Ended August 31, 2025 and 2024

		2025		2024
Retiree only	**$**	**624.82**	$	624.82
Retiree & spouse	**$**	**1,340.82**	$	1,340.82
Retiree & children	**$**	**1,104.22**	$	1,104.22
Retiree & family	**$**	**1,820.22**	$	1,820.22

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, 2025 and 2024

		2025		2024
Employers	**$**	**800,581,831**	$	801,018,586
Members (Employees)	**$**	**187,288,403**	$	181,951,869
Non-employer contributing entity (State of Texas)	**$**	**43,071,186**	$	42,250,455

Source: ERS 2024 Annual Comprehensive Financial Report

Actuarial Assumptions

The total OPEB Liability was determined by an actuarial valuation as of August 31, 2024 using the following actuarial assumptions:

Valuation date	August 31, 2024
Actuarial cost method	Entry Age
Amortization method	Level Percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.87%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	
HealthSelect	5.60% for 2026, 5.60% for 2027, 5.25% for 2028, 5.00% for 2029, 4.75% for 2030, 4.50% for 2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for 2033 and later years
HealthSelect Medicare Advantage	36.00% for 2026, 8.00% for 2027, 5.25% for 2028, 5.00% for 2029, 4.75% for 2030, 4.50% for 2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for 2033 and later years
Pharmacy	11.50% for 2026, 11.00% for 2027, 10.00% for 2028, 8.50% for 2029, 7.00% for 2030, decreasing 100 basis points per year to an ultimate rate of 5.00% for 2032 and 4.30% for 2033 and later years
Inflation assumption rate	2.30%
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 2021.
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021 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 Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010.

Source: 2024 ERS Annual Comprehensive Financial Report

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2021 and the TRS retirement plan actuary as of August 31, 2021.

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 2022 to require that all funds in the plan be invested in cash and equivalent securities. The expected rate of return on these investments is currently 3.9%, in line with the prevailing returns on 90-day U.S. Treasury bills.

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 bond rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.81%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.87%, representing an increase of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20-year maturities and mixed credit quality. The bond's average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating.

Discount Rate Sensitivity Analysis

The following schedules show 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 used (3.87%) in measuring the net OPEB liability.

	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net OPEB liability (asset)	$ 14,131,154	$ 12,145,324	$ 10,551,673

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.60% and the ultimate rate is 4.30%. 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 or 1 percent greater than the healthcare cost trend rate used (5.60%) in measuring the net OPEB liability.

	1% Decrease in Healthcare Cost Trend Rates 4.60% decreasing to 3.30%	Current Healthcare Cost Trend Rates 5.60% decreasing to 4.30%	1% Increase in Healthcare Cost Trend Rates 6.60% decreasing to 5.30%
District's proportionate share of the net OPEB liability (asset)	$ 10,421,298	$ 12,145,324	$ 14,342,991

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

As of August 31, 2025, the District reported a liability of $12,145,324 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 proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective net OPEB liability	$ 12,145,324
State's proportionate share that is associated with the District	7,852,986
Total	$ 19,998,310

The net OPEB liability was measured as of August 31, 2024, 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, 2023 through August 31, 2024.

At the measurement date of August 31, 2024, the District's proportion of the collective net OPEB liability was 0.04144371%, which is an increase of 0.00152068% from its proportion measured as of August 31, 2023.

For the year ended August 31, 2024, the District recognized OPEB expense of $904,004 and revenue of $1,618 for the support provided by the State.

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

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The discount rate was changed from 3.81% as of August 31, 2023, to 3.87% as of August 31, 2024, as a result of requirements by GASB No. 74 to reflect the 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.

The valuation reflects the minor benefit revisions that have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2025, are provided for in the FY2025 Assumed Per Capita Health Benefit Costs.

As of August 31, 2025, 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	$ -	$ 200,384
Changes in actuarial assumptions	664,951	2,419,440
Difference between projected and actual investment earnings	-	464
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	847,357	227,044
Contributions paid after the measurement date	233,897	-
Total	$ 1,746,205	$ 2,847,332

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
2026	$	(471,427)
2027		(554,031)
2028		(275,219)
2029		104,944
2030		94,606
Thereafter		-
Total	$	(1,101,127)

Note 15: 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 outcome of these matters, no provision for any liability has been made in the financial statements. District management believes 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 16: Disaggregation of Receivables and Payables Balances

Receivables at August 31, 2025 and 2024 were as follows:

		2025		2024
Accounts receivable	**$**	**62,486**	$	66,688
Student receivables		**2,740,732**		2,747,639
Less: student receivable allowance		**(543,863)**		(528,045)
Federal receivables		**34,496**		170,693
Taxes receivable		**72,647**		66,808
Less: taxes receivable allowance		**(16,803)**		(11,046)
Other receivables		**204,229**		261,418
Total	**$**	**2,553,924**	$	2,774,155

Payables as of August 31, 2025 and 2024 are as follows:

		2025		2024
Vendor payables	**$**	**416,866**	$	504,555
Accrued payroll		**375,613**		319,540
Accrued interest		**6,028**		7,564
Accrued other		**89,209**		23,423
Total	**$**	**887,716**	$	855,082

Note 17: Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the 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 contracts 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 2025 and 2024 for which monies have not been received nor funds expended, totaled $1,270,170 and $1,177,768. Of these amounts, $839,188 and $1,177,768 were from Federal Contract and Grant Awards, and $430,982 and $0 were from State Contract and Grant Awards for the fiscal years ended 2025 and 2024, respectively.

Note 18: Group "Pooled Risk" Self-Insurance Pool

The District participates in the Community Colleges of Texas Insurance Association Self-Insurance Program (the "program"). The program provides 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, 2024 and ending August 31, 2025. Either party may terminate the agreement upon 60 days' written notice.

The required contributions for each fund member are 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 liabilities beyond the loss fund maximum contribution payable.
The District's loss fund maximum for the period of the contract was $26,904 and $47,971 for the years ended August 31, 2025 and 2024, 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 19: 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, 2025 and 2024.

Note 20: Donor Restricted Endowments

The District retains in perpetuity: (a) the original value of initial and subsequent gift amounts donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure.

The District considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund,
2. The purposes of the District and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and appreciation of the investments,
6. Other resources of the District, and
7. The investment policies of the District.

Changes in endowment net assets consist of the following at August 31:

		2025		2024
Endowment net assets, beginning of year	**$**	**982,358**	$	956,256
Investment earnings		**19,615**		26,102
Endowment net assets, end of year	**$**	**1,001,973**	$	982,358

The District considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. There were no endowments considered to be underwater as of August 31, 2025 and 2024.

Note 21: Concentration of Revenue

During the years ended August 31, 2025 and 2024, the District received approximately 33% and 35%, respectively, of Net Non-Operating Revenues from the federal student financial aid cluster (Title IV programs). The District's eligibility to participate in these programs is subject to compliance with federal regulations and continued certification by the Department of Education. During the years ended August 31, 2025 and 2024, the District received approximately 57% and 55%, respectively, of Net Non-Operating Revenues from the State of Texas.

Changes to state or federal funding levels and eligibility requirements for Title IV programs could have a substantial impact on the District's ability to provide student financial assistance at current levels and, consequently, on its overall enrollment and financial position.

The District will continue to monitor state and federal legislative developments and assess their potential impact on the College's operations and financial position.

Note 22: New Pronouncements

Accounting pronouncements adopted

In June 2023, the GASB issued Statement No. 102, Certain Risk Disclosures, which requires entities to provide disclosures related to certain risks that could significantly affect their financial position, including concentrations of risk and constraints on the availability of resources. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. See **Note 21**.

In June 2022, the GASB issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Adopting this standard did not impact the College's financial statements.
Other recent pronouncements are not expected to have an impact to the College's financial statements.

Note 23: Subsequent Events

Management has evaluated subsequent events through December 15, 2025; the date on which the financial statements were available for distribution.

Note 24: Prior Period Adjustment

During the year ended August 31, 2025 the District changed its policy for calculating depreciation on capital assets by eliminating the use of estimated salvage values. Management determined that this change would more accurately reflect the consumption of the economic benefits of the College's capital assets. This change in accounting principle was applied retroactively.

Management believes this change provides a more accurate presentation of the College's financial position and results of operations. The summary of significant accounting policies has been updated to reflect the new depreciation method, which no longer considers salvage value in the calculation of depreciation expense.

The following table illustrates the impact of the prior period adjustments:

	Increase (Decrease)		
	Before Prior Period Adjustment	After Prior Period Adjustment	Impact of Prior Period Adjustment
Noncurrent Assets:			
Buildings/Improvements	$ 24,915,327	$ 24,119,147	$ (876,450)
Equipment/Automotive	5,970,464	5,943,141	(27,323)
Library books	265,056	190,313	(74,743)
Accumulated depreciation	(14,825,465)	(15,212,571)	(387,106)
SBITAs	78,724	1,658,553	1,579,829
Current Liabilities:			
Lease and Subscriptions	(107,536)	(347,833)	(240,297)
Noncurrent Liabilities:			
Lease and Subscriptions	(196,742)	(1,329,392)	(1,132,650)
Net Assets:			
Investment in capital assets	$ (15,255,470)	$ (14,096,720)	$ (1,158,751)

Required Supplementary Information

CISCO COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2025 *
EXHIBIT 4

Fiscal Year Ending August 31, *	**2024****	**2023****	**2022****	**2021****	**2020****	**2019****	**2018****	**2017****	**2016****
District's proportionate share of collective net pension liability (%)	0.000069165288	0.000063789580	0.000062244259	0.000061056803	0.000063812956	0.000069380182	0.000071452679	0.000074787872	0.000074824066
District's proportionate share of collective net pension liability ($)	$ 4,224,905	$ 4,381,729	$ 3,695,282	$ 1,554,901	$ 3,417,692	$ 3,606,599	$ 3,932,929	$ 2,391,313	$ 2,827,490
State's proportional share of net pension liability associated with District	2,369,819	2,573,924	2,041,710	927,667	2,000,672	1,929,390	1,987,965	1,251,800	1,540,588
Total	$ 6,594,724	$ 6,955,653	$ 5,736,992	$ 2,482,568	$ 5,418,364	$ 5,535,989	$ 5,920,894	$ 3,643,113	$ 4,368,078
District's covered payroll	$ 7,299,066	$ 6,374,302	$ 5,797,924	$ 5,501,059	$ 5,568,993	$ 5,534,345	$ 5,357,884	$ 5,489,110	$ 5,374,211
District's proportionate share of collective net pension liability as a percentage of covered payroll	57.88%	68.74%	63.73%	28.27%	61.37%	65.17%	73.40%	43.56%	52.61%
Plan fiduciary net position as percentage of total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%

*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 NINE FISCAL YEARS
EXHIBIT 5

Fiscal Year Ending August 31, *	**2025****	**2024****	**2023****	**2022****	**2021****	**2020****	**2019****	**2018****	**2017****
Legally required contributions	**$406,245**	$337,943	$291,711	$262,980	$245,919	$256,734	$246,474	$235,698	$245,111
Actual contributions	**406,245**	337,943	291,711	262,980	245,919	256,734	246,474	235,698	245,111
Contributions deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
District's covered payroll amount	**$8,593,412**	$7,299,066	$6,374,302	$5,797,924	$5,501,059	$5,568,993	$5,534,345	$5,357,884	$5,489,110
Contributions as a percentage of covered payroll	**4.73%**	4.63%	4.58%	4.54%	4.47%	4.61%	4.45%	4.40%	4.47%

*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 THE NET OPEB LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2025
EXHIBIT 6

Fiscal Year Ending August 31, *	**2024****	**2023****	**2022****	**2021****	**2020****	**2019****
District's proportionate share of collective net pension liability (%)	0.000414437	0.00039923	0.000386095	0.0003653742	0.0003809035	0.0003855513
District's proportionate share of collective net pension liability ($)	$12,145,324	$10,666,447	$10,998,679	$13,107,985	$12,586,818	$13,325,685
State's proportional share of net pension liability associated with District	7,852,986	7,583,255	8,177,599	10,586,040	9,748,537	11,048,685
Total	$19,998,310	$18,249,702	$19,176,278	$23,694,025	$22,335,355	$24,374,370
District's covered payroll	$8,576,103	$7,443,433	$7,300,307	$6,567,076	$6,984,025	$7,017,912
District's proportionate share of collective net OPEB liability as a percentage of covered payroll	141.62%	143.30%	150.66%	199.60%	180.22%	189.88%
Plan fiduciary net position as percentage of total OPEB liability	0.47%	0.63%	0.57%	0.38%	0.32%	1.30%

*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, 2025
EXHIBIT 7

Fiscal Year Ending August 31, *	**2025****	**2024****	**2023****	**2022****	**2021****	**2020****
Legally required contributions	$1,073,004	$756,996	$753,614	$718,284	$986,315	$1,204,256
Actual contributions	1,073,004	756,996	753,614	718,284	986,315	1,204,256
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll amount	$10,357,242	$8,576,103	$7,443,433	$7,300,307	$6,567,076	$6,984,025
Contributions as a percentage of covered payroll	10.36%	8.83%	10.12%	9.84%	15.02%	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, 2025
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2024)
SCHEDULE A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals Fiscal Year 2025	Totals Fiscal Year 2024
Tuition						
State-funded courses						
In-district resident tuition	$ 86,165	$ -	$ 86,165	$ -	**$ 86,165**	$ 66,479
Out-of-district resident tuition	3,593,308	-	3,593,308	-	**3,593,308**	3,296,595
Non-resident tuition	121,028	-	121,028	-	**121,028**	121,777
TPEG - credit (set aside)*	248,325	-	248,325	-	**248,325**	228,180
Non-state funded educational programs	186,722	-	186,722	-	**186,722**	193,671
Total Tuition	4,235,548	-	4,235,548	-	**4,235,548**	3,906,702
Fees						
General fee	2,571,533	-	2,571,533	-	**2,571,533**	2,345,420
Student service fee	2,077,931	-	2,077,931	-	**2,077,931**	1,228,846
Out-of-district fees	1,863,797	-	1,863,797	-	**1,863,797**	1,806,130
Laboratory fee	114,195	-	114,195	-	**114,195**	129,840
Other fees (as needed)	149,498	-	149,498	-	**149,498**	151,280
Total Fees	6,776,954	-	6,776,954	-	**6,776,954**	5,661,516
Scholarship Allowances and Discounts						
Remissions and exemptions - local	(37,590)	-	(37,590)	-	**(37,590)**	(62,560)
Title IV federal grants	(3,718,093)	-	(3,718,093)	-	**(3,718,093)**	(3,196,601)
TPEG awards	(83,622)	-	(83,622)	-	**(83,622)**	(102,055)
Other state grants	(1,619,978)	-	(1,619,978)	-	**(1,619,978)**	(926,132)
Total Scholarship Allowances and Discounts	(5,459,283)	-	(5,459,283)	-	**(5,459,283)**	(4,287,348)
Total Net Tuition and Fees	5,553,219	-	5,553,219	-	**5,553,219**	5,280,870
Other Operating Revenues						
Federal grants and contracts	-	136,068	136,068	-	**136,068**	125,909
State grants and contracts	-	1,120,237	1,120,237	-	**1,120,237**	721,242
Local grants and contracts	-	43,686	43,686	-	**43,686**	53,999
General operating revenues	169,233	-	169,233	-	**169,233**	120,577
Total Other Operating Revenues	169,233	1,299,991	1,469,224	-	**1,469,224**	1,021,727
Auxiliary Enterprises						
Bookstore	-	-	-	18,265	**18,265**	21,987
Food service	-	-	-	808,422	**808,422**	770,240
Residential life	-	-	-	467,372	**467,372**	486,261
Total Net Auxiliary Enterprises	-	-	-	1,294,059	**1,294,059**	1,278,488
Total Operating Revenues	$ 5,722,452	$ 1,299,991	$ 7,022,443	$ 1,294,059	**$ 8,316,502**	$ 7,581,085
					(Exhibit 2)	(Exhibit 2)

* - In accordance with Education Code 56.033, $248,325 and $228,180 for years August 31, 2025 and 2024, 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, 2025
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2024)
SCHEDULE B

	Operating Expenses				Totals	
	Salaries And Wages	Benefits State	Benefits Local	Other Expenses	**Fiscal Year 2025**	Fiscal Year 2024
Unrestricted - Educational and General						
Instruction	$ 6,437,235	$ -	$ 1,247,899	$ 715,080	**$ 8,400,214**	$ 7,222,037
Academic support	670,559	-	124,791	284,560	**1,079,910**	960,384
Student services	1,342,238	-	249,790	262,548	**1,854,576**	1,570,201
Institutional support	1,590,119	-	295,921	2,355,230	**4,241,270**	3,480,760
Operation and maintenance of plant	432,602	-	80,507	1,893,213	**2,406,322**	2,039,031
Scholarships and fellowships	-	-	-	-	**-**	-
Total Unrestricted	10,472,753	-	1,998,908	5,510,631	**17,982,292**	15,272,413
Restricted - Educational and General						
Instruction	268,307	1,305,204	-	300,584	**1,874,095**	1,427,783
Academic support	-	130,521	-	-	**130,521**	122,218
Student services	-	261,261	-	-	**261,261**	245,030
Institutional support	-	309,510	-	6,186	**315,696**	494,499
Operation and maintenance of plant	-	84,204	-	-	**84,204**	76,441
Scholarships and fellowships	-	-	-	4,477,378	**4,477,378**	4,194,463
Total Restricted	268,307	2,090,700	-	4,784,148	**7,143,155**	6,560,434
Total Educational and General	10,741,060	2,090,700	1,998,908	10,294,779	**25,125,447**	21,832,847
Auxiliary Enterprises	377,041	-	70,167	2,148,011	**2,595,219**	2,609,580
Amortization expense - right-of-use assets	-	-	-	92,066	**92,066**	93,503
Amortization expense - subscription assets	-	-	-	302,267	**302,267**	14,102
Depreciation expense - buildings and other real estate	-	-	-	541,205	**541,205**	525,756
Depreciation expense - equipment and furniture	-	-	-	433,487	**433,487**	392,475
Total Operating Expenses	$ 11,118,101	$ 2,090,700	$ 2,069,075	$ 13,811,815	**$ 29,089,691**	$ 25,468,263
					(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, 2025
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2024)
SCHEDULE C

				Totals	
	Unrestricted	Restricted	Auxiliary Enterprises	**Fiscal Year 2025**	Fiscal Year 2024
NON-OPERATING REVENUES					
State Appropriations					
Education and general state support	$ 10,173,502	$ -	$ -	**$ 10,173,502**	$ 9,387,144
State group insurance	-	1,413,507	-	**1,413,507**	1,292,883
State retirement matching	-	687,984	-	**687,984**	565,069
Total State Appropriations	10,173,502	2,101,491	-	**12,274,993**	11,245,096
Maintenance ad valorem taxes	1,827,932	-	-	**1,827,932**	1,676,470
Federal revenue, non-operating	-	7,216,546	-	**7,216,546**	7,044,023
Gifts	17,875	-	-	**17,875**	6,732
Investment income	388,997	-	-	**388,997**	437,076
Total Non-Operating Revenues	12,408,306	9,318,037	-	**21,726,343**	20,409,397
NON-OPERATING EXPENSES					
Interest on capital related debt	64,835	-	-	**64,835**	29,690
Loss on disposal of capital assets	-	-	-	**-**	23,055
Total Non-Operating Expenses	64,835	-	-	**64,835**	52,745
NET NON-OPERATING REVENUES	$ 12,343,471	$ 9,318,037	$ -	**$ 21,661,508**	$ 20,356,652
				(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, 2025
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2024)
SCHEDULE D

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets Net of Depreciation and Related Debt			
	Unrestricted	Expendable	Non-Expendable		Total	Yes	No
Current:							
Unrestricted	$ (12,026,745)	$ -	$ -	$ -	$ (12,026,745)	$ 4,424,172	$ (16,450,917)
Board Designated	-	-	-	-	-	-	-
Restricted	-	365,249	-	-	365,249	365,249	-
Auxiliary enterprises	-	-	-	-	-	-	-
Loan	-	-	-	-	-	-	-
Endowment:							
Quasi:	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	1,001,973	-	1,001,973	-	1,001,973
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unexpended	-	-	-	-	-	-	-
Renewals	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Investment in Plant	-	-	-	14,952,342	14,952,342	-	14,952,342
Total Net Position, August 31, 2025	(12,026,745)	365,249	1,001,973	14,952,342	4,292,819	4,789,421	(496,602)
Total Net Position, August 31, 2024, as restated	(11,875,123)	200,545	982,358	14,096,720	3,404,500	4,955,693	(1,551,193)
Net Increase (Decrease) in Net Position	$ (151,622)	$ 164,704	$ 19,615	$ 855,622	$ 888,319	$ (166,272)	$ 1,054,591

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, 2025
Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Direct Awards	Pass-Through Awards	Total Expenditures
U.S. Department of Education					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007		$ 38,778	$	$ 38,778
Federal Work-Study Program	84.033		60,191		60,191
Federal Pell Grant Program	84.063		5,706,262		5,706,262
Federal Direct Student Loans	84.268		1,101,034		1,101,034
Total Student Financial Assistance Cluster			6,906,265		6,906,265
NASA	80NSSC24K1163		310,281		310,281
Total Direct Programs			7,216,546		7,216,546
Passed Through From:					
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Voc. Ed.	84.048	234222		136,068	136,068
Total U.S. Department of Education					7,352,614
Total Federal Financial Assistance					$ 7,352,614

Note 1: Federal Assistance Reconciliation

Federal Revenues - per Schedule A:	
Federal Grants and Contracts	$ 136,068
Total Federal Revenues Per Schedule A	136,068
Federal Revenues - per Schedule C:	
Federal Grants, Non-Operating	7,216,546
Total Federal Revenues Per Schedule C	7,216,546
Total Federal Revenues per Schedule A and C	$ 7,352,614

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 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% (15% for grants awarded after October 1, 2024) de minimis cost rate as permitted in the UG, section 200.414.

Note 3: Student Loans Processed and Administrative Cost Recovery

Federal Grantor CFDA Number/Program Name	Total Loans Processed
U.S Department of Education CFDA 84.268 Federal Direct Student Loans	$ 1,101,034
Total U.S. Department of Education	$ 1,101,034
(There were no administrative costs recovered and included in above amount)	

Note 4: Pass through amounts included in program expenditures:
All pass through amounts are identified in the schedule.

Cisco College District
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2025
Schedule F

Grantor Agency/Program Title	Grant Contract Number		Expenditures
Texas Higher Education Coordinating Board			
Direct Programs:			
Texas Education Opportunities Grant		$	803,757
Educational Aide Exemption	23481		12,512
Nursing Student Scholarship			32,332
Nursing Shortage Reduction Program (NSRP)	28861		39,793
Nursing Shortage Reduction Program (NSRP)	00877		4,754
Nursing Shortage Reduction Program (NSRP)	02271		1,980
Nursing, Allied Health, and Other Health Related Ed Grant (NAHP)	02084		5,000
Governor's Emergency Education Relief (GEER) Fund			
Texas Reskilling and Upskilling for Education (TRUE)	01481		161,959
Communities Foundation of Texas			138
Total Texas Higher Education Coordinating Board			1,062,225
Native Plant Society Grant			600
Texas Veterans Commission			
Pass Through From:			
Texas Comptroller of Public Accounts			
Hazlewood Reimbursement			57,412
Total Veterans Commission			57,412
Total State Financial Assistance		$	1,120,237

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A:		
State Financial Assistance per Schedule of Expenditures of State Awards	$	1,120,237
Total State Revenues per Schedule A	$	1,120,237

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.

Overall Compliance and Internal Control Section

December 15, 2025

To the Board of Regents
Cisco College District
Cisco, Texas

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

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 and fiduciary activities of Cisco College District, as of and for the year ended August 31, 2025, 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 15, 2025.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 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

Federal Awards Section

December 15, 2025

To the Board of Regents
Cisco College District
Cisco, Texas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Cisco College District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance* and the *State of Texas Uniform Grant Management Standards* that could have a direct and material effect on each of Cisco College District's major federal and state programs for the year ended August 31, 2025. Cisco College District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cisco College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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); and the *State of Texas Uniform Grant Management Standards* (TxGMS). Our responsibilities under those standards, the Uniform Guidance, and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cisco College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Cisco College District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cisco College District's federal and state programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cisco College District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* the Uniform Guidance, and the TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cisco College District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* the Uniform Guidance, and the TxGMS, we:

- Exercise reasonable judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cisco College District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Cisco College District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the TxGMS, but not to express an opinion on the effectiveness of Cisco College District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on Cisco College's response to the noncompliance findings identified in our compliance audit, described in the accompanying schedule of findings and questioned costs. Cisco College's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs items 2025-001 to be a significant deficiency.

Our audit was not designed to express an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on Cisco College District's response to the internal control over the compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Cisco College District's response was not subject to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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 and the TxGMS. Accordingly, this report is not suitable for any other purpose.

Condley and Company, L.L.P.

Certified Public Accountants

CISCO COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2025

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?	Yes
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)?	Yes
Identification of major program:	

Assistance Listing Number (s)	Name of Federal/State Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
State Program	Texas Education Opportunities Grant (TEOG)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000 (Federal) $750,000 (State)
Did the auditee qualify as a 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, 2025.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Compliance Findings

2025-001

Cluster Name:	Student Financial Aid Cluster
Assistance Listing Numbers and Names:	84.007 Federal SEOG 84.033 Federal Work Study 84.063 Federal Pell Grant 84.268 Federal Direct Loans
Federal Agency:	U. S. Department of Education
Compliance Requirement:	Federal Direct Loan Awards
Questioned Costs:	Not applicable

Criteria: Per 34 CFR 685.301 (Federal Direct Loan Program), 34 CFR 690.83 (Federal Pell Grant Program), and the Federal Student Aid Handbook, institutions are required to report disbursement information to the COD system accurately and within the timeframes specified by the U.S. Department of Education. Timely and accurate reporting is necessary to ensure compliance with federal regulations and proper administration of Title IV funds.

Condition: During our testing of the Student Financial Aid Cluster, we noted that the institution did not consistently submit student disbursement records to the COD system in a timely and accurate manner for both the Federal Direct Loan and Federal Pell Grant programs. Specifically, 6 out of 40 disbursement records tested were either submitted after the required deadline or contained errors that were not corrected promptly.

Population and Sample Size:

	Number	Dollars	Questioned Cost
Population	1320	$ N/A	$ N/A
Sample	40	N/A	N/A
Not in compliance	6	N/A	N/A

Effect: As a result, the institution is not in compliance with federal requirements for reporting to the COD system for both the Federal Direct Loan and Federal Pell Grant programs. This could result in delayed or improper disbursement of Title IV funds, potential loss of funding, or other administrative sanctions.

Cause: The District updated the financial aid records in the internal student system but did not update the dates in COD in a timely manner.

Recommendation: We recommend that the District strengthen reconciliation procedures to ensure that all loan changes entered in the internal system are promptly updated in COD and periodically verify that key data elements match.

Views of the responsible official and planned corrective actions: The Director of Financial Aid will review the dates reported to COD at the end of each semester. The current software is set up where manual adjustments to amounts and dates reported to COD are required, the transition to new software should automate part of this process.

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Corrective Action Plan for Audit Finding 2025-001

Recommendation: We recommend that the District strengthen reconciliation procedures to ensure that all loan changes entered in the internal system are promptly updated in COD and periodically verify that key data elements match.

Corrective Action: The Director of Financial Aid will review the dates reported to COD at the end of each semester. The current software is set up where manual adjustments to amounts and dates reported to COD are required, the transition to new software should automate part of this process.

Identifying number: 2024-001

Status: Testing completed in the current year indicated that NSLDS enrollment reporting was done consistently in a timely manner. This prior audit finding has been fully corrected.

Identifying number: 2024-002

Status: Testing completed in the current year indicated that the College has implemented a review of awards to ensure compliance. This prior audit finding has been fully corrected.

Identifying number: 2024-003

Status: Testing completed in the current year indicated that the College has updated the import process to include an review of data by the Financial Aid Office when it is imported into the COD system. This prior audit finding has been fully corrected.