

PANOLA COLLEGE
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2018 AND 2017



PREPARED BY:
FISCAL SERVICES DEPARTMENT
PANOLA COLLEGE

**PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



903.693.2000 • panola.edu
1109 West Panola • Carthage, Texas 75633

November 26, 2018

To the taxpayers of Panola County and the citizens of the Panola College service area:

We are pleased to present the following comprehensive annual financial report (CAFR) for the Panola County Junior College District (Panola College) for the fiscal year ended August 31, 2018. The CAFR has been prepared in conformance with the financial reporting standards applicable to government entities set forth by the Governmental Accounting Standards Board (GASB) in its authoritative pronouncements, as well as the financial reporting requirements of the Government Finance Officers Association (GFOA). The report complies with the requirements of Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB).

The College is required to undergo an annual single audit if expenditures of federal or state awards exceed \$750,000. This is in conformity with the provisions of the Single Audit Act as amended in 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State of Texas Single Audit Circular. Information related to this single audit, including the schedules of expenditures of federal and state awards and auditor's reports on compliance and on the internal control over compliance with applicable laws, regulations and grant agreements are included in this report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation of this report, including all disclosures, rests with the management of Panola College. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.

The administration of the College is responsible for establishing and maintaining internal control over financial reporting designed to provide reasonable, but not absolute, assurance that the assets of the College are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by administration.

The independent accounting firm of Alexander, Lankford & Hiers, Inc. conducted the audit of the financial statements and related notes in conformance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and state statutes. Their report on the MD&A, the basic financial statements, and supplementary schedules are included within the financial section of this report.

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

Panola College is an equal opportunity institution that provides educational and employment opportunities on the basis of merit and without discrimination because of race, color, religion, sex, age, national origin, veteran status, disability or genetic information.

COLLEGE PROFILE

Panola County Junior College District was established as a public junior college in an election held in Panola County, Texas, in 1947. The District operates as a junior college district under the laws of the State of Texas. An elected, seven-member Board of Trustees governs the District.

The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College 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.

Panola College's campus is located in the city of Carthage, Panola County, Texas. Classes are offered at alternate sites in Shelby County and Harrison County. Panola College is committed to offering quality educational programs and services for the people of the College's service area at a reasonable cost. The College provides a wide range of programs, including general academic, technical-vocational, student development services, continuing education, and community service.

The Panola College Foundation was created for the sole purpose to support the mission and vision of Panola College and to support its students. The Foundation is controlled by a separate board of directors that are ratified by the Panola College Board of Trustees and is included in the financial statements of the College as an affiliated organization.

BOND ELECTION

On May 11, 2013 the College conducted a successful bond election in which the voters authorized the issuance of \$35 million of general obligation bonds for the construction of a new science/health science building, a new student life center and the renovation of several existing buildings. Additional funds (from reserves) were approved by the Panola College Board of Trustees to complete the various projects; by the end of fiscal year 2016 all related projects were completed or in the final stages of completion.

ECONOMIC CONDITION AND OUTLOOK

Panola College's four county service area borders Louisiana in Northeast Texas. The counties include Panola, Shelby, Marion, and Harrison. The largest cities in the service area are Carthage, Center, Jefferson and Marshall. These cities are also the county seats of their respective counties.

Panola County ranks as one of the leading natural gas producers in Texas and is located in the Cotton Valley Gas Field, which is the second largest natural gas field in the state. Timber, poultry, and cattle production also continue to contribute to the local economy. All of these activities have a positive impact on employment and the county tax base.

Panola College continues to have strong enrollment. Today approximately 2,700 credit students and 400 continuing education students are enrolled in one of 56 programs of study offered through Panola College. This growth has created a need for additional facilities to handle the increased student loads. In addition to the aforementioned bond election, the College constructed a new 64 bed residence hall in fiscal year 2013. The College can now house up to 250 resident students.

Panola College's financial condition remains strong. The largest areas of funding for the College are property taxes, tuition and fees, and state appropriated funds. Although the state appropriated funds have decreased as a percentage of the College's total funding compared to previous fiscal years, the overall outlook for the future remains strong due to student growth, strategic leadership and fiscal management. As part of Panola College's long-term financial plan, sufficient reserves are maintained to operate the College for between 4 and 10 months.

Panola College is an equal opportunity institution that provides educational and employment opportunities on the basis of merit and without discrimination because of race, color, religion, sex, age, national origin, veteran status, disability or genetic information.

BUDGETING PROCESS

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenses for the fiscal year beginning September 1. The annual budget process allocates resources based on the College's strategic, institutional, and long-term financial plans. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees. Activities of the unrestricted current fund, auxiliary enterprises fund, and retirement of indebtedness fund are included in the annual appropriated budget. The College also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances are appropriated as part of the next year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the College continues to meet its responsibility for sound financial management.

AWARDS

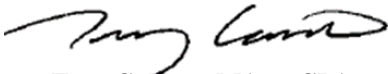
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) for the fiscal year ended August 31, 2017 to Panola College for its comprehensive annual financial report. This was the twenty-third consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a College must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the comprehensive annual financial report on a timely basis was made possible by the hard work and diligence of many College employees. Each employee who contributed to this report has our sincere appreciation. We would also like to thank the accounting firm of Alexander, Lankford & Hiers, Inc. for their assistance and timely completion of the audit.

Sincerely,



Troy Caserta, MAcc, CPA
Vice President of Fiscal Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Panola College
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2017

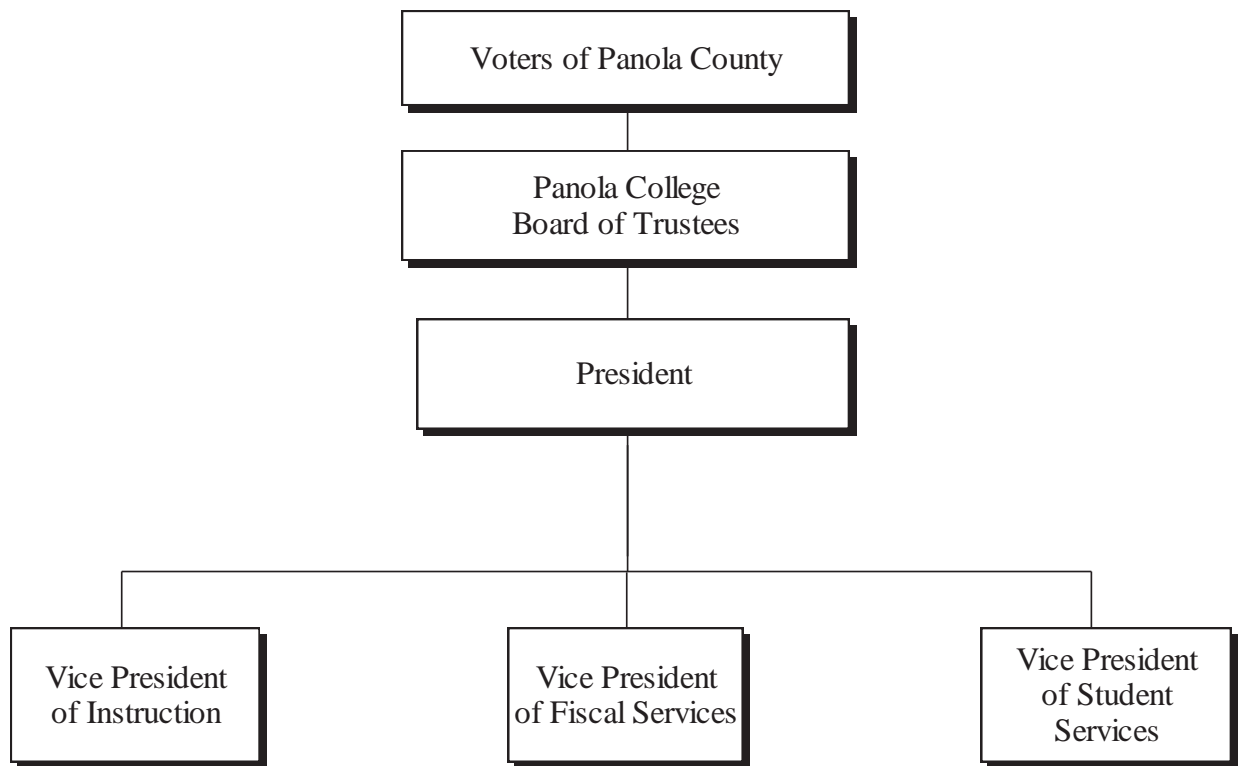
Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART

PANOLA COLLEGE

Carthage, Texas



**PANOLA COLLEGE
PRINCIPAL OFFICIALS
AUGUST 31, 2018**

BOARD OF TRUSTEES

OFFICERS

**Mr. William Goolsby
Mr. Hal Palmer
Mr. Richard Thomas**

**Chair
Vice-Chair
Secretary**

MEMBERS

**Mrs. Brooke Lipsey
Mr. Richard Thomas
Mr. Hal Palmer
Mrs. Faitha Burchett
Mr. William Goolsby
Mr. Bobby Phillips
Mr. Kevin Smith**

**Term Expires
May 31**

**2024
2024
2020
2020
2022
2022
2022**

ADMINISTRATION

Dr. Gregory S. Powell

President

Dr. Billy W. Adams

Vice President of Instruction

Mr. Troy Caserta, MAcc, CPA

**Vice President of Fiscal
Services**

Mr. Don Clinton

**Vice President of Student
Services**

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PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA



4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Panola College
Carthage, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Panola College (the College) as of and for the years ended August 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(936) 632-7771 • Fax (936) 637-2448 • Email: admin@alhcpa.com • Website: www.alhcpa.com

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INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Auditor's Responsibility - Continued

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Panola College as of August 31, 2018 and 2017 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 26 to the financial statements, in 2018, Panola College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the College's share of the net pension liability, schedule of the College's share of the net OPEB liability, and schedules of College's contributions on pages 12 through 16 and 53 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the 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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Other Matters - Continued

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola College's basic financial statements. The introductory section, supplementary schedules, which include 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 statistical supplements are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018 on our consideration of Panola College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panola College's internal control over financial reporting and compliance.



ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
November 26, 2018

ALEXANDER LANKFORD & HIERS, INC.
Certified Public Accountants, A Professional Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Panola County Junior College District (College), we offer readers of the College's financial statement this narrative overview and analysis of the financial activities of the College for the year ended August 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the front of this report, and the College's financial statements and notes to the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources at August 31, 2018 by \$32,967,924 (net position). Of this amount, \$5.8M may be used to meet the College's ongoing obligations. The decrease in unrestricted net position is primarily due to the implementation of GASB Statement No. 75 for Other Post-Employment Benefits (OPEB). The calculation on page 16 reflects adjustments to the unrestricted net position to arrive at \$19.8M of operational resources.
- Revenue exceeded expenses by \$4,292,175 for the current fiscal year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the College's basic financial statements. Governmental Accounting Standards Board (GASB) Statement No. 34 first required the implementation of new financial statement reporting standards for the College with the fiscal year ended August 31, 2002. The new standards required the College's financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. The basic financial statements include: 1) the *Statement of Net Position*, 2) the *Statement of Revenues, Expenses, and Changes in Net Position*, and 3) the *Statement of Cash Flows*. The notes to the financial statements are an integral part of the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Statement of Net Position. The Statement of Net Position presents all of the College's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities, which are supported mainly by state appropriations, federal revenue, ad-valorem taxes, and tuition and fee revenues. This approach is intended to summarize and simplify the user's analysis of costs of various College services to students and the public. The statement presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of these statements distinguish the functions of the College as being a "special purpose government engaged only in business-type activities" (BTA), as permitted in GASB 35, Par. 43. Business-type activity reporting is a category of "Proprietary" funds referred to as "Enterprise" funds (GASB 34, Par. 66 and 138) and is presented in a single column entity-wide format. Although the College is funded from sources in addition to user charges, the College meets the principal criteria for BTA reporting (GASB 34, Par. 67 & GASB 35 Par. 44).

Statement of Cash Flows. The Statement of Cash Flows is used to account for essentially the same functions reported in the other basic financial statements. However, unlike the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year.

Notes to the financial statements.

The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the basic financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

ANALYSIS OF BASIC FINANCIAL STATEMENTS

Condensed Statements of Net Position as of August 31, 2018, 2017 and 2016

	2018	% of Total	from 2017 to 2018		2017	from 2016 to 2017		2016
			Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Assets:								
Current assets	\$ 21,883,842	25.8%	\$ (4,575,789)	(17.3%)	\$ 26,459,631	\$ 2,831,393	12.0%	\$ 23,628,238
Noncurrent assets:								
Capital assets, net	50,870,724	60.1%	(1,522,817)	(2.9%)	52,393,541	(1,347,378)	(2.5%)	53,740,919
Other	11,918,772	14.1%	8,608,989	260.1%	3,309,783	122,983	3.9%	3,186,800
Total assets	84,673,338	100.0%	2,510,383	3.1%	82,162,955	1,606,998	2.0%	80,555,957
Deferred outflows	858,072	100.0%	182,739	27.1%	675,333	76,683	12.8%	598,650
Liabilities:								
Current liabilities	7,638,704	15.4%	(722,871)	(8.6%)	8,361,575	164,148	2.0%	8,197,427
Non-current liabilities	41,947,937	84.6%	9,315,154	28.5%	32,632,783	(1,751,047)	(5.1%)	34,383,830
Total liabilities	49,586,641	100.0%	8,592,283	21.0%	40,994,358	(1,586,899)	(3.7%)	42,581,257
Deferred Inflows	2,976,845	100.0%	2,629,502	757.0%	347,343	14,603	4.4%	332,740
Net position:								
Net investment in capital assets	21,559,718	65.3%	361,765	1.7%	21,197,953	518,218	2.5%	20,679,735
Restricted	5,618,944	17.1%	971,635	20.9%	4,647,309	917,555	24.6%	3,729,754
Unrestricted	5,789,262	17.6%	(9,862,061)	(63.0%)	15,651,323	1,820,202	13.2%	13,831,121
Total net position	\$ 32,967,924	100.0%	\$ (8,528,661)	(20.6%)	\$ 41,496,585	\$ 3,255,975	8.5%	\$ 38,240,610

Cash reserves decreased for the year, decreasing \$4.6M under the previous year's position. The 2017-18 year's activity (including adjustments made for GASB 75) decreases Panola College's overall net position by \$8.5M, a decrease of 20.6% (this includes revenues over expenditures that increase net position by \$4.3M and an adjustment made for GASB 75 that reduces net position by \$12.8M). The 2016-17 year's activity increased the overall net position of the College by 8.5% over the previous year's position. The College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,967,924 at August 31, 2018. Assets amounted to \$84,673,338 with investment in capital assets comprising \$50.9M of that total. Capital assets include land, library books, buildings and improvements, vehicles, furniture, and equipment. The College uses these capital assets to provide services to students and, consequently, these assets are not available for future spending. The College's net investment in capital assets is 65.3% of total net position. It should be noted that the capital assets themselves may not be used to liquidate liabilities. Additionally, \$5.6M (17.1%) of total net position is externally restricted. The remaining balance of \$5.8M represents unrestricted net position that may be used to meet the College's ongoing obligations; the calculation on page 16 reflects adjustments to the unrestricted net position to arrive at \$19.8M of operational resources available to the College. Total liabilities amounted to \$49.6M, up by 21.0% over the previous year (this includes adjustments for the implementation of GASB 75).

Note that GASB Statement 68 requires the College to allocate its proportionate share of the Texas Teacher Retirement System's net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense; decisions regarding these recorded allocations are made by the administrators of the pension plan, not by the College. Additionally, with the implementation of GASB Statement 75, the College has allocated its proportionate share of the Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense; decisions regarding these recorded allocations are made by the administrators at Employees Retirement System of Texas (ERS), not by the College.

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position
as of August 31, 2018, 2017 and 2016**

	2018	% of Total	from 2017 to 2018		2017	from 2016 to 2017		2016
			Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Operating revenues								
Tuition & fees, net	\$ 3,827,729	11.7%	\$ 564,258	17.3%	\$ 3,263,471	\$ 83,923	2.6%	\$ 3,179,548
Grants and contracts	1,239,558	3.8%	(269,552)	(17.9%)	1,509,110	793,356	110.8%	715,754
Auxiliary enterprises	1,095,665	3.4%	15,237	1.4%	1,080,428	(4,715)	(0.4%)	1,085,143
Other operating revenues	439,085	1.3%	89,075	25.4%	350,010	(25,440)	(6.8%)	375,450
Total operating revenues	6,602,037	20.2%	399,018	6.4%	6,203,019	847,124	15.8%	5,355,895
Non-operating revenues								
State appropriations	6,512,379	20.0%	595,926	10.1%	5,916,453	(51,210)	(0.9%)	5,967,663
Ad-valorem taxes	8,601,571	26.3%	150,014	1.8%	8,451,557	(487,313)	(5.5%)	8,938,870
Federal revenue	8,932,617	27.3%	(480,964)	(5.1%)	9,413,581	520,704	5.9%	8,892,877
Gifts/ Endowments	1,517,547	4.6%	1,093,759	258.1%	423,788	(240,341)	(36.2%)	664,129
Gain (loss) on assets	(309,382)	(0.9%)	(309,382)	(100.0%)	-	176,567	(100.0%)	(176,567)
Investment income	825,561	2.5%	580,967	237.5%	244,594	(35,572)	(12.7%)	280,166
Total non-operating revenues	26,080,293	79.8%	1,630,320	6.7%	24,449,973	(60,369)	(0.2%)	24,510,342
Total revenues	32,682,330	100.0%	2,029,338	6.6%	30,652,992	786,755	2.6%	29,866,237
Operating expenses								
Instruction	8,883,638	31.4%	500,769	6.0%	8,382,869	17,972	0.2%	8,364,897
Public service	364,620	1.3%	(36,089)	(9.0%)	400,709	194,628	94.4%	206,081
Academic support	2,879,980	10.1%	271,451	10.4%	2,608,529	4,625	0.2%	2,603,904
Student services	1,597,438	5.6%	225,990	16.5%	1,371,448	(189,550)	(12.1%)	1,560,998
Institutional support	2,759,771	9.7%	238,083	9.4%	2,521,688	(10,398)	(0.4%)	2,532,086
O & M of plant	1,794,334	6.3%	22,991	1.3%	1,771,343	60,613	3.5%	1,710,730
Scholarships & fellowships	4,291,788	15.1%	(177,973)	(4.0%)	4,469,761	698,795	18.5%	3,770,966
Auxiliary enterprises	2,578,637	9.1%	(92,032)	(3.4%)	2,670,669	(232,028)	(8.0%)	2,902,697
Depreciation	2,276,731	8.0%	74,982	3.4%	2,201,749	176,401	8.7%	2,025,348
Total operating expenses	27,426,937	96.6%	1,028,172	3.9%	26,398,765	721,058	2.8%	25,677,707
Non-operating expenses	963,218	3.4%	(35,034)	(3.5%)	998,252	828,145	486.8%	170,107
Total expenses	28,390,155	100.0%	993,138	3.6%	27,397,017	1,549,203	6.0%	25,847,814
Changes in net position	4,292,175	13.0%	1,036,200	31.8%	3,255,975	(762,448)	(19.0%)	4,018,423
Beginning net position	41,496,585	125.9%	3,255,975	8.5%	38,240,610	4,018,423	11.7%	34,222,187
Prior period adjustment	(12,820,836)	(38.9%)	(12,820,836)	(100.0%)	-	-	0.0%	-
Ending net position	\$ 32,967,924	100.0%	\$ (8,528,661)	(20.6%)	\$ 41,496,585	\$ 3,255,975	8.5%	\$ 38,240,610

For the 2018 fiscal year, the operating revenues amounted to \$6.6M and non-operating revenues \$26.1M for a total of \$32.7M. Major operating revenues include (net of discounts) \$3.8M in tuition and fees, \$1.2M in grants and contracts, and \$1.1M in auxiliary enterprises. Major non-operating revenues include \$6.5M in state appropriations, \$8.6M in ad-valorem taxes, and \$8.9M in federal revenues. Operating expenses totaled \$27.4M and non-operating expenses were \$963,218 for total expenses of \$28.4M. Prior to the adjustment required by implementation of GASB 75, the changes in net position were an increase of \$4.3M; the GASB 75 adjustment is only reflected in the 2018 fiscal year so an overall reduction in net position is reflected in a decrease in net position of \$8.5M or 20.6% from 2017 to 2018.

For the 2017 fiscal year, the change in net position from 2016 to 2017 due to operating activities of the College was an increase of \$3.3M.

Instruction operating expense includes expenditures for all activities that are part of the College's instruction program (in all years). These activities include credit and noncredit courses for academic, vocational, and developmental and tutorial instruction. Public Service includes funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the College. Academic support expenses are

used to provide support services for the College’s primary missions of instruction, research, and public service. This includes library expenses, academic administration, computer services, and distance learning support. Student services include expenses for offices of records and admissions and student activities. Institutional support includes expenses related to the College’s executive management, fiscal operations, personnel management, college development, administrative computing, and general institutional expenses. Operation and maintenance of plant are expenditures for the operation and maintenance of the physical plant. Scholar-ships and fellowships categorization includes scholarships and fellowships, as well as tuition remissions and ex-emptions. Auxiliary enterprises include expenditures for the college store, food services, residence halls, and athletic programs.

**Condensed Statements of Cash Flows
as of August 31, 2018, 2017 and 2016**

	2018	Increase (Decrease)	2017	Increase (Decrease)	2016
Cash provided by/(used) for:					
Operating activities	\$(16,918,769)	\$ 232,496	\$(17,151,265)	\$ 1,706,762	\$(18,858,027)
Noncapital financing activities	24,088,173	1,019,436	23,068,737	517,962	22,550,775
Capital and related financing activities	(3,716,513)	(62,106)	(3,654,407)	6,631,209	(10,285,616)
Investing activities	8,851,595	13,335,029	(4,483,434)	(8,116,579)	3,633,145
Net increase (decrease) in cash and cash equivalents	12,304,486	14,524,855	(2,220,369)	739,354	(2,959,723)
Cash and cash equivalents – beginning of year	4,302,590	(2,220,369)	6,522,959	(2,959,723)	9,482,682
Cash and cash equivalents – end of year	<u>\$ 16,607,076</u>	<u>\$ 12,304,486</u>	<u>\$ 4,302,590</u>	<u>\$ (2,220,369)</u>	<u>\$ 6,522,959</u>

Cash and cash equivalents at August 31, 2018 were \$16.6M, which is an increase of \$12.3M or 286.0%.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION

Given the positive net position and the positive trend of continued productivity, the College’s financial position has improved and remains strong, with unrestricted net position (excluding the adjustments required by GASB Statements 68 and 75) representing more than ten months of operating reserves, which is above the 3.6 months’ minimum recommended by the State Auditor’s Office.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The College’s investment in capital assets as of August 31, 2018 amounts to \$50,870,724 (net of accumulated depreciation) and represents a decrease of 2.9% from the previous year. This investment includes land, library books, buildings and improvements, and furniture and equipment.

**Capital Assets
(net of depreciation)
as of August 31, 2018, 2017 and 2016**

	2018	Increase (Decrease)	% Change	2017	Increase (Decrease)	% Change	2016
Land	\$ 1,960,870	\$ -	0.0%	\$ 1,960,870	\$ 78,597	4.2%	\$ 1,882,273
Library Books	141,872	(14,619)	(9.3%)	156,491	(12,882)	(7.6%)	169,373
Buildings and Improvements	47,020,830	(1,863,149)	(3.8%)	48,883,979	(1,543,939)	(3.1%)	50,427,918
Furniture and Equipment	1,747,152	354,951	25.5%	1,392,201	130,846	10.4%	1,261,355
Total	<u>\$ 50,870,724</u>	<u>\$ (1,522,817)</u>	<u>(2.9%)</u>	<u>\$ 52,393,541</u>	<u>\$ (1,347,378)</u>	<u>(2.5%)</u>	<u>\$ 53,740,919</u>

Please refer to footnote “8—Capital Assets” for additional information.

Long-term Debt

The College issued \$2.5 million, 15-year revenue bonds in March 2005. The principal balance at August 31, 2018 was \$420,000. In September 2013, the College issued 25-year general obligation bonds of \$9,325,000. The principal balance at August 31, 2018 was \$6,550,000. In September 2014, the College issued 25-year general obligation bonds of \$25,155,000. The principal balance at August 31, 2018 was \$21,880,000.

Long-term Liabilities as of August 31, 2018, 2017 and 2016

	2018	Increase (Decrease)	% Change	2017	Increase (Decrease)	% Change	2016
General obligation bonds	\$ 28,430,000	\$ (920,000)	(3.1%)	\$ 29,350,000	\$ (885,000)	(2.9%)	\$ 30,235,000
General obligation bonds premium	461,006	(164,581)	(26.3%)	625,587	(188,596)	(23.2%)	814,183
Revenue bonds payable	420,000	(800,000)	(65.6%)	1,220,000	(792,000)	(39.4%)	2,012,000
Total	\$ 29,311,006	\$ (1,884,581)	(6.0%)	\$ 31,195,587	\$ (1,865,596)	(5.6%)	\$ 33,061,183

On May 11, 2013, the College passed a \$35 million bond program to fund the construction of a new science/health science building, a new student life center and to renovate several existing buildings. In September 2013, in order to provide funds for architectural design, site work and other construction activities the College issued initial \$9,325,000 par value General Obligation Bonds, Series 2013. In September 2014, the College issued the final tranche of the authorized bonds in the amount of \$25,155,000. A new science/health science building and a new student life center were completed in time for the fall 2015 semester.

Additional information on the College's long-term debt can be found in footnote 9 of this report.

Calculation of Unrestricted Net Position, Exclusive of Plant and Plant-Related Debt (UNPEP) – Operational Resources

Unrestricted Net Position, Exclusive of Plant and Plant-Related Debt as of August 31, 2018, 2017 and 2016

	2018	Increase (Decrease)	% Change	2017	Increase (Decrease)	% Change	2016
Unrestricted Net Position - Audited	\$ 5,789,262	\$ (9,862,061)	(63.0%)	\$ 15,651,323	\$ 1,820,202	13.2%	\$ 13,831,121
Compensable Absences (current)	125,229	995	0.8%	124,234	3,894	3.2%	120,340
Compensable Absences (non-current)	193,869	17,324	9.8%	176,545	1,823	1.0%	174,722
Net OPEB Liability (GASB 75)	10,983,393	10,983,393	100.0%	-	-	0.0%	-
Net Pension Liability (GASB 68)	2,680,991	(380,325)	(12.4%)	3,061,316	125,290	4.3%	2,936,026
Total UNPEP	\$ 19,772,744	\$ 759,326	4.0%	\$ 19,013,418	\$ 1,951,209	11.4%	\$ 17,062,209

ECONOMIC FACTORS

Panola College is committed to excellence in instructional programs, student services, service to the community, and leadership in economic development and cultural enrichment of the area. The Board of Trustees and the citizens of the College district are committed to meeting the needs of our students today and in the future. The College plans for future building expansion that will provide facilities to meet the needs of these students for years to come. The College will continue to strive to meet its mission while providing an affordable education for its students. The outlook for Panola College is positive due to its strong leadership, fiscal management and a strong economy in its service area.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, students, stakeholders and creditors with a general overview of the College's finances as well as demonstrate accountability for the funds the College receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Vice President of Fiscal Services, Panola College, 1109 West Panola, Carthage, Texas 75633.

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BASIC FINANCIAL STATEMENTS



PANOLA COLLEGE
EXHIBIT 1
STATEMENTS OF NET POSITION
August 31, 2018 and 2017

	<u>2018</u> <u>Primary</u> <u>Institution</u>	<u>2017</u> <u>Primary</u> <u>Institution</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 16,607,076	\$ 4,302,590
Short-term investments	-	16,747,596
Accounts receivable (net)	3,757,896	3,936,437
Inventories	478,535	414,247
Other assets	1,040,335	1,058,761
Total Current Assets	<u>21,883,842</u>	<u>26,459,631</u>
Noncurrent Assets		
Endowment and other investments	11,918,772	3,309,783
Capital assets, net (See note)	50,870,724	52,393,541
Total Noncurrent Assets	<u>62,789,496</u>	<u>55,703,324</u>
Total Assets	<u>84,673,338</u>	<u>82,162,955</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	527,603	675,333
Deferred outflows related to OPEB	330,469	-
Total Deferred Outflows of Resources	<u>858,072</u>	<u>675,333</u>
LIABILITIES		
Current Liabilities		
Accounts payable	530,021	485,597
Accrued liabilities	304,907	298,771
Accrued compensable absences - current portion	125,229	124,234
Funds held for others	610,145	681,239
Unearned revenues	4,759,235	4,887,153
Bonds payable - current portion	1,309,167	1,884,581
Total Current Liabilities	<u>7,638,704</u>	<u>8,361,575</u>
Noncurrent Liabilities		
Deposits	87,845	83,916
Accrued compensable absences	193,869	176,545
Bonds payable	28,001,839	29,311,006
Net pension liability	2,680,991	3,061,316
Net OPEB liability	10,983,393	-
Total Noncurrent Liabilities	<u>41,947,937</u>	<u>32,632,783</u>
Total Liabilities	<u>49,586,641</u>	<u>40,994,358</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	548,362	347,343
Deferred inflows related to OPEB	2,428,483	-
Total Deferred Inflows of Resources	<u>2,976,845</u>	<u>347,343</u>
NET POSITION		
Net investment in capital assets	21,559,718	21,197,953
Restricted for		
Nonexpendable		
Student Aid	3,791,459	3,271,165
Expendable		
Construction	1,173,042	861,889
Debt Service	625,679	517,433
Student Aid	28,764	(3,178)
Unrestricted	5,789,262	15,651,323
Total Net Position	<u>\$ 32,967,924</u>	<u>\$ 41,496,585</u>

The accompanying notes are an integral part of this financial statement.

PANOLA COLLEGE
EXHIBIT 1-A
AFFILIATED ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
August 31, 2018 and 2017

	2018 Panola College Foundation	2017 Panola College Foundation
Assets		
Cash and cash equivalents	\$ 464,996	\$ 875,415
Short-term certificates of deposit	121,404	121,368
Mutual fund investments	2,430,695	2,164,431
Annuity contracts	103,254	94,407
Total Assets	<u>3,120,349</u>	<u>3,255,621</u>
Liabilities		
Accounts payable	19,455	-
Total Liabilities	<u>19,455</u>	<u>-</u>
Net Position		
Unrestricted	1,225,497	1,597,603
Permanently restricted	1,875,397	1,658,018
Total Net Position	<u>\$ 3,100,894</u>	<u>\$ 3,255,621</u>

The accompanying notes are an integral part of this financial statement.

PANOLA COLLEGE
EXHIBIT 2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
	<u>Primary</u>	<u>Primary</u>
	<u>Institution</u>	<u>Institution</u>
Operating Revenues		
Tuition and fees (net of discounts of \$5,245,910 for 2018 and \$5,235,872 for 2017)	\$ 3,827,729	\$ 3,263,471
Federal grants and contracts	579,903	565,587
State grants and contracts	657,914	937,306
Non-governmental grants and contracts	1,741	6,217
Sales and services of educational activities	73,175	93,021
Auxiliary enterprises (net of discounts of \$1,793,895 for 2018 and \$1,889,238 for 2017)	1,095,665	1,080,428
Other operating revenues (net of discounts of \$-0-)	365,910	256,989
Total Operating Revenues (Schedule A)	<u>6,602,037</u>	<u>6,203,019</u>
Operating Expenses		
Instruction	8,883,638	8,382,869
Public service	364,620	400,709
Academic support	2,879,980	2,608,529
Student services	1,597,438	1,371,448
Institutional support	2,759,771	2,521,688
Operation and maintenance of plant	1,794,334	1,771,343
Scholarships and fellowships	4,291,788	4,469,761
Auxiliary enterprises	2,578,637	2,670,669
Depreciation	2,276,731	2,201,749
Total Operating Expenses (Schedule B)	<u>27,426,937</u>	<u>26,398,765</u>
Operating Loss	<u>(20,824,900)</u>	<u>(20,195,746)</u>
Non-Operating Revenues (Expenses)		
State appropriations	6,512,379	5,916,453
Ad-valorem taxes - maintenance & operations	6,490,785	6,386,554
Ad-valorem taxes - debt service	2,110,786	2,065,003
Federal revenue, non-operating	8,932,617	9,413,581
Gifts	1,187,111	345,131
Investment income (net of investment expenses)	533,051	200,924
Gain (loss) on disposal of capital assets	(309,382)	-
Royalty income	292,510	43,670
Interest on capital related debt	(963,218)	(998,252)
Net Non-Operating Revenues (Schedule C)	<u>24,786,639</u>	<u>23,373,064</u>
Income Before Other Revenues	3,961,739	3,177,318
Other Revenues		
Additions to Permanent Endowments	330,436	78,657
Total Other Revenues	<u>330,436</u>	<u>78,657</u>
Increase in Net Position	4,292,175	3,255,975
Net Position		
Net position - beginning of year	41,496,585	38,240,610
Cumulative effect of change in accounting principle	(12,820,836)	-
Net position - beginning of year as restated	<u>28,675,749</u>	<u>-</u>
Net position - end of year	<u>\$ 32,967,924</u>	<u>\$ 41,496,585</u>

The accompanying notes are an integral part of this financial statement.

PANOLA COLLEGE
EXHIBIT 2-A
AFFILIATED ORGANIZATION
STATEMENTS OF ACTIVITIES
For the Years Ended August 31, 2018 and 2017

	2018 Panola College Foundation Unrestricted	2018 Panola College Foundation Restricted	2018 Panola College Foundation Total
Revenue			
Investment income	\$ 795	\$ 79,034	\$ 79,829
Unrealized investment income(loss)	-	172,035	172,035
Gifts	610,019	19,690	629,709
Other	220	-	220
Total Revenue	<u>611,034</u>	<u>270,759</u>	<u>881,793</u>
Expenses			
Scholarships and support	983,140	53,380	1,036,520
Total Expenses	<u>983,140</u>	<u>53,380</u>	<u>1,036,520</u>
Increase (Decrease) in Net Position	(372,106)	217,379	(154,727)
Net position - beginning of year	1,597,603	1,658,018	3,255,621
Net position - end of year	<u>\$ 1,225,497</u>	<u>\$ 1,875,397</u>	<u>\$ 3,100,894</u>

	2017 Panola College Foundation Unrestricted	2017 Panola College Foundation Restricted	2017 Panola College Foundation Total
Revenue			
Investment income	\$ 707	\$ 73,190	\$ 73,897
Unrealized investment income	-	174,401	174,401
Realized investment income(loss)	-	491	491
Gifts	764,770	13,240	778,010
Transfer from Panola College	-	-	-
Other	153	-	153
Total Revenue	<u>765,630</u>	<u>261,322</u>	<u>1,026,952</u>
Expenses			
Scholarships and support	56,350	46,963	103,313
Total Expenses	<u>56,350</u>	<u>46,963</u>	<u>103,313</u>
Increase (decrease) in Net Position	709,280	214,359	923,639
Net position - beginning of year	888,323	1,443,659	2,331,982
Net position - end of year	<u>\$ 1,597,603</u>	<u>\$ 1,658,018</u>	<u>\$ 3,255,621</u>

The accompanying notes are an integral part of this financial statement.

PANOLA COLLEGE
EXHIBIT 3
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2018 and 2017

	2018	2017
	Primary	Primary
	Institution	Institution
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 5,125,793	\$ 4,412,284
Receipts from grants and contracts	1,176,247	1,478,818
Payments to or on behalf of employees	(12,395,619)	(11,657,276)
Payments to suppliers for goods or services	(6,533,402)	(6,915,330)
Payments of scholarships	(4,291,788)	(4,469,761)
Net cash used for operating activities	<u>(16,918,769)</u>	<u>(17,151,265)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	5,075,262	4,682,985
Ad valorem tax revenues	8,507,831	8,417,675
Receipts from non-operating federal revenue	9,260,279	9,429,735
Gifts and grants (other than capital)	1,311,967	349,158
Student organization and other agency transactions	(67,166)	189,184
Net cash provided by noncapital financing activities	<u>24,088,173</u>	<u>23,068,737</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(857,717)	(779,741)
Interest expense paid	(1,138,796)	(1,197,666)
Payments on capital debt and leases	(1,720,000)	(1,677,000)
Net cash used for capital and related financing activities	<u>(3,716,513)</u>	<u>(3,654,407)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	15,945,825	25,430,391
Investment earnings	599,326	190,326
Purchases of investments	(7,693,556)	(30,104,151)
Net cash provided by (used for) investing activities	<u>8,851,595</u>	<u>(4,483,434)</u>
 Increase (decrease) in cash and cash equivalents	 12,304,486	 (2,220,369)
Cash and cash equivalents - beginning of year	<u>4,302,590</u>	<u>6,522,959</u>
Cash and cash equivalents - end of year	<u>\$ 16,607,076</u>	<u>\$ 4,302,590</u>
 Noncash investing, capital, and financing activities:		
 Increase in fair value of investments	 <u>\$ 113,662</u>	 <u>\$ 38,315</u>
Amortization of bond premium	<u>\$ 164,581</u>	<u>\$ 188,596</u>
Donated Capital Assets	<u>\$ 205,580</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

PANOLA COLLEGE
EXHIBIT 3 (Continued)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2018 and 2017

	2018	2017
	Primary	Primary
	Institution	Institution
	<u> </u>	<u> </u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (20,824,900)	\$ (20,195,746)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation expense	2,276,731	2,201,749
On-behalf state benefits (excluding pension and OPEB expense)	709,260	983,115
Pension expense	405,652	588,366
College's contributions to TRS made subsequent to the measurement date	(282,747)	(274,803)
OPEB expense	1,161,164	-
College's contributions to ERS made subsequent to the measurement date	(327,217)	-
Changes in assets and liabilities		
(Increase) decrease in Receivables, net	57,192	(170,782)
Decrease in Inventories	(64,288)	(21,187)
(Increase) decrease in Other assets	18,426	(237,019)
Increase (decrease) in Unearned revenue	(127,918)	88,136
Increase (decrease) in Accounts payable	44,424	(190,240)
Increase in Accrued liabilities-payroll related	17,133	71,429
Increase in Compensated absences	18,319	5,717
Total Adjustments	<u>3,906,131</u>	<u>3,044,481</u>
Net cash used for operating activities	<u>\$ (16,918,769)</u>	<u>\$ (17,151,265)</u>

The accompanying notes are an integral part of this financial statement.

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PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

1. **REPORTING ENTITY**

Panola College was established in 1947 in accordance with the laws of the State of Texas to serve the educational needs of the Panola College service area. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College 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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College is reported as a special-purpose government engaged in business-type activities in accordance with GASB Statements 34 and 35.

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. The amount 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 56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount.

Title IV, Higher Education Act (HEA) Program Funds

Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount.

Other Tuition Discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount.

Basis of Accounting

The financial statements of the College have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the College's policy is to apply restricted resources first.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year-end that are provided for in the subsequent year's budget are reported as unrestricted net position since they do not constitute expenditures or liabilities.

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Budgetary Data

Each community college district 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 College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning.

Cash and Cash Equivalents

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

Deferred Inflows and Outflows of Resources

In addition to assets, the statements 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 one or more future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

For the year ended August 31, 2018, the College has items that qualify for reporting as deferred outflows of resources and deferred inflows of resources. The College reports the deferred outflows and inflows related to the TRS net pension liability and ERS net OPEB liability on the Statement of Net Position. Those items are detailed in TRS Note 14 and ERS Note 18.

Investments

Investments are reported at fair value on a recurring basis. Fair values are based on quoted prices (level 1 of the fair value hierarchy). Investments in common trust funds are valued using the net asset value per share in accordance with GASB Statement No. 72. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Investments in Lone Star Investment Pool are reported at amortized cost (which approximates fair value). (The governing board has designated public funds investment pools comprised of \$11,200,361 and \$931 at August 31, 2018 and 2017, 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 bookstore stock. Inventories for resale are valued at lower of cost under the "first-in, first-out" method, or market and are charged to expense as consumed.

Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their acquisition value on the date received. Panola College's capitalization policy includes real or personal property with a value equal to or greater than \$5,000 and has an estimated life of greater than 1 year. The College reports depreciation under a single-line item as a business-type unit. 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:

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Buildings	30 years
Facilities and Other Improvements	10-20 years
Furniture, Machinery, Vehicles and Other Equipment	5-10 years
Telecommunications and Peripheral Equipment	5 years
Library Books	15 years

Collections

The College does not maintain any capitalized collections for public exhibition, education, or research.

Unearned Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2018 and 2017 have been reported as unearned revenues.

Estimates

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

Operating Revenues and Expenses and Non-Operating Revenues and Expenses

The statement of revenues, expenses and changes in net position distinguishes between operating revenues and expenses and non-operating revenues and expenses. For this purpose, operating revenues, such as tuition and fees, result from exchange transactions associated with the principal ongoing operations of the College. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Non-operating revenues arise from exchange transactions not associated with the College's principal activities (such as investment income and state allocations) and from all non-exchange transactions (such as property taxes and Title IV grants). Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Non-operating expenses are comprised of interest on long-term debt and bond issuance costs.

Net Position

The College reports its net position in three components. Net investment in capital assets is equal to amounts reported for capital assets net of accumulated depreciation and net of related debt. Restricted net position is reported when assets (net of related debt) can only be used for a specified purpose that is established by grantors, contributors, or laws or regulations governing the College. Unrestricted net position is comprised of all other College assets net of related depreciation and debt that do not meet the definitions of invested in capital assets or restricted.

Pensions

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

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Other Post-Employment Benefits (OPEB)

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

3. COMPONENT UNIT (AFFILIATED ORGANIZATION)

Governmental Accounting Standards Board (GASB) Statement 39 amends GASB Statement 14 regarding the inclusion of annual financial statements of certain non-profit organizations in the primary government's annual report. The Panola College Foundation (the Foundation) is a non-profit corporation organized under the Texas Non Profit Corporation Act. The Foundation is not a governmental entity. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The sole purpose of the Foundation is to strengthen the educational resources of Panola College by encouraging a program of benefactions to the College. Appointments to the board of trustees are ratified by the Panola College board of trustees, and two members of the College's board serve on the Foundation's board. The College discretely presents the financial activity of the Foundation in the College's annual financial report as an affiliated organization. Separate financial statements of the Foundation are normally not issued.

Financial transactions in the form of support from the Foundation to the College for the years ended August 31, 2018 and 2017 amounted to approximately \$1,036,520 and \$103,313 respectively.

Deposits were fully covered by FDIC insurance at August 31, 2018 and 2017, and consisted of deposits in bank, certificates of deposit and money market funds. Investments in mutual funds and annuities are valued at fair value based on quoted market values (level 1 of the fair value hierarchy) obtained from the various investment brokers. The Foundation's investments in mutual funds are all rated "****" or better by Morningstar Rating Services. The investment in TPF Balanced Fund, a common trust fund, is unrated and valued using net asset value per share.

4. AUTHORIZED INVESTMENTS

Panola College 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. The investments of the College are in compliance with these investment policies.

5. DEPOSITS AND INVESTMENTS

During the 2018 and 2017 fiscal years, deposits and investments were comprised of cash on hand, bank demand deposits, bank time deposits, investments with the Lone Star Investment Pool, and mutual funds administered by American Funds Distributors. In the 2018 fiscal year, the College invested in a common trust fund, TPF Balanced Fund, administered by Texas Presbyterian Foundation.

Deposits on account with financial institutions were insured by federal depository insurance and collateralized by pledged securities. The pledged securities are held by the depository bank's agent bank in the name of the College. Such securities cannot be released without the express written permission of the Board of Trustees of the College.

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The College's temporary investments consist of balances held by Lone Star Investment Pool (Government Overnight Fund), Lincoln Financial Advisors and Texas Presbyterian Foundation. The Lone Star Investment Pool is a public fund investment pool created to provide a safe environment for the placement of local government funds in short-term investments. The Government Overnight Fund is regulated by the Securities and Exchange Act and seeks to maintain a net asset value of one dollar and a dollar weighted average maturity of 60 days or fewer. At August 31, 2018 and August 31, 2017, the weighted average maturity was 20 days and 22 days, respectively. Lone Star Investment Pool is administered by First Public. Lone Star Investment Pool was rated AAAM by Standard & Poor's as of August 31, 2018 and August 31, 2017. The fair value of the investment in Lone Star Investment Pool was the same as its carrying value of \$11,200,361 and \$931 for the years ending August 31, 2018 and 2017, respectively.

Lincoln Financial Advisors is the broker for the College's investment in five mutual funds within the American Funds Family. Each of the five funds were rated "****" or better by Morningstar Rating Services. The fair value of the mutual fund investments was the same as its carrying value of \$360,832 and \$316,102 for the years ending August 31, 2018 and 2017, respectively.

Texas Presbyterian Foundation is the custodian of the College's investment in TPF Balanced Fund, a common trust fund (CTF). The CTF is not rated and is valued using the net asset value per share. The fair value of the CTF was the same as its carrying value, \$4,012,487. The investment strategy of the CTF is to produce a total rate of return to provide a stable, predictable and growing source of income. There are no restrictions on redemption or sale of the CTF. The College can redeem shares at any time.

Details of the composition of the deposit balances and categorization as presented in the Statement of Net Position at Exhibit 1 are summarized below:

Composition of Cash, Deposits and Investments

	August 31, 2018	August 31, 2017
Cash and Deposits		
Cash in Banks:		
Demand Deposits	\$ 5,404,285	\$ 4,299,229
Time Deposits	7,545,453	19,741,278
Petty Cash on Hand	2,430	2,430
Total Cash and Deposits	12,952,168	24,042,937
Investments		
Short-Term Investments		
Lone Star Investment Pool		931
Liquidity Plus Fund	11,200,361	
Mutual Fund Investments	360,832	316,101
Common Trust Fund	4,012,487	-
Total Investments	15,573,680	317,032
Total Deposits and Investments	\$ 28,525,848	\$ 24,359,969

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Classification in Statement of Net Position, Exhibit 1

	August 31, 2018	August 31, 2017
Cash and Cash Equivalents		
Cash in Banks:		
Demand Deposits	\$ 5,404,285	\$ 4,299,229
Short-Term Investments		
Lone Star Investment Pool		
Liquidity Plus Fund	11,200,361	931
Petty Cash on Hand	2,430	2,430
Total Cash and Cash Equivalents	16,607,076	4,302,590
Short-Term Investments		
Cash in Banks – Time Deposits	-	16,747,596
Endowment and Other Investments		
Cash in Banks – Time Deposits	7,545,453	2,993,682
Mutual Fund Investments	360,832	316,101
Common Trust Fund	4,012,487	-
Total Investments	11,918,772	3,309,783
Total Cash, Deposits and Investments	\$ 28,525,848	\$ 24,359,969

Policies Governing Deposits and Investments

In compliance with the *Public Funds Investment Act*, the College has adopted a deposit and investment policy. Specific policies applicable to deposits and investments of the College and the risks of such are described below.

- a. **Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy does not limit investments based on credit ratings. The credit ratings for the College's investments are indicated in the preceding paragraphs.
- b. **Custodial Credit Risk – Deposits:** This is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's policy with respect to custodial credit risk complies with State law. At August 31, 2018 and 2017, the bank balances of the College's deposits were \$13,117,834 and \$24,344,341, respectively. Of these balances, the amounts covered by FDIC insurance were \$3,977,414 and \$4,023,364 at August 31, 2018 and 2017, respectively. The remaining balance at August 31, 2018 and 2017 of \$9,140,420 and \$20,320,977, respectively, were entirely covered by pledged collateral held by the pledging financial institution's agent bank in the College's name. Therefore, the College was not exposed to custodial credit risk at August 31, 2018 and 2017.

6. DERIVATIVES

Derivatives are investment products which may be a security or contract which derives its value from another security, currency, commodity or index, regardless of the source of funds used. Panola College did not invest in any derivative products during the year.

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7. ENDOWMENTS

The investment policy of the Board of Trustees is reviewed and adopted annually. Within that investment policy, the investment objective for the endowment fund is to preserve the real purchasing power of the principal and to provide a stable source of perpetual financial support to scholarships in accordance with the endowment spending policy. The brokerage firm or other endowment manager is also adopted annually by the Board of Trustees and is required to certify familiarity with and compliance with the Public Funds Investment Act of the State of Texas and the Investment Policy of the College. Endowment funds are subject to the provisions of the “Uniform Prudent Management of Institutional Funds Act” in Chapter 163 of the Texas Property Code.

Distributions from endowment investments are required to be spent for the purposes for which the endowment was established. Scholarship distributions are made pursuant to the investment policy. For the years ended August 31, 2018 and 2017, endowment interest, dividend earnings, and capital gains totaled \$80,700 and \$26,373 respectively. Gifts to endowments totaled \$330,436 and \$78,657 for the fiscal years ended August 31, 2018 and 2017, respectively. Unrealized gains and losses for the years ended August 31, 2018 and 2017 totaled \$113,662 gain and \$38,315 gain, respectively. Endowment net position is classified as restricted nonexpendable student aid in the Statement of Net Position.

8. CAPITAL ASSETS

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

Description	Balance September 1, 2017	Increases	Decreases	Balance August 31, 2018
Capital assets not being depreciated:				
Land	\$ 1,960,870	\$ -	\$ -	\$ 1,960,870
Total capital assets not being depreciated	1,960,870	-	-	1,960,870
Capital assets being depreciated:				
Buildings and Improvements	63,478,240	188,310	2,509,257	61,157,293
Furniture, Fixtures, Machinery & Equipment and Other Equipment	5,860,461	857,659	133,099	6,585,021
Library Books	388,665	17,328	32,021	373,972
Total capital assets being depreciated	69,727,366	1,063,297	2,674,377	68,116,286
Less accumulated depreciation for:				
Building and Improvements	(14,594,261)	(1,742,076)	(2,199,874)	(14,136,463)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(4,468,260)	(502,708)	(133,099)	(4,837,869)
Library Books	(232,174)	(31,947)	(32,021)	(232,100)
Total accumulated depreciation	(19,294,695)	(2,276,731)	(2,364,994)	(19,206,432)
Total capital assets being depreciated, net	50,432,671	(1,213,434)	309,383	48,909,854
Net Capital Assets	\$ 52,393,541	\$ (1,213,434)	\$ 309,383	\$ 50,870,724

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

<u>Description</u>	<u>Balance September 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2017</u>
Capital assets not being depreciated:				
Land	\$ 1,882,273	\$ 78,597	\$ -	\$ 1,960,870
Total capital assets not being depreciated	<u>1,882,273</u>	<u>78,597</u>	<u>-</u>	<u>1,960,870</u>
Capital assets being depreciated:				
Buildings and Improvements	63,276,814	201,426	-	63,478,240
Furniture, Fixtures, Machinery & Equipment and Other Equipment	5,305,924	554,537	-	5,860,461
Library Books	406,046	19,811	37,192	388,665
Total capital assets being depreciated	<u>68,988,784</u>	<u>775,774</u>	<u>37,192</u>	<u>69,727,366</u>
Less accumulated depreciation for:				
Building and Improvements	(12,848,896)	(1,745,365)	-	(14,594,261)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(4,044,569)	(423,691)	-	(4,468,260)
Library Books	(236,673)	(32,693)	(37,192)	(232,174)
Total accumulated depreciation	<u>(17,130,138)</u>	<u>(2,201,749)</u>	<u>(37,192)</u>	<u>(19,294,695)</u>
Total capital assets being depreciated, net	<u>51,858,646</u>	<u>(1,425,975)</u>	<u>-</u>	<u>50,432,671</u>
Net Capital Assets	<u>\$ 53,740,919</u>	<u>\$ (1,347,378)</u>	<u>\$ -</u>	<u>\$ 52,393,541</u>

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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9. LONG-TERM LIABILITIES

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

	Balance September 1, 2017	Additions	Reductions	Balance August 31, 2018	Current Portion
<u>Notes and Bonds</u>					
Revenue Bonds Payable	\$ 1,220,000	\$ -	\$ 800,000	\$ 420,000	\$ 207,000
General Obligation Bonds Payable	29,350,000	-	920,000	28,430,000	960,000
General Obligation Bond Premium	625,587	-	164,581	461,006	142,167
<u>Other Long-Term Liabilities</u>					
Accrued Compensable Absences	300,779	161,527	143,208	319,098	125,229
Net Pension Liability	3,061,316	-	380,325	2,680,991	-
Net OPEB Liability	-	13,122,820	2,139,427	10,983,393	-
Total Long-Term Liabilities	\$ 34,557,682	\$ 13,284,347	\$ 4,547,541	\$ 43,294,488	\$ 1,434,396

Long-term liability activity for the year ended August 31, 2017 was as follows:

	Balance September 1, 2016	Additions	Reductions	Balance August 31, 2017	Current Portion
<u>Notes and Bonds</u>					
Revenue Bonds Payable	\$ 2,012,000	\$ -	\$ 792,000	\$ 1,220,000	\$ 800,000
General Obligation Bonds Payable	30,235,000	-	885,000	29,350,000	920,000
General Obligation Bond Premium	814,183	-	188,596	625,587	164,581
<u>Other Long-Term Liabilities</u>					
Accrued Compensable Absences	295,062	128,707	122,990	300,779	124,234
Net Pension Liability	2,936,026	383,197	257,907	3,061,316	-
Total Long-Term Liabilities	\$ 36,292,271	\$ 511,904	\$ 2,246,493	\$ 34,557,682	\$ 2,008,815

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Revenue Bonds Payable

The College issues bonds where the College pledges income derived from the acquired or constructed assets to pay debt service.

The College issued \$2,500,000 in revenue bonds in fiscal year 2005 to finance construction of student housing apartment complexes and additional improvements to the physical plant. In accordance with Section 130.123 of the Texas Education Code, the Series 2005 revenue bonds are to be paid by the assessment of a dorm fee to all students occupying residence halls at the College. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient for payment of principal and interest on the bonds. The Series 2005 bonds mature in the year ending August 31, 2020. The remaining principal and interest to be paid was \$444,940 and \$669,369 at August 31, 2018 and 2017, respectively. Principal and interest paid during the years ended August 31, 2018 and 2017 was \$224,428 and \$223,993 respectively. Total dorm fee revenue for August 31, 2018 and 2017 was \$1,168,940 and \$1,221,120, respectively.

In fiscal year 2008, the College issued \$6,000,000 in revenue bonds to finance the expansion and renovation of the existing library. In accordance with Section 130.123 of the Texas Education Code, the Series 2008 revenue bonds are to be paid by the collection of a general use fee. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient for payment of principal and interest on the bonds. The final maturity of the bonds is in the year ending August 31, 2018. The remaining principal and interest to be paid was \$-0- and \$617,280 at August 31, 2018 and 2017, respectively. Principal and interest paid during the years ended August 31, 2018 and 2017 was \$617,280 and \$634,560 respectively. Total general use fee revenue for August 31, 2018 and 2017 was \$3,117,853 and \$3,081,952 respectively.

Bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2005	Student housing	3.94%	\$ 420,000
Series 2008	Library expansion	2.88%	<u>-0-</u>
Total outstanding revenue bonds			<u>\$ 420,000</u>

Interest expense on the bonds amounted to \$32,273 and \$57,236 for the years ended August 31, 2018 and 2017, respectively. Accrued interest on the bonds at August 31, 2018 and 2017 amounted to approximately \$6,205 and \$15,640 respectively, and is included in the financial statements.

Annual debt service requirements associated with the revenue bonds are summarized below.

Year Ending August 31,	<u>2018</u>			<u>2017</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>
2018	\$ -	\$ -	\$ -	\$ 41,708	\$ 800,000	\$ 841,708
2019	16,548	207,000	223,548	16,548	207,000	223,548
2020	8,392	213,000	221,392	8,392	213,000	221,392
Total	<u>\$ 24,940</u>	<u>\$ 420,000</u>	<u>\$ 444,940</u>	<u>\$ 66,648</u>	<u>\$ 1,220,000</u>	<u>\$ 1,286,648</u>

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General Obligation Bonds Payable

General Obligation bonds are authorized by the Board of Trustees and approved by the voters of the College's taxing district and secured by an ad valorem tax rate Interest & Sinking portion to cover the debt service of the bonds.

On September 26, 2013 the College issued \$9,325,000 in general obligation bonds approved by the voters in the May 2013 \$35 million bond election to finance construction and equipping of buildings and the renovation of current buildings. On September 25, 2014 the College issued the remaining \$25,155,000 in general obligation bonds approved by the voters in the May 2013 \$35 million bond election. The bonds were sold in \$5,000 increments with interest rates varying from 2% to 5% and maturity dates from February 15, 2014 to February 15, 2038. A call option can be exercised for maturities after February 15, 2024. The bonds are issued pursuant to the provisions of the Constitution and the laws of the State of Texas.

The remaining principal and interest to be paid is \$40,336,625 and \$42,352,714 at August 31, 2018 and 2017, respectively. Principal and interest paid during the years ended August 31, 2018 and 2017 was \$2,016,088 and \$2,015,612, respectively.

Bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2013	Construction, renovation	2.00-5.00%	\$ 6,550,000
Series 2014	Construction, renovation	2.00-5.00%	<u>21,880,000</u>

Total outstanding general obligation bonds \$28,430,000

Interest expense on the bonds amounted to \$1,094,526 and \$1,129,112 for the year ended August 31, 2018 and 2017, respectively. Accrued interest on the bonds at August 31, 2018 and 2017 amounted to approximately \$48,543 and \$50,105 respectively, and is included in the financial statements.

The original premiums associated with the bonds were \$944,171 and \$367,808 for the Series 2014 and Series 2013, respectively. Amortization amounted to \$164,581 and \$188,596 for the years ended August 31, 2018 and 2017.

Annual debt service requirements associated with the general obligation bonds are summarized below.

Year Ending August 31,	2018			2017		
	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>
2018	\$ -	\$ -	\$ -	\$ 1,096,088	\$ 920,000	\$ 2,016,088
2019	1,060,638	960,000	2,020,638	1,060,638	960,000	2,020,638
2020	1,019,788	1,000,000	2,019,788	1,019,788	1,000,000	2,019,788
2021	972,088	1,045,000	2,017,088	972,088	1,045,000	2,017,088
2022	920,962	1,095,000	2,015,962	920,962	1,095,000	2,015,962
2023	867,288	1,150,000	2,017,288	867,288	1,150,000	2,017,288
2024-2028	3,652,913	6,430,000	10,082,913	3,652,913	6,430,000	10,082,913
2029-2033	2,485,590	7,595,000	10,080,590	2,485,590	7,595,000	10,080,590
2034-2038	927,358	9,155,000	10,082,358	927,358	9,155,000	10,082,358
Total	\$ 11,906,625	\$ 28,430,000	\$ 40,336,625	\$ 13,002,713	\$ 29,350,000	\$ 42,352,713

PANOLA COLLEGE
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10. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

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

	<u>2018</u>			<u>2017</u>		
	Total Receivable	Less Allowance For Uncollectibles	Net Receivable	Total Receivable	Less Allowance For Uncollectibles	Net Receivable
Student Receivables	\$ 1,029,456	\$ 360,529	\$ 668,927	\$ 1,061,043	\$ 271,529	\$ 789,514
Taxes Receivable	668,781	323,094	345,687	580,923	328,976	251,947
Federal Receivables	2,464,120	-	2,464,120	2,791,782	-	2,791,782
State Receivables	97,764	-	97,764	34,453	-	34,453
Interest Receivable	178,058	-	178,058	65,485	-	65,485
Other Receivables	3,340	-	3,340	3,256	-	3,256
TOTAL	\$ 4,441,519	\$ 683,623	\$ 3,757,896	\$ 4,536,942	\$ 600,505	\$ 3,936,437

Payables

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

	<u>2018</u>	<u>2017</u>
Vendors Payable	\$ 530,021	\$ 485,597
Salaries and Benefits Payable	569,257	533,805
Students Payable	202,364	199,640
Accrued Interest	54,748	65,745
Other Payables	407,781	481,600
TOTAL	\$ 1,764,171	\$ 1,766,387

11. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA. Contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

12. PROPERTY TAXES

Property taxes are levied each October 1 in conformity with Subtitle E, Texas Property Tax Code. The levy is based on the assessed value as of the prior January 1 for all real and personal property located in the College's district. The taxes become due January 1 of the following year. A discount of up to 3% is allowed for taxes paid between October 1 and December 31. Taxes become past due February 1 and become delinquent on June 30. A tax lien attaches to property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed. Taxes receivable as reflected on the balance sheet are net of an allowance for uncollectibles. The allowance is based upon historical experience in collecting property taxes.

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Taxes levied for current year operations are summarized below:

	2018	2017
Original tax levy	\$ 8,686,796	\$ 8,600,726
Supplemental levy and adjustments	117,277	118,839
Adjusted levy	8,804,073	8,719,565
Penalty and interest assessments	131,958	134,566
Total Levy	\$ 8,672,115	\$ 8,584,999

Tax collections for the years ended August 31, 2018 and 2017, including delinquent collections, exceeded 96% of the levy for both years.

A summary of tax data is presented as follows:

	2018	2017
Assessed valuation of the District	\$ 4,530,659,211	\$ 4,672,979,549
Less: Exemptions	(233,051,959)	(224,382,560)
Less: Special Valuations	(923,243,583)	(914,148,763)
Net Assessed Valuation of the District	<u>\$ 3,374,363,669</u>	<u>\$ 3,534,448,225</u>
Tax Rate Per \$100 authorized:		
Current Operations	\$ 0.35000	\$ 0.35000
Debt Service	0.50000	0.50000
Total	<u>\$ 0.85000</u>	<u>\$ 0.85000</u>
Tax Rate Per \$100 assessed		
Current Operations	\$ 0.19387	\$ 0.18395
Debt Service	0.06313	0.05939
Total	<u>\$ 0.25700</u>	<u>\$ 0.24334</u>
Gross Taxes Collected (Current Operations)	\$ 8,666,544	\$ 8,428,457
Discounts Allowed	(176,391)	(162,083)
Delinquent Taxes Collected	176,421	182,836
Penalties and Interest Collected	79,623	134,785
Collection Fees	(144,625)	(132,439)
Total Collections	<u>\$ 8,601,572</u>	<u>\$ 8,451,556</u>

13. **UNEARNED REVENUES**

Revenues, primarily consisting of tuition, fees and housing charges, related to academic terms in the next fiscal year are recorded in the statement of net position as unearned revenues in the current fiscal year.

A summary of unearned revenues follows:

	2018	2017
Tuition and Fees	\$ 3,802,622	\$ 3,949,269
Housing and Residential Life	674,829	668,275
Other	281,784	269,709
Total	\$ 4,759,235	\$ 4,887,153

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14. EMPLOYEE RETIREMENT PLANS

The State of Texas has joint contributory retirement plans for almost all its employees.

Teacher Retirement System of Texas (TRS)

Plan Description. Panola College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The TRS pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trrs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, 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 COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

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	<u>Contribution Rates</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Member	7.2%	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%	6.8%
Employers	6.8%	6.8%	6.8%
College's Employer Contributions	\$257,395	\$274,803	\$282,747
College's Member Contributions	\$484,281	\$545,520	\$567,326
NECE On-behalf Contributions	\$200,303	\$207,293	\$207,157

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part 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, there are two additional surcharges an employer is subject to:

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the applicable salary.

Actuarial Assumptions. The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

• Valuation Date	August 31, 2017
• Actuarial Cost Method	Individual Entry Age Normal
• Asset Valuation Method	Market Value
• Single Discount Rate	8.00%
• Long-term expected Investment Rate of Return	8.00%
• Inflation	2.50%
• Salary Increases including Inflation	3.50% to 9.50%
• Payroll Growth Rate	2.50%
• Benefit Changes during the Year	None
• Ad Hoc Post-Employment Benefit Changes	None

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The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014, and adopted on September 24, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2017, are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2017

	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution To Long-Term Portfolio Returns*
Global Equity			
U.S	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy & Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

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

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Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Panola College's proportionate share of the net pension liability:	\$4,519,619	\$2,680,991	\$1,639,245

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2017, Panola College reported a liability of \$2,680,991 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to Panola College. The amount recognized by Panola College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Panola College were as follows:

Panola College's proportionate share of the collective net pension liability	\$2,680,991
State's proportionate share that is associated with Panola College	<u>2,025,285</u>
Total	<u>\$4,706,276</u>

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

At August 31, 2017, the employer's proportion of the collective net pension liability was 0.0083847%, which was an increase (decrease) of (0.0002835)% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, Panola College recognized pension expense of \$154,481 and revenue of \$154,481 for support provided by the State. The College also recognized their proportionate share of pension expense of \$251,171.

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At August 31, 2018, Panola College reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows Of Resources		Deferred Inflows Of Resources
Differences between expected and actual economic experience	\$	39,224	\$	144,582
Change in actuarial assumptions	\$	122,123	\$	69,913
Difference between projected and actual investment earnings	\$	-	\$	195,385
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$	83,509	\$	138,482
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	\$	282,747	\$	-
Total	\$	527,603	\$	548,362

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

Plan (Fiscal) Year ended August 31	Pension Expense Amount
2018 (2019)	\$ (105,668)
2019 (2020)	\$65,466
2020 (2021)	\$(118,814)
2021 (2022)	\$ (157,533)
2022 (2023)	\$4,664
Thereafter	\$ 8,379

Optional Retirement Program

Plan Description. Participation in the Optional Retirement Program, a defined contribution plan, is in lieu of participation in the Teacher Retirement System of Texas. The optional retirement program provides for the purchase of annuity contracts or mutual funds and operates under the provisions of the Texas Constitution, Article XVI, Sec 67, and the 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 contributed by the state and each participant are 3.30 and 6.65 respectively for fiscal years 2018, 2017 and 2016. The College contributed 5.20 percent for fiscal years 2018, 2017 and 2016 for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual contracts, the state has no additional or unfunded liability for the program.

The on behalf amounts have been reflected in the financial statements as revenue and expense. Actual contributions to ORP, which were equal to the required contributions each year, are shown below:

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<u>Year Ended August 31,</u>	<u>On Behalf State Contribution</u>	<u>Panola College Contribution</u>	<u>Participant Contributions</u>	<u>Total Contributions</u>	<u>Covered Payroll</u>
2018	\$51,397	\$67,296	\$103,573	\$222,266	\$1,557,489
2017	54,711	73,696	110,251	238,658	1,657,905
2016	59,945	80,402	120,798	261,145	1,816,506

15. DEFERRED COMPENSATION PROGRAM

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2018 and 2017, the College had twenty-two and twenty-three respectively, employees participating in the tax sheltered annuity program. A total of \$124,204 and \$135,484 in payroll deductions was invested in approved plans during the years ending August 31, 2018 and 2017, respectively.

16. COMPENSATED ABSENCES

Upon retirement, termination, or death of full time employees, the College pays employees for unused vacation leave. The College recognized the accrued liability for the unpaid annual leave in the financial statements. Sick leave is not paid to an employee upon death, termination, or retirement; therefore, there is no liability shown in the financial statements.

Vacation is earned at the rate of one day per month up to a maximum of ten days per year for 12 month employees only. Employees accrue vacation during the first six months of employment but are not eligible to take vacation until after six months of continuous employment. Sick leave is also earned at the rate of one day per month up to ten days per year. In addition, two personal days are earned each year.

Total accrued compensated absences representing unused vacation leave amounted to approximately \$319,098 at August 31, 2018 and \$300,779 at August 31, 2017. The liability is shown in the statement of net position split between current and noncurrent in the amounts of \$125,229 and \$193,869 respectively for August 31, 2018 and \$124,234 and \$176,545 respectively for August 31, 2017.

17. HEALTH CARE AND LIFE INSURANCE COVERAGE

Employees of Panola College were covered by a health and life insurance plan (the Plan). The Plan is funded by the State. 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. SB 1812, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district. The State paid premiums of \$622 and \$617 per month per employee to the Plan for the years ending August 31, 2018 and 2017, respectively. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51.2, Texas Insurance Code.

The College supplements the cost of the plan from local sources for active employees and board members due to the state not fully funding this benefit plan. Cost and employees covered under the plan are summarized below.

<u>Fiscal Year Ended August 31,</u>	<u>Average Number Employees Covered</u>	<u>Board Members Covered</u>	<u>On Behalf State Contributions</u>	<u>College Contributions</u>
2018	151	6	\$ 680,999	\$ 944,768
2017	151	6	631,263	795,496
2016	152	6	626,705	861,655

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Panola College as allowed, but not required by state statutes, presently reimburses retired employees for the cost of continuation of dental insurance. This is the same amount provided to active employees employed prior to May 26, 1998 who participate in the dental plan.

18. **OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

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

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

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 benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

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

**Maximum Monthly Employer Contribution
 Retiree Health and Basic Life Premium**

Retiree only	\$ 617
Retiree & Spouse	\$ 970
Retiree & Children	\$ 854
Retiree & Family	\$ 1,208

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Contributions to the GBP plan by source is summarized in the following table.

Measurement (Fiscal) Year	
	<u>2017(2018)</u>
Employer Contribution	\$ 327,217
Nonemployer Contributing Entity (State of Texas)	\$ 294,711

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

Actuarial Assumptions ERS Group Benefits Program Plan	
Valuation Date	August 31, 2017
Actuarial cost method	Entry age
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	N/A
Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend rate	8.50% for FY2019, decreasing 0.5% per year to 4.50% for FY2027 and later years
Inflation assumption rate	2.50%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014
Disability retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB

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

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

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.84%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to an increase of 0.67%. The source of the municipal bond rate was the Bond Buyer

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Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

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

	1% Decrease in Discount Rate 2.51%	Discount Rate 3.51%	1% Increase in Discount Rate 4.51%
Panola College's proportionate share of the net OPEB liability:	\$13,110,964	\$10,983,393	\$9,335,402

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used in measuring the net OPEB liability.

	1% Decrease in Healthcare Cost Trend Rates (7.5% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (8.5% decreasing to 4.5%)	1% Increase in Healthcare Cost Trend Rates (9.5% decreasing to 5.5%)
Panola College's proportionate share of the net OPEB liability:	\$9,233,411	\$10,983,393	\$13,254,099

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2018, the College reported a liability of \$10,983,393 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College 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 College were as follows:

Panola College's Proportionate share of the collective net OPEB liability	\$ 10,983,393
State's proportionate share that is associated with the College	<u>10,714,106</u>
Total	<u>\$ 21,697,499</u>

The net OPEB liability was measured as of August 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018. At the measurement date of August 31, 2017, the employer's proportion of the collective net OPEB liability was .03223488%. Since this is the first year of implementation, the College does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for ERS stated that the change in proportion was immaterial and, therefore, disregarded this year. For the year ended August 31, 2018, the College recognized OPEB expense of \$573,377 and revenue of \$573,377 for support provided by the State. The College also recognized their proportionate share of OPEB expense of \$587,788.

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

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

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	\$ 131,986
Changes in actuarial assumptions		2,296,497
Difference between projected and actual investment earnings	3,252	
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions		
Contributions paid to ERS subsequent to the measurement date	327,217	
Total	\$ 330,469	\$ 2,428,483

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

Plan (Fiscal) Year Ended August 31:	OPEB Expense Amount
2018(2019)	\$ (546,142)
2019(2020)	\$ (546,142)
2020(2021)	\$ (546,142)
2021(2022)	\$ (546,142)
2022(2023)	\$ (240,663)
Thereafter	-

19. RELATED PARTIES

Panola College Foundation is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation accepts donations and acts as coordinator of gifts made by other parties. Other details regarding activities of the Foundation are presented in Note 3.

20. FUNDS HELD IN TRUST BY OTHERS

The balances and transactions of funds held in trust by others on behalf of Panola College are not reflected in the financial statements. At August 31, 2018 and 2017 there were four such funds for the benefit of the College. The Lawrence R. and Debbie H. Sharp Endowment Scholarship Trust, the Quintin M. Martin Trust No. 2, the Daniel Scholarship Fund Trust, and the Jacke Daniel Davis Memorial Scholarship Fund Trust are held in trust by First State Bank and Trust Company of Carthage, Texas. Funds held in trust in these amounted to \$276,229 at August 31, 2018 and \$276,338 at August 31, 2017.

21. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the College. At no time during the last three fiscal years have claims exceeded commercial coverage.

22. NON-MONETARY TRANSACTIONS

The College receives the benefit from the use of certain facilities at its off campus sites at no cost or costs below prevailing market rates that the College would have to pay in an exchange transaction. Included in operating revenues is approximately \$229,271 and \$229,271 in non-monetary transactions representing the value of the use of the facilities for the years ended August 31, 2018 and 2017, respectively. A corresponding amount is also included in operating expenses.

23. PENDING CLAIMS

The Panola County Appraisal District Board of Directors accepted a settlement offer in September of 2018 to end current litigation regarding the valuation of significant industrial assets owned by DCP's gas plant(s) in the county. The impact to the College is estimated to be around \$314,478; the settlement will be spread out over three years, interest free.

24. OTHER DISCLOSURES

Panola College had no transactions related to advance refunding bonds or defeased bonds outstanding during the periods.

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2018 or 2017.

25. PRIOR YEAR RESTATEMENT

In the year of implementation of GASB Statement 75, a restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net OPEB liability and the beginning of the reporting entity's fiscal year.

26. CHANGE IN ACCOUNTING PRINCIPLE

Effective September 1, 2017, the College implemented GASB Statement No. 75 as discussed in Note 2. These statements require numerous new OPEB disclosures and two new schedules in required supplementary information. Also, the College is required to report deferred outflows of resources, deferred inflows of resources, and a net OPEB liability as well as recognize OPEB expense. The College amounts reported and recognized are the proportionate share of the collective deferred outflows of resources, deferred inflows of resources, net OPEB liability, and OPEB expense of ERS. The College reported a cumulative effect of a change in accounting principle as a result of the implementation of these statements. The effect of the change was the reduction in net position at September 1, 2017 of \$12,820,836.

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PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT



REQUIRED SUPPLEMENTARY INFORMATION

PANOLA COLLEGE

**Schedule of College's Proportionate Share of Net Pension Liability
Teacher Retirement System of Texas
Last Ten Fiscal Years**

Fiscal year ending August 31,	2018	2017	2016	2015
College's proportion of the net pension liability (asset)	0.0083847%	0.0081012%	0.0083059%	0.0088069%
College's proportionate share of the net (asset)	\$ 2,680,991	\$ 3,061,315	\$ 2,936,025	\$ 2,352,444
State's proportionate share of the net pension liability (asset) associated with the College	2,025,285	2,412,436	2,264,490	1,923,725
Total	\$ 4,706,276	\$ 5,473,751	\$ 5,200,515	\$4,276,169
College's covered payroll	\$ 7,089,656	\$ 6,730,871	\$ 6,390,034	\$5,935,288
College's proportionate share of the net (asset) as a percentage of its payroll	37.82%	45.48%	45.95%	39.63%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

Note: Only four years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditor's report on required supplementary information.

PANOLA COLLEGE

**Schedule of College's Contributions
Teacher Retirement System of Texas
Last Ten Fiscal Years**

Fiscal year ending August 31,	2018	2017	2016	2015
Contractually required contribution	\$ 282,747	\$ 274,803	\$ 257,395	\$ 245,917
Contributions in relation to the contractually required contribution	(282,747)	(274,803)	(257,395)	(245,917)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 7,361,886	\$ 7,089,656	\$ 6,730,871	\$ 6,390,034
Contributions as a percentage of covered payroll	3.84%	3.88%	3.82%	3.85%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2016 - August 31, 2017.

Note: Only four years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditor's report on required supplementary information.

PANOLA COLLEGE
Schedule of College's Proportionate Share of Net OPEB Liability
Employees Retirement System of Texas
Last Ten Fiscal Years

Fiscal year ending August 31,	<u>2018</u>
College's proportion of the collective net OPEB liability (asset)	0.03223488%
College's proportionate share of the net OPEB liability (asset)	\$ 10,983,393
State's proportionate share of the net OPEB liability (asset) associated with the College	<u>10,714,106</u>
Total	<u>\$ 21,697,499</u>
College's covered employee payroll	\$ 8,387,054
College's proportionate share of the net (asset) as a percentage of its covered employee payroll	130.96%
Plan fiduciary net position as a percentage of the total net OPEB liability	2.04%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditor's report on required supplementary information.

PANOLA COLLEGE
Schedule of College's Contributions
Employees Retirement System of Texas
Last Ten Fiscal Years

Fiscal year ending August 31,	2018
Contractually required contribution	<u>\$ 327,217</u>
Contributions in relation to the contractually required contribution	<u>(327,127)</u>
Contribution deficiency (excess)	<u>\$ -</u>
College's covered employee payroll	<u>\$ 7,089,656</u>
Contributions as a percentage of covered employee payroll	3.81%

Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2016 - August 31, 2017.

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditor's report on required supplementary information.

PANOLA COLLEGE

Notes to Required Supplementary Information
For the Year Ended August 31, 2018

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of Assumptions

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

Defined Benefit OPEB Plan

Changes of benefit terms

Benefit revisions have been adopted since the prior valuation. The benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary include:

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

These minor benefit changes are provided for in the FY 2018 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Changes of assumptions

a. **Demographic Assumptions**

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for selected classes of State Agency employees), assumed aggregate payroll increases and the assumed rate of general inflation have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees covering dependent children.
- Percentage of future retirees assumed to be married and electing coverage for their spouse.

b. **Economic Assumptions**

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees.

Assumptions for Administrative Expenses, 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 and the revised assumed rate of general inflation.

The discount rate was lowered as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher.

See independent auditor's report on required supplementary information.

SUPPLEMENTARY SCHEDULES



PANOLA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2018 (With Memorandum Totals for the Year Ended August 31, 2017)

	Total				2018 Total	2017 Total
	Unrestricted	Restricted	Educational Activities	Auxiliary Enterprises		
Tuition						
State funded courses						
In-district resident tuition	\$ 348,274	\$ -	\$ 348,274	\$ -	\$ 348,274	\$ 349,608
Out-of-district resident tuition	1,030,886	-	1,030,886	-	1,030,886	947,075
TPEG (set aside)*	129,555	-	129,555	-	129,555	104,244
Non-resident tuition	184,687	-	184,687	-	184,687	166,003
State funded continuing education	596,606	-	596,606	-	596,606	292,400
Non-state funded continuing education	26,734	-	26,734	-	26,734	25,866
Total tuition	2,316,742	-	2,316,742	-	2,316,742	1,885,196
Fees						
General fee	3,117,853	-	3,117,853	-	3,117,853	3,081,952
Out-of-district fees	2,166,029	-	2,166,029	-	2,166,029	2,043,454
Laboratory fee	606,737	-	606,737	-	606,737	624,372
Other fees	866,278	-	866,278	-	866,278	864,369
Total fees	6,756,897	-	6,756,897	-	6,756,897	6,614,147
Scholarship allowances and discounts						
Institutional scholarships	(1,135,378)	-	(1,135,378)	-	(1,135,378)	(1,007,945)
Remissions and exemptions-state	(172,305)	-	(172,305)	-	(172,305)	(180,844)
Remissions and exemptions-local	(363,618)	-	(363,618)	-	(363,618)	(283,677)
Title IV federal grants	(3,329,175)	-	(3,329,175)	-	(3,329,175)	(3,637,376)
TPEG allowances	(84,725)	-	(84,725)	-	(84,725)	(37,094)
State grants to students	(160,709)	-	(160,709)	-	(160,709)	(88,936)
Total scholarship allowances	(5,245,910)	-	(5,245,910)	-	(5,245,910)	(5,235,872)
Total net tuition and fees	3,827,729	-	3,827,729	-	3,827,729	3,263,471
Additional operating revenues						
Federal grants and contracts	-	579,903	579,903	-	579,903	565,587
State grants and contracts	-	657,914	657,914	-	657,914	937,306
Nongovernmental grants and contracts	-	1,741	1,741	-	1,741	6,217
Sales and services of educational activities	73,175	-	73,175	-	73,175	93,021
General operating revenues	365,910	-	365,910	-	365,910	256,989
Total other operating revenues	439,085	1,239,558	1,678,643	-	1,678,643	1,859,120
Auxiliary enterprises						
Bookstore	-	-	-	1,720,620	1,720,620	1,748,546
Less allowances and discounts	-	-	-	(1,021,453)	(1,021,453)	(1,068,875)
Residential life	-	-	-	1,168,940	1,168,940	1,221,120
Less allowances and discounts	-	-	-	(772,442)	(772,442)	(820,363)
Total net auxiliary enterprises	-	-	-	1,095,665	1,095,665	1,080,428
Total Operating Revenues	\$ 4,266,814	\$ 1,239,558	\$ 5,506,372	\$ 1,095,665	\$ 6,602,037	\$ 6,203,019
					(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, \$129,555 and \$104,244 of tuition was set aside for Texas Public Education Grants (TPEG).

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2018 (With Memorandum Totals for the Year Ended August 31, 2017)

	Salaries And Wages	Benefits		Other Expenses	2018 Total	2017 Total
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 5,610,871	\$ -	\$ 1,182,100	\$ 786,641	\$ 7,579,612	\$ 7,159,961
Academic Support	1,630,677	-	447,677	552,207	2,630,561	2,395,272
Student Services	941,941	-	277,931	215,256	1,435,128	1,251,780
Institutional Support	1,033,664	-	395,820	1,127,838	2,557,322	2,373,223
Operation and Maintenance of Plant	289,507	-	98,036	1,406,791	1,794,334	1,771,343
Scholarship and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	9,506,660	-	2,401,564	4,088,733	15,996,957	14,951,579
Restricted Educational Activities						
Instruction	161,133	817,265	41,458	284,170	1,304,026	1,222,908
Public Service	97,689	5,674	26,513	234,744	364,620	400,709
Academic Support	-	249,419	-	-	249,419	213,257
Student Services	-	162,310	-	-	162,310	119,668
Institutional Support	-	202,449	-	-	202,449	148,465
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship and Fellowships	-	-	-	4,291,788	4,291,788	4,469,761
Total Restricted Educational Activities	258,822	1,437,117	67,971	4,810,702	6,574,612	6,574,768
Auxiliary Enterprises	317,341	-	107,708	2,153,588	2,578,637	2,670,669
Depreciation Expense-Buildings & other real estate improvements			-	1,742,076	1,742,076	1,745,365
Depreciation Expense-Equipment & fixtures		-	-	502,708	502,708	423,691
Depreciation Expense-Library books				31,947	31,947	32,693
Total	\$ 10,082,823	\$ 1,437,117	\$ 2,577,243	\$ 13,329,754	\$ 27,426,937	\$ 26,398,765
					(Exhibit 2)	(Exhibit 2)

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE C
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2018 (With Memorandum Totals for the Year Ended August 31, 2017)

	Unrestricted	Restricted	Auxiliary Enterprises	2018 Total	2017 Total
NON-OPERATING REVENUES					
State Appropriations					
Education and General State Support	\$ 5,075,262	\$ -	\$ -	\$ 5,075,262	\$ 4,682,985
State Group Insurance	-	1,231,239	-	1,231,239	928,404
State Retirement Matching	-	205,878	-	205,878	305,064
Total State Appropriations	5,075,262	1,437,117	-	6,512,379	5,916,453
Ad-Valorem Taxes - Maintenance & Operations	6,490,785	-	-	6,490,785	6,386,554
Ad-Valorem Taxes - Debt Service	2,110,786	-	-	2,110,786	2,065,003
Federal Revenue, Non Operating	-	8,932,617	-	8,932,617	9,413,581
Gifts	1,174,622	-	12,489	1,187,111	345,131
Investment Income	332,444	199,408	1,199	533,051	200,924
Gain (Loss) on Disposal of Asset	(309,382)	-	-	(309,382)	-
Royalty Income	-	292,510	-	292,510	43,670
Total Non-Operating Revenues	9,799,255	9,424,535	13,688	19,237,478	18,454,863
NON-OPERATING EXPENSES					
Interest on Capital Related Debt	963,218	-	-	963,218	998,252
Total Non-Operating Expenses	963,218	-	-	963,218	998,252
Net Non-Operating Revenues	\$ 13,911,299	\$ 10,861,652	\$ 13,688	\$ 24,786,639	\$ 23,373,064
				Exhibit 2	Exhibit 2

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2018
With Memorandum Totals for the Year Ended August 31, 2017

	Detail By Source				Available for Current Operations		
	Restricted			Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable	Non- Expendable				
Current							
Unrestricted	\$ 2,103,959	\$ -	\$ -	\$ -	2,103,959	2,103,959	-
Restricted	-	28,764	-	-	28,764		28,764
Auxiliary enterprises	1,204,085	-	-	-	1,204,085	1,204,085	-
Endowment							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	3,791,459	-	3,791,459		3,791,459
Plant							
Unexpended	2,481,218	1,173,042	-	-	3,654,260	-	3,654,260
Debt Service		625,679			625,679		625,679
Investment in Plant	-	-	-	21,559,718	21,559,718	-	21,559,718
Total Net Position, August 31, 2018	<u>5,789,262</u>	<u>1,827,485</u>	<u>3,791,459</u>	<u>21,559,718</u>	<u>32,967,924</u>	<u>3,308,044</u>	<u>29,659,880</u>
					(Exhibit 1)		
Cumulative effect of change in accounting principle	<u>(12,820,836)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,820,836)</u>	<u>(12,820,836)</u>	<u>-</u>
					(Exhibit 2)		
Total Net Position, August 31, 2017	<u>15,651,323</u>	<u>1,376,144</u>	<u>3,271,165</u>	<u>21,197,953</u>	<u>41,496,585</u>	<u>13,170,162</u>	<u>28,326,423</u>
					(Exhibit 1)		
Net Increase (Decrease) in Net Position	<u>\$ 2,958,775</u>	<u>\$ 451,341</u>	<u>\$ 520,294</u>	<u>\$ 361,765</u>	<u>\$ 4,292,175</u>	<u>\$ 2,958,718</u>	<u>\$ 1,333,457</u>
					(Exhibit 2)		

See Accompanying Independent Auditor's Report on Supplementary Information.

**PANOLA COLLEGE
SCHEDULE E
AFFILIATED ORGANIZATION
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2018 and 2017**

	2018 Panola College Foundation	2017 Panola College Foundation
	<u>Foundation</u>	<u>Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors	629,709	778,010
Payments for scholarships and support	(1,017,065)	(103,313)
Other income	220	153
Investment receipts	79,829	73,897
Net cash provided by (used in) operating activities	<u>(307,307)</u>	<u>748,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities and liquidation of investments	10,639	3,862
Purchase of investments and annuities	(113,751)	(227,480)
Net cash (used in) investing activities	<u>(103,112)</u>	<u>(223,618)</u>
 Increase (decrease) in cash and cash equivalents	 (410,419)	 525,129
 Cash and cash equivalents-beginning	 <u>875,415</u>	 <u>350,286</u>
 Cash and cash equivalents-ending	 <u>\$ 464,996</u>	 <u>\$ 875,415</u>
 Reconciliation of change in net position to net cash provided by operating activities		
Change in net position	\$ (154,727)	\$ 923,639
Adjustments to reconcile change in net position to net cash provided by for operating activities		
(Increase) decrease in fair value of investments	(172,035)	(174,401)
Realized gain on investments	-	(491)
 Changes in assets and liabilities		
Increase (decrease) in accounts payable	19,455	-
Total Adjustments	<u>(152,580)</u>	<u>(174,892)</u>
 Net cash provided by (used in) operating activities	 <u>\$ (307,307)</u>	 <u>\$ 748,747</u>

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amounts Passed-Through to Subrecipients	Expenditures and Pass-Through Disbursements
U. S. Department of Education				
Direct:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grant	84.007			32,126
Federal Workstudy Program	84.033			36,748
Federal Pell Grant Program	84.063			5,163,654
Federal Direct Student Loans	84.268			3,698,358
Total Student Financial Aid Cluster				<u>8,930,886</u>
Passed Through From:				
Literacy Council of Tyler				
Adult Education - Basic Grants to States	84.002	0816AEL002		54,541
Adult Education - Basic Grants to States	84.002	2916AEL010		25,228
Adult Education - Accelerate Texas	84.002	0818ALA000		12,139
Angelina College				
Adult Education - Basic Grants to States	84.002	PAN201617		66,324
Adult Education - Basic Grants to States	84.002	1718PAN000		16,907
Subtotal Adult Education - Basic Grants to States				<u>175,139</u>
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	18420206170001		362,730
Total U. S. Department of Education				<u>9,468,755</u>
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families Cluster				
Passed Through From:				
East Texas Council of Governments				
Temporary Assistance for Needy Families	93.558	PC-TANF-PY17-01		24,505
Literacy Council of Tyler				
Adult Education - Temporary Assistance for Needy Families	93.558	0816AEL002		6,377
Angelina College				
Adult Education - Temporary Assistance for Needy Families	93.558	PAN201617		7,486
Subtotal Temporary Assistance for Needy Families Cluster				<u>38,368</u>
Total U.S. Department of Health and Human Services				<u>38,368</u>
Total Federal Awards			<u>\$ -</u>	<u>\$ 9,507,123</u>

See accompanying independent auditor's report on supplementary information and notes to schedules of expenditures of federal and state awards.

PANOLA COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2018

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission		
Skills Development Fund Program		84,649
Passed Through From:		
Adult Education GR-Adult Education		
Literacy Council of Tyler		
Adult Education - Basic Grants to States	0816AEL002	85,574
Angelina College		
Adult Education - Basic Grants to States	PAN201617	10,279
Subtotal Texas Workforce Commission		<u>180,502</u>
Texas Higher Education Coordinating Board		
Texas Educational Opportunity Grant		232,220
Texas College Work-Study		16,152
NSRP < 70 Grant		216,771
Subtotal Texas Higher Education Coordinating Board		<u>465,143</u>
Texas Veterans Commission		
Hazelwood Legacy Program		7,619
Subtotal Texas Veterans Commission		<u>7,619</u>
Texas Commission on the Arts		
Arts Respond Program		4,650
Subtotal Texas Commission on the Arts		<u>4,650</u>
Total State Awards		<u><u>\$ 657,914</u></u>
State Grants and Revenues -Per Schedule A		<u><u>\$ 657,914</u></u>

See accompanying independent auditor's report on supplementary information and notes to schedules of expenditures of federal and state awards.

PANOLA COLLEGE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED AUGUST 31, 2018

Note 1: Federal Awards Reconciliation:

Federal Grants and Contracts – Schedule A	\$ 579,903
Add: Federal Revenue, Non-Operating – Schedule C	8,932,617
Less: Other Adjustments	<u>(5,397)</u>
Total Federal Awards – Schedule F	<u>\$ 9,507,123</u>

Basis of Presentation

The accompanying schedules of expenditures of federal and state awards include the federal and state award activity of the College. The information in these schedules are presented in accordance with 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 Single Audit Circular (TSAC)*. Because the Schedules present only a selected portion of the operations of the College, they are not intended to and do not represent the financial position, changes in net position, or cash flows of the College.

Significant Accounting Policies Used in Preparing the Schedules

The expenditures included in the schedules are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the TSAC. The expenditures reported on Schedule F and Schedule G represent funds which have been expended by the College for the purposes of the award. The expenditures reported in the schedules may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedules may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

Relationship to Federal and State Financial Reports

Amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedules of expenditures of federal and state awards may be different because of program year ends and accruals that will be reflected in the next report filed with the agencies.

Indirect Cost Rate

If the College had need, Panola College elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance; the use of this rate was not necessary during the reported fiscal year.

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**PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



SINGLE AUDIT SECTION

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA



ALEXANDER LANKFORD & HIERS, INC.
Certified Public Accountants, A Professional Corporation

4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

**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***

Board of Trustees
Panola College
Carthage, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Panola College as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Panola College's basic financial statements and have issued our report thereon dated November 26, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College'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 over financial reporting 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.

**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* - CONTINUED**

Compliance and Other Matters

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

Public Funds Investment Act

We have performed tests designed to verify Panola College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2018, no instances of noncompliance were found.

Purpose of this Report

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
November 26, 2018

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Panola College
Carthage, Texas

Report on Compliance for Each Major Federal Program

We have audited Panola College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Panola College's major federal programs for the year ended August 31, 2018. Panola College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Report on Compliance for Each Major Federal Program - Continued

Opinion on Each Major Federal Program

In our opinion, Panola College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Report on Internal Control Over Compliance - Continued

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
November 26, 2018

**PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2018**

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **UNMODIFIED**

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____	<u>X</u>	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____	<u>X</u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____	<u>X</u>	Reported

Type of auditor's report issued on compliance for major programs: **UNMODIFIED**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____	Yes	_____	<u>X</u>	No
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Identification of major programs:

CFDA Number(s)	Name of Federal Program
	Federal: Student Financial Aid Cluster

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

Auditee qualified as low-risk auditee for federal awards _____ X Yes _____ No

**PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
AUGUST 31, 2018**

B. Financial Statements Findings

Findings related to the financial statements required to be reported under GAS:

None

C. Federal Awards Findings and Questioned Costs

Required to be reported in accordance with 2 CFR section 200.516(a).

None

PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT



STATISTICAL SUPPLEMENTS (UNAUDITED)

PANOLA COLLEGE
STATISTICAL SECTION OBJECTIVES
(UNAUDITED)

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

The information contained within this section is being presented to provide the reader with a better understanding of five objectives:

- Financial Trends – Showing how the College's financial position has changed over time.
- Revenue Capacity – Assessing the College's ability to generate revenue by examining its major revenue sources.
- Debt Capacity – Assessing the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.
- Demographic and Economic Information – Providing demographic and economic indicators to help in understanding the environment within which the College's financial activities take place.
- Operating Information – Providing information about how the College's financial report relates to the services it provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports or from employment, enrollment, and capital asset information of the College for the relevant year.

Panola College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2009 to 2018
(unaudited)
(amounts expressed in thousands)

	For the Fiscal Year Ended August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Investment in capital assets	\$ 21,560	\$ 21,198	\$ 20,680	\$ 13,643	\$ 12,311	\$ 10,086	\$ 7,818	\$ 6,553	\$ 6,039	\$ 5,898
Restricted - expendable	1,827	1,376	577	2,201	5,140	-	-	-	-	-
Restricted - nonexpendable	3,791	3,271	3,153	3,131	3,104	2,956	2,848	2,615	2,262	2,070
Unrestricted	5,790	15,652	13,831	15,247	10,833	13,041	13,104	12,068	10,082	8,700
Total	32,968	41,497	38,241	34,222	31,388	26,083	23,770	21,236	18,383	16,668
Net position, beginning of year*	41,497	38,241	34,222	31,388	26,083	23,770	21,236	18,383	16,668	14,865
Cumulative effect of change in accounting principle (Note 2)	(12,821)	N/A	N/A	(2,665)	N/A	N/A	N/A	N/A	N/A	N/A
Net position, beginning of year, as restated (Note 2)	28,676	N/A	N/A	28,723	N/A	N/A	N/A	N/A	N/A	N/A
(Increase) decrease in net position	\$ (4,292)	\$ (3,256)	\$ (4,019)	\$ (5,499)	\$ (5,305)	\$ (2,313)	\$ (2,534)	\$ (2,853)	\$ (1,715)	\$ (1,803)

*In fiscal year 2015, net position as of the beginning of the year was restated (reduced) by \$2,665,332 for the cumulative effect of applying GASB Statement, No. 68.

*In fiscal year 2018, net position as of the beginning of the year was restated (reduced) by \$12,820,836 for the cumulative effect of applying GASB Statement, No. 75.

Panola College
Statistical Supplement 2
Revenues by Source
Fiscal years 2009 to 2018
(unaudited)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tuition and Fees (Net of Discounts)	\$3,828	\$3,264	\$3,180	\$2,974	\$3,410	\$2,764	\$2,879	\$2,196	\$2,088	\$ 2,336
Governmental Grants and Contracts										
Federal Grants and Contracts	580	566	523	486	402	401	422	450	388	428
State Grants and Contracts	658	937	188	737	307	231	117	407	583	261
Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	2	6	4	16	2	2	1	4	4	1
Sales and services of educational activities:	73	93	84	99	98	140	140	163	161	143
Auxiliary enterprises:	1,095	1,080	1,085	1,189	1,118	886	981	1,006	1,168	1,400
Other Operating Revenues	366	257	292	260	257	250	256	240	322	304
Total Operating Revenues	6,602	6,203	5,356	5,761	5,594	4,674	4,796	4,466	4,714	4,873
State Appropriations	6,512	5,916	5,968	5,355	5,305	4,456	4,087	4,739	5,017	4,995
Ad Valorem Taxes	8,602	8,451	8,939	9,623	9,011	5,962	5,750	5,661	5,308	5,158
Federal Revenue, Non Operating	8,933	9,414	8,893	8,876	9,100	8,959	8,296	6,193	3,913	2,468
Gifts	1,187	345	609	545	165	241	266	416	207	666
Transfer to Panola College Foundation	-	-	(57)	-	-	-	-	-	-	-
Investment income	533	201	188	153	187	213	208	139	389	292
Gain(Loss) on Disposal of Capital Assets:	(309)	-	(177)	11	(50)	1	2	32	-	-
Other non-operating revenues	292	44	92	85	32	31	51	74	31	47
Total Non-Operating Revenues	25,750	24,371	24,455	24,648	23,750	19,863	18,660	17,254	14,865	13,626
Additions to Permanent Endowments	330	79	55	-	-	-	-	-	-	-
Total Revenues	\$ 32,682	\$ 30,653	\$ 29,866	\$ 30,409	\$ 29,344	\$ 24,537	\$ 23,456	\$ 21,720	\$ 19,579	\$ 18,499

For the Year Ended August 31,

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tuition and fees (net of discounts)	11.71%	10.65%	10.65%	9.78%	11.62%	11.26%	12.27%	10.11%	10.66%	12.63%
Governmental grants and contracts										
Federal grants and contracts	1.78%	1.85%	1.75%	1.60%	1.37%	1.63%	1.80%	2.07%	1.98%	2.31%
State grants and contracts	2.01%	3.06%	0.63%	2.42%	1.05%	0.94%	0.50%	1.87%	2.98%	1.41%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.01%	0.02%	0.01%	0.05%	0.01%	0.01%	0.00%	0.02%	0.02%	0.01%
Sales and services of educational activities:	0.22%	0.30%	0.28%	0.33%	0.33%	0.57%	0.60%	0.75%	0.82%	0.77%
Auxiliary enterprises:	3.35%	3.52%	3.63%	3.91%	3.81%	3.61%	4.18%	4.63%	5.97%	7.57%
Other operating revenues	1.12%	0.84%	0.98%	0.86%	0.88%	1.02%	1.09%	1.10%	1.64%	1.64%
Total Operating Revenues	20.20%	20.24%	17.93%	18.95%	19.06%	19.05%	20.45%	20.56%	24.08%	26.34%
State appropriations	19.93%	19.30%	19.98%	17.61%	18.08%	18.16%	17.42%	21.82%	25.62%	27.00%
Ad valorem taxes	26.32%	27.57%	29.93%	31.65%	30.71%	24.30%	24.51%	26.06%	27.11%	27.88%
Non-Governmental Grants and Contracts	27.33%	30.71%	29.78%	29.19%	31.01%	36.51%	35.37%	28.51%	19.99%	13.34%
Gifts	3.63%	1.13%	2.04%	1.79%	0.56%	0.98%	1.13%	1.92%	1.06%	3.60%
Transfer to Panola College Foundation	0.00%	0.00%	-0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income	1.63%	0.66%	0.63%	0.50%	0.64%	0.87%	0.89%	0.64%	1.99%	1.58%
Gain on Disposal of Capital Assets:	-0.95%	0.00%	-0.59%	0.04%	-0.17%	0.00%	0.01%	0.15%	0.00%	0.00%
Other non-operating revenues	0.89%	0.14%	0.31%	0.28%	0.11%	0.13%	0.22%	0.34%	0.16%	0.25%
Total Non-Operating Revenues	78.80%	79.52%	81.88%	81.05%	80.94%	80.95%	79.55%	79.44%	75.92%	73.66%
Additions to Permanent Endowments	1.01%	0.26%	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Revenues	100.00%	100.00%	99.82%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	\$8,883	\$8,383	\$8,365	\$8,137	\$7,959	\$7,119	\$6,661	\$6,289	\$6,417	\$6,009
Research	-	-	-	-	-	-	-	-	-	-
Public service	365	401	206	305	291	369	339	355	356	300
Academic support	2,880	2,608	2,604	2,317	2,223	2,012	2,032	2,047	2,099	2,250
Student services	1,597	1,371	1,561	1,441	1,302	1,286	1,226	1,261	1,185	1,122
Institutional support	2,760	2,522	2,532	2,362	2,162	2,498	2,036	1,845	1,878	1,808
Operation and maintenance of plant	1,794	1,771	1,711	1,507	1,725	1,385	1,372	1,384	1,508	1,638
Scholarships and fellowships	4,292	4,470	3,771	4,049	4,293	4,277	4,026	2,601	1,359	963
Auxiliary enterprises	2,579	2,671	2,903	2,806	2,712	2,347	2,217	1,996	1,966	1,713
Depreciation	2,277	2,202	2,025	926	868	777	824	843	819	637
Total Operating Expenses	27,427	26,399	25,678	23,850	23,535	22,070	20,733	18,621	17,587	16,440
Interest on capital related debt	963	998	170	461	341	154	190	246	275	256
Bond issuance costs	-	-	-	599	163	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	963	998	170	1,060	504	154	190	246	275	256
Total Expenses	\$ 28,390	\$ 27,397	\$ 25,848	\$ 24,910	\$ 24,039	\$ 22,224	\$ 20,923	\$ 18,867	\$ 17,862	\$ 16,696

For the Year Ended August 31,

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	31.29%	30.60%	32.36%	32.67%	33.11%	32.03%	31.84%	33.33%	35.93%	35.99%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	1.29%	1.46%	0.80%	1.22%	1.21%	1.66%	1.62%	1.88%	1.99%	1.80%
Academic support	10.14%	9.52%	10.07%	9.30%	9.25%	9.05%	9.71%	10.85%	11.75%	13.48%
Student services	5.63%	5.00%	6.04%	5.78%	5.42%	5.79%	5.86%	6.68%	6.63%	6.72%
Institutional support	9.72%	9.21%	9.80%	9.48%	8.99%	11.24%	9.73%	9.78%	10.51%	10.83%
Operation and maintenance of plant	6.32%	6.46%	6.62%	6.05%	7.18%	6.23%	6.56%	7.34%	8.44%	9.81%
Scholarships and fellowships	15.12%	16.32%	14.59%	16.25%	17.86%	19.24%	19.24%	13.79%	7.61%	5.77%
Auxiliary enterprises	9.08%	9.75%	11.23%	11.26%	11.28%	10.56%	10.60%	10.58%	11.01%	10.26%
Depreciation	8.02%	8.04%	7.83%	3.72%	3.61%	3.50%	3.94%	4.47%	4.59%	3.82%
Total Operating Expenses	96.61%	96.36%	99.34%	95.74%	97.90%	99.31%	99.09%	98.70%	98.46%	98.47%
Interest on capital related debt	3.39%	3.64%	0.66%	1.85%	1.42%	0.69%	0.91%	1.30%	1.54%	1.53%
Bond issuance costs	0.00%	0.00%	0.00%	2.40%	0.68%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	3.39%	3.64%	0.66%	4.26%	2.10%	0.69%	0.91%	1.30%	1.54%	1.53%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Change in Net Position	\$ 4,293	\$ 3,256	\$ 4,018	\$ 5,499	\$ 5,305	\$ 2,313	\$ 2,533	\$ 2,853	\$ 1,717	\$ 1,803

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

Resident Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees
2017	\$ 0	\$ 27	\$ 27	0
2016	0	25	25	0
2015	0	25	25	0
2014	0	25	25	0
2013	0	25	25	0
2012	0	25	25	0
2011	0	25	25	0
2010	0	25	25	0
2009	0	25	25	0
2008	0	23	23	0

Non-Resident Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees
2017	\$ 0	\$ 27	\$ 27	0
2016	0	25	25	0
2015	0	25	25	0
2014	0	25	25	0
2013	0	25	25	0
2012	0	25	25	0
2011	0	25	25	0
2010	0	25	25	0
2009	0	25	25	0
2008	0	23	23	0

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

	General Fees	Out-of-District Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
\$	51	\$ 52	\$ 936	\$ 1,560	2.63%	3.17%
	51	50	912	1,512	4.11%	4.13%
	48	48	876	1,452	4.29%	2.54%
	45	48	840	1,416	0.00%	4.42%
	45	43	840	1,356	4.48%	5.61%
	42	40	804	1,284	0.00%	0.00%
	42	40	804	1,284	9.84%	10.31%
	36	36	732	1,164	8.93%	11.49%
	31	31	672	1,044	3.70%	4.82%
	31	29	648	996	3.85%	5.06%

	General Fees	Out-of-State/International Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
\$	51	\$ 87	\$ 1,980	\$ 1,980	3.77%	3.77%
	51	83	1,908	1,908	4.61%	4.61%
	48	79	1,824	1,824	2.01%	2.01%
	45	79	1,788	1,788	4.20%	4.20%
	45	73	1,716	1,716	5.93%	5.93%
	42	68	1,620	1,620	0.00%	0.00%
	42	68	1,620	1,620	9.76%	9.76%
	36	62	1,476	1,476	8.85%	8.85%
	31	57	1,356	1,356	5.61%	5.61%
	31	53	1,284	1,284	5.94%	5.94%

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

(amounts expressed in thousands)

Fiscal Year	Residential Property	Commercial Property	Personal Property	Mineral	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value
2017-18	\$ 1,673,397	\$ 325,928	\$ 75,199	\$ 2,456,134	\$ 1,156,295	\$ 3,374,363	74.48%
2016-17	1,646,277	316,633	83,286	2,626,783	1,138,531	3,534,448	75.64%
2015-16	1,638,659	310,743	84,940	3,550,968	1,145,162	4,440,148	79.50%
2014-15	1,628,304	304,379	77,740	3,603,137	1,136,346	4,477,214	79.76%
2013-14	1,621,302	300,582	76,670	3,090,417	1,138,763	3,950,208	77.62%
2012-13	1,589,713	303,647	68,638	3,223,946	1,073,371	4,112,573	79.30%
2011-12	1,532,863	291,863	63,206	3,593,438	1,107,280	4,374,090	79.80%
2010-11	1,519,420	257,371	62,771	4,082,132	1,067,043	4,854,651	81.98%
2009-10	1,304,979	236,802	70,538	4,306,204	867,770	5,050,753	85.34%
2008-09	1,241,281	201,772	66,118	4,679,892	822,942	5,366,121	86.70%

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Direct Rate		
Maintenance & Operations (a)	Debt Service (a)	Total (a)
0.193870	0.063130	0.257000
0.183950	0.059390	0.243340
0.161050	0.046820	0.207870
0.154830	0.060000	0.214830
0.154830	0.060000	0.214830
0.145190	0.000000	0.145190
0.134070	0.000000	0.134070
0.118130	0.000000	0.118130
0.105790	0.000000	0.105790
0.095930	0.000000	0.095930

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

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2017-18	\$5,075,262	1,986	\$2,556	848,884	532,910	1,381,794	\$3.67
2016-17	\$4,682,985	1,944	\$2,409	838,592	535,017	1,373,609	\$3.41
2015-16	\$4,675,980	1,954	\$2,393	766,160	574,892	1,341,052	\$3.49
2014-15	\$4,315,726	1,911	\$2,258	711,584	618,111	1,329,695	\$3.25
2013-14	\$4,315,726	1,932	\$2,234	732,752	588,286	1,321,038	\$3.27
2012-13	\$3,722,735	1,860	\$2,001	700,368	559,283	1,259,651	\$2.96
2011-12	\$3,381,641	1,804	\$1,875	729,184	491,800	1,220,984	\$2.77
2010-11	\$3,428,604	1,617	\$2,120	667,008	478,359	1,145,367	\$2.99
2009-10	\$3,686,559	1,552	\$2,375	607,664	481,322	1,088,986	\$3.39
2008-09	\$3,643,562	1,475	\$2,470	551,088	461,097	1,012,185	\$3.60

Notes:

FTSE is defined as the number semester hours divided by 30 plus non-semester length contact hours divided by 900.

(a) Source THECB Report CBM001

(b) Source THECB Report CBM00A

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Panola College
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)

Taxpayer	Type of Business	2017	2016	2015	2014	2013	2012
CCI East Tx Upstream	Petroleum	\$ 351,247	\$ -	\$ -	\$ -	\$ -	\$ -
DCP East Tx Gathering LP-Plant	Petroleum	168,711	172,494	206,667	-	-	-
MarkWest Eastern TX Gas Co LP	Petroleum	152,344	174,735	171,043	158,252	153,956	146,575
MarkWest Carthage Plant & East	Petroleum	113,339	123,431	121,464	81,656	78,246	-
Sheridan Production Company	Petroleum	78,370	-	-	-	-	-
Red River Nacogdoches I GP	Petroleum	74,236	-	-	-	-	-
Enbridge	Petroleum	65,498	70,128	-	-	-	-
ETC Tiger Pipeline	Petroleum	51,878	55,280	-	-	77,288	82,904
Enable Gas Transmission	Petroleum	45,255	-	-	-	-	-
Amplify Energy Operating	Petroleum	43,375	-	-	-	-	-
Anadarko E&P Company LP (MIN)	Petroleum	-	302,668	459,711	504,403	256,522	253,302
Anadarko E&P Company LP (MI)	Petroleum	-	156,681	182,003	-	-	-
Devon Energy (Pennzenergy)	Petroleum	-	101,146	238,005	315,366	328,213	379,823
Samson Lone Star LP	Petroleum	-	60,030	107,198	97,163	-	-
XTO Energy (Min)	Petroleum	-	50,448	98,537	101,024	112,289	110,701
Luminant	Coal Mining	-	-	75,064	76,199	-	61,504
Memorial Production	Petroleum	-	-	65,480	77,401	-	-
Chevron USA Inc.	Petroleum	-	-	-	-	69,830	84,022
Lacy Operations Ltd.	Petroleum	-	-	-	-	66,241	71,399
Exxon Mobile Corp.	Petroleum	-	-	-	-	62,964	72,677
EOG Resources Inc.	Petroleum	-	-	-	-	-	-
BP America Production	Petroleum	-	-	-	-	-	-
Conoco Phillips Co	Petroleum	-	-	-	-	-	-
XTO Energy (Hunt Pet)	Petroleum	-	-	-	78,896	-	-
DCP Midstream LP	Petroleum	-	-	-	194,905	136,948	144,307
Totals		\$ 1,144,253	\$ 1,267,041	\$ 1,725,172	\$ 1,685,265	\$ 1,342,497	\$ 1,407,214
Total Taxable Assessed Value		\$ 8,686,796	\$ 8,600,726	\$ 9,229,735	\$ 9,618,399	\$ 5,971,045	\$ 5,864,343

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2017	2016	2015	2014	2013	2012
Luminant	Coal Mining	4.04%	0.00%	0.00%	0.00%	0.00%	0.00%
Memorial Production	Petroleum	1.94%	1.99%	2.40%	0.00%	0.00%	0.00%
Chevron USA Inc.	Petroleum	1.75%	2.01%	1.99%	1.71%	1.60%	2.45%
Lacy Operations Ltd.	Petroleum	1.30%	1.42%	1.41%	0.88%	0.81%	0.00%
Exxon Mobile Corp.	Petroleum	0.90%	0.00%	0.00%	0.00%	0.00%	0.00%
EOG Resources Inc.	Petroleum	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%
BP America Production	Petroleum	0.75%	0.81%	0.00%	0.00%	0.00%	0.00%
Conoco Phillips Co	Timber	0.60%	0.64%	0.00%	0.00%	0.80%	1.39%
CCI East Tx Upstream	Petroleum	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%
Sheridan Production Company	Petroleum	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
XTO Energy (Hunt Pet)	Petroleum	0.00%	3.48%	5.35%	5.46%	2.67%	4.24%
Red River Nacogdoches I GP	Petroleum	0.00%	1.80%	2.12%	0.00%	0.00%	0.00%
Enable Gas Transmission	Petroleum	0.00%	1.16%	2.77%	3.42%	3.41%	6.36%
Amplify Energy Operating	Petroleum	0.00%	0.69%	1.25%	1.05%	0.00%	0.00%
DCP Midstream LP	Petroleum	0.00%	0.58%	1.15%	1.09%	1.17%	1.85%
XTO Energy (Min)	Petroleum	0.00%	0.00%	0.87%	0.83%	0.00%	1.03%
ETC Tiger Pipeline	Petroleum	0.00%	0.00%	0.76%	0.84%	0.00%	0.00%
Samson Lone Star LP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.73%	1.41%
Enbridge	Petroleum	0.00%	0.00%	0.00%	0.00%	0.69%	1.20%
Devon Energy (Pennzenergy)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.65%	1.22%
MarkWest Carthage Plant & East	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Anadarko E&P Company LP (MI)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DCP East Tx Gathering LP-Plant	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MarkWest Eastern TX Gas Co LP	Petroleum	0.00%	0.00%	0.00%	0.85%	0.00%	0.00%
Anadarko E&P Company LP (MIN)	Petroleum	0.00%	0.00%	0.00%	2.11%	1.42%	2.42%
Totals		13.17%	14.73%	18.69%	17.52%	22.48%	24.00%

Source: Local County Appraisal District

	2011	2010	2009	2008
\$	-	-	-	-
	-	-	-	-
	137,866	134,438	117,310	83,134
	70,132	-	-	-
	-	-	-	-
	-	-	-	-
	71,791	-	-	-
	-	-	-	-
	-	-	-	-
	334,472	400,768	422,063	450,657
	-	-	-	-
	460,033	669,158	705,899	798,440
	-	-	-	-
	114,211	150,928	123,161	158,149
	-	-	-	-
	-	-	-	-
	135,824	193,937	225,486	310,145
	94,102	124,911	129,763	159,545
	87,985	127,263	129,656	161,489
	-	99,708	115,854	140,599
	-	86,788	115,563	154,171
	-	-	-	81,182
	-	-	-	-
	128,525	117,969	97,956	-
<hr/>				
\$	1,634,941	2,105,868	2,182,711	2,497,511
<hr/>				
\$	5,734,799	5,343,192	5,147,720	4,407,672

	2011	2010	2009	2008
	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%
	2.35%	2.34%	2.20%	1.61%
	1.20%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%
	1.22%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%
	5.70%	6.99%	7.90%	8.75%
	0.00%	0.00%	0.00%	0.00%
	7.84%	11.67%	13.21%	15.51%
	0.00%	0.00%	0.00%	0.00%
	1.95%	2.63%	2.31%	3.07%
	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%
	2.32%	3.38%	4.22%	6.02%
	1.60%	2.18%	2.43%	3.10%
	1.50%	2.22%	2.43%	3.14%
	0.00%	1.74%	2.17%	2.73%
	0.00%	1.51%	2.16%	2.99%
	0.00%	0.00%	0.00%	1.58%
	0.00%	0.00%	0.00%	0.00%
	2.19%	2.06%	1.83%	0.00%
<hr/>				
	28.51%	39.41%	42.40%	56.66%

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2018	\$ 8,687	\$ 117	\$ 8,804	\$ 8,507	96.63%	\$ 179	\$ -	\$ 8,686	98.66%
2017	8,601	118	8,719	8,493	97.41%	-	-	8,493	97.41%
2016	9,230	20	9,250	9,078	98.14%	-	72	9,150	98.92%
2015	9,618	290	9,908	9,753	98.44%	71	21	9,845	99.36%
2014	8,483	886	9,369	9,136	97.51%	176	7	9,319	99.47%
2013	5,971	75	6,046	5,881	97.27%	127	4	6,012	99.44%
2012	5,864	103	5,967	5,833	97.75%	119	2	5,954	99.78%
2011	5,735	158	5,893	5,765	97.83%	117	1	5,883	99.83%
2010	5,343	135	5,478	5,308	96.90%	157	1	5,466	99.78%
2009	5,147	223	5,370	5,250	97.77%	113	-	5,363	99.87%

Source: Local Tax Assessor/Collector and District records.

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

Panola College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Bonded Debt										
General obligation bonds	\$ 28,430	\$ 29,350	\$ 30,235	\$ 31,090	\$ 7,360	\$ -	\$ -	\$ -	\$ -	\$ -
General obligation bonds premium	461	625	814	1,027	316	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ 28,891	\$ 29,975	\$ 31,049	\$ 32,117	\$ 7,676	\$ -	\$ -	\$ -	\$ -	\$ -
Other Debt										
Revenue bonds	\$ 420	\$ 1,220	\$ 2,012	\$ 2,979	\$ 3,575	\$ 4,346	\$ 5,110	\$ 5,868	\$ 6,620	\$ 7,366
Notes	-	-	-	-	-	-	-	895	1,035	1,169
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Net other debt	\$ 420	\$ 1,220	\$ 2,012	\$ 2,979	\$ 3,575	\$ 4,346	\$ 5,110	\$ 6,763	\$ 7,655	\$ 8,535
Total Outstanding Debt	\$ 29,311	\$ 31,195	\$ 33,061	\$ 35,096	\$ 11,251	\$ 4,346	\$ 5,110	\$ 6,763	\$ 7,655	\$ 8,535
General Bonded Debt Ratios										
Per Capita	\$ 1.24	\$ 1.28	\$ 1.31	\$ 1.35	\$ 0.32	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	\$ 14.55	\$ 15.42	\$ 15.89	\$ 17	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -
As a percentage of Taxable Assessed Value	0.86%	0.85%	0.70%	0.72%	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per Capita	\$ 0.02	\$ 0.05	\$ 0.08	\$ 0.13	\$ 0.15	\$ 0.18	\$ 0.21	\$ 0.29	\$ 0.34	\$ 0.37
Per FTSE	\$ 0.21	\$ 0.63	\$ 1.03	\$ 2	\$ 2	\$ 2	\$ 3	\$ 4	\$ 5	\$ 6
As a percentage of Taxable Assessed Value	0.01%	0.03%	0.05%	0.07%	0.09%	0.11%	0.12%	0.14%	0.15%	0.16%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

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

For the Year Ended August 31

	2018	2017	2016
Taxable Assessed Value (amount expressed in thousands)	\$ 3,374,363	\$ 3,534,448	\$ 4,440,148
General Obligation Bonds			
Statutory Tax Levy Limit for Debt Service	1,687,182	1,767,224	2,220,074
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-
Total Net General Obligation Debt	1,687,182	1,767,224	2,220,074
Current Year Debt Service Requirements	920,000	885,000	855,000
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 767,182	\$ 882,224	\$ 1,365,074
Net Current Requirements as a % of Statutory Limit	54.53%	50.08%	38.51%

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

	2015	2014	2013	2012	2011	2010	2009
\$	4,477,214	\$ 3,950,208	\$ 4,112,573	\$ 4,374,091	\$ 4,854,651	\$ 5,050,753	\$ 5,366,121
	2,238,607	1,975,104	2,056,287	2,187,046	2,427,326	2,525,377	2,683,061
	-	-	-	-	-	-	-
	2,238,607	1,975,104	2,056,287	2,187,046	2,427,326	2,525,377	2,683,061
	1,425,000	1,965,000	-	-	-	-	-
\$	813,607	\$ 10,104	\$ 2,056,287	\$ 2,187,046	\$ 2,427,326	\$ 2,525,377	\$ 2,683,061
	63.66%	99.49%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Revenue Bonds

Pledged Revenues (\$000 omitted)						
Fiscal Year Ended August 31	Tuition	Fee	General			Total
			Operating Revenues	Auxilliary Revenues	Investment Income	
2018	\$ 2,317	\$ 6,757	\$ 366	\$ 2,890	\$ 477	\$ 12,807
2017	1,885	6,614	257	2,970	201	11,927
2016	1,864	6,274	292	3,126	188	11,744
2015	1,808	5,793	260	3,113	126	11,100
2014	2,123	5,613	257	3,077	127	11,197
2013	1,952	5,086	250	2,690	152	10,130
2012	1,905	4,853	256	2,620	151	9,785
2011	1,636	3,980	240	2,411	89	8,356
2010	1,585	3,016	322	2,305	329	7,557
2009	1,386	2,717	304	2,278	221	6,906

The Series 2005 and Series 2008 Revenue Bonds require virtually all tuition, fees and general revenues of the College be pledged toward payment of principal and interest on the bonds.

Debt Service Requirements (\$000
omitted)

Principal	Interest	Total	Coverage Ratio
\$ 800	\$ 42	\$ 842	15.21
792	66	858	13.90
785	91	876	13.41
778	115	893	12.43
771	139	910	12.30
764	163	927	10.93
758	187	945	10.35
752	210	962	8.69
746	233	979	7.72
741	259	1,000	6.91

Panola College
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years
(unaudited)

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2017	23,243	\$ 891,054	\$ 37,930	4.4%
2016	23,492	952,436	40,543	7.1%
2015	23,766	1,049,942	44,173	5.2%
2014	23,769	1,091,774	45,738	4.9%
2013	23,870	1,070,065	44,549	5.1%
2012	24,020	1,000,264	40,962	5.6%
2011	24,058	953,996	39,654	6.7%
2010	23,826	883,668	37,089	7.3%
2009	23,678	799,987	33,786	7.3%
2008	23,537	871,091	37,009	4.0%

Sources:

Panola County CAFR

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

Panola College
Statistical Supplement 13
Principal Employers by Industry
Current Fiscal Year
(unaudited)

Employer	Number of Employees	Percentage of Total Employment
Natural Resource and Mining	875	11.67%
Construction	1,652	17.30%
Manufacturing	896	11.15%
Trade, Transportation, Utilities	1,365	16.59%
Information	43	0.52%
Financial Activities	238	3.00%
Professional Business Services	534	6.30%
Education Health Services	855	10.35%
Leisure Hospitality	404	5.00%
Other Services	122	1.63%
Federal	72	0.88%
State	56	0.68%
Local	1,283	14.93%
Total	8,395	100.00%

Source:

Texas Workforce Commission

Note:

Percentages are calculated using the midpoints of the ranges.

This institution previously did not present this schedule and chose to implement prospectively.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Faculty										
Full-Time	75	70	69	69	69	65	63	61	63	64
Part-Time	66	82	78	78	76	74	78	71	60	54
Total	141	152	147	147	145	139	141	132	123	118
Percent										
Full-Time	53.2%	46.1%	46.9%	46.9%	47.6%	46.8%	44.7%	46.2%	51.2%	54.2%
Part-Time	46.8%	53.9%	53.1%	53.1%	52.4%	53.2%	55.3%	53.8%	48.8%	45.8%
Staff and Administrators										
Full-Time	81	81	83	80	77	75	74	72	73	72
Part-Time	64	56	63	63	62	62	68	68	65	67
Total	145	137	146	143	139	137	142	140	138	139
Percent										
Full-Time	55.9%	59.1%	56.8%	55.9%	55.4%	54.7%	52.1%	51.4%	52.9%	51.8%
Part-Time	44.1%	40.9%	43.2%	44.1%	44.6%	45.3%	47.9%	48.6%	47.1%	48.2%
FTSE per Full-time Faculty	26.5	27.8	28.3	27.7	28.0	28.6	28.6	26.5	24.6	23.0
FTSE per Full-Time Staff Member	24.5	24.0	23.5	23.9	25.1	24.8	23.1	22.5	21.3	22.0
Average Annual Faculty Salary	\$54,367	\$53,272	\$51,541	\$51,965	\$54,794	\$50,215	\$49,218	\$48,558	\$50,562	\$46,602

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

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University				0	0.00%
2 Lamar University	3			3	1.04%
3 Midwestern State University				0	0.00%
4 Prairie View A & M University				0	0.00%
5 Sam Houston State University	6	1		7	2.43%
6 Southwest Texas State University				0	0.00%
7 Stephen F Austin State University	109	28	5	142	49.30%
8 Sul Ross State University				0	0.00%
9 Tarleton State University	5			5	1.74%
10 Texas A & M International University				0	0.00%
11 Texas A & M University	27	1		28	9.73%
12 Texas A & M University at Commerce	2			2	0.69%
13 Texas A & M University at Corpus Christi				0	0.00%
14 Texas A & M University at Galveston				0	0.00%
15 Texas A & M University at Kingsville				0	0.00%
16 Texas A & M University at Texarkana	2			2	0.69%
16 Texas A & M University HSC				0	0.00%
17 Texas Southern University				0	0.00%
18 Texas State University	1			1	0.35%
19 Texas Tech University	6	1		7	2.43%
20 Texas Tech University Health Sciences Center				0	0.00%
21 Texas Women's University	3			3	1.04%
22 The University of Texas at Arlington	9	3		12	4.17%
23 The University of Texas at Austin	12	1		13	4.51%
24 The University of Texas at El Paso				0	0.00%
25 The University of Texas at Dallas				0	0.00%
26 The University of Texas Medical Branch at Galveston				0	0.00%
27 The University of Texas HSC Houston				0	0.00%
27 The University of Texas San Antonio				0	0.00%
28 The University of Texas at Tyler	29	4	2	35	12.15%
29 The University of Texas at Permian Basin	9	5		14	4.86%
30 The University of Texas at Brownsville				0	0.00%
31 University of Houston	1			1	0.35%
32 University of Houston - Downtown				0	0.00%
33 University of Houston - Victoria	1			1	0.35%
34 University of North Texas	11		1	12	4.17%
35 West Texas A & M University				0	0.00%
Totals	236	44	8	288	100.00%

Source: THECB Automated Student and Adult Learner Follow-Up System. Most current information available is listed.

Panola College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2009 to 2018
(unaudited)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Academic buildings	7	7	7	9	9	9	9	9	9	9
Square footage (in thousands)	161	161	161	146	146	146	146	146	146	146
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	32	32	32	32	32	32	32	32	32	17
Number of Volumes (in thousands)	120	120	120	120	120	120	120	104	87	83
Administrative and support buildings	2	2	2	3	3	3	3	3	3	3
Square footage (in thousands)	30	30	30	25	25	25	25	25	25	25
Dormitories	1	1	1	1	1	2	2	2	2	2
Square footage (in thousands)	20	20	20	20	20	26	26	26	26	26
Number of Beds	94	94	94	94	94	120	120	120	120	120
Apartments	4	4	4	4	4	3	3	3	3	3
Square footage (in thousands)	29	29	29	29	29	29	18	18	18	18
Number of beds	160	160	160	160	160	160	96	96	96	96
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	25	25	25	25	25	25	25	25	25	25
Average daily customers	270	270	270	105	105	105	105	105	105	105
Athletic Facilities	1	1	1	2	2	2	2	2	2	2
Square footage (in thousands)	28	28	28	37	37	37	37	37	37	37
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	17	17	17	17	17	17	17	17	17	17
Transportation										
Cars	-	-	-	-	-	-	1	1	1	1
Light Trucks/Vans	9	9	9	9	9	9	9	10	10	9
Buses	2	2	2	2	2	2	2	2	2	2