



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2019 AND 2018**



**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 22, 2019

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 (The College) for the fiscal year ended August 31, 2019. 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 schedule of expenditures of federal awards and the 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 Management's Discussion and Analysis (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 the 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

The College 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 entity 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 the College and to support its students. The Panola College 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

The 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. The Carthage Gas Fields are the second largest natural gas reservoirs 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.

The College continues to have strong enrollment. Approximately 2,600 credit students and 400 continuing education students are enrolled in one of 56 programs of study offered through the College. This enrollment growth in prior years 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.

The 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 expected student growth, strategic leadership and fiscal management. As part of the College's long-term financial plan, sufficient reserves are maintained to operate the College for between 6 and 11 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 for the fiscal year ended August 31, 2018 to the College for its comprehensive annual financial report. This was the twenty-fourth 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.

The 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 of the College's 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,



Alan Howard, MBA, 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, 2018

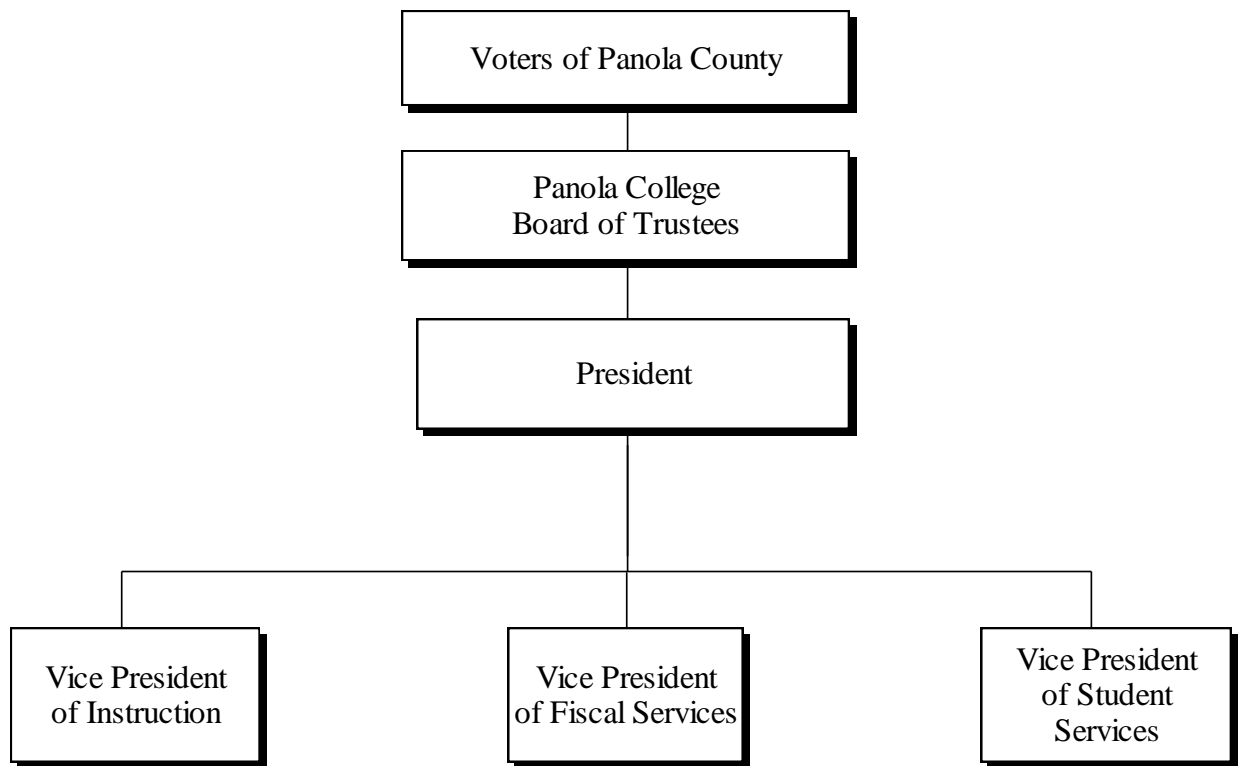
Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART

PANOLA COLLEGE

Carthage, Texas



**PANOLA COLLEGE
PRINCIPAL OFFICIALS
AUGUST 31, 2019**

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. Alan Howard, MBA, 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 (College) as of and for the years ended August 31, 2019 and 2018, 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.

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, 2019 and 2018 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.

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 proportionate share of the net pension liability, schedule of the College's proportionate share of the net OPEB liability, and schedules of College's contributions on pages 12 through 16 and 53 through 58 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.

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* 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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Other Matters - Continued

Other Information - Continued

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 22, 2019 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.

ALEXANDER, LANKFORD & HIERS, INC.

Certified Public Accountants

Lufkin, Texas

November 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Panola County Junior College District (the College) offers 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, 2019. We encourage readers to consider the information presented here in conjunction with additional information 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, 2019 by \$35,328,643 (net position). Of this amount, \$6.8M may be used to meet the College's ongoing obligations. The increase in unrestricted net position is primarily due to the increase in expendable construction funds. The calculation on page 16 reflects adjustments to the unrestricted net position to arrive at \$23.6M of operational resources.
- Revenue exceeded expenses by \$2,360,719 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. This approach is intended to summarize and simplify the user's analysis of costs of various services to students and the public. The statement presents information for all of the current year's revenues and expenses on an accrual basis. 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, 2019, 2018 and 2017

| | 2019 | % of Total | from 2018 to 2019 | | 2018 | from 2017 to 2018 | | 2017 |
|---------------------------|----------------------|---------------|------------------------|-------------|----------------------|------------------------|----------------|----------------------|
| | | | Increase (Decrease) | % Change | | Increase (Decrease) | % Change | |
| Assets: | | | | | | | | |
| Current assets | \$ 28,685,688 | 33.3% | \$ 6,801,846 | 31.1% | \$ 21,883,842 | \$ (4,575,789) | (17.3%) | \$ 26,459,631 |
| Noncurrent assets: | | | | | | | | |
| Capital assets, net | 49,181,401 | 57.1% | (1,689,323) | (3.3%) | 50,870,724 | (1,522,817) | (2.9%) | 52,393,541 |
| Other | 8,283,909 | 9.6% | (3,634,863) | (30.5%) | 11,918,772 | 8,608,989 | 260.1% | 3,309,783 |
| Total assets | 86,150,998 | 100.0% | 1,477,660 | 1.7% | 84,673,338 | 2,510,383 | 3.1% | 82,162,955 |
| Deferred outflows | 5,113,666 | 100.0% | 4,255,594 | 495.9% | 858,072 | 182,739 | 27.1% | 675,333 |
| Liabilities: | | | | | | | | |
| Current liabilities | 7,520,568 | 14.8% | (118,136) | (1.5%) | 7,638,704 | (722,871) | (8.6%) | 8,361,575 |
| Non-current liabilities | 43,390,273 | 85.2% | 1,442,336 | 3.4% | 41,947,937 | 9,315,154 | 28.5% | 32,632,783 |
| Total liabilities | 50,910,841 | 100.0% | 1,324,200 | 2.7% | 49,586,641 | 8,592,283 | 21.0% | 40,994,358 |
| Deferred Inflows | 5,025,180 | 100.0% | 2,048,335 | 68.8% | 2,976,845 | 2,629,502 | 757.0% | 347,343 |
| Net position: | | | | | | | | |
| Net investment in | | | | | | | | |
| capital assets | 21,179,562 | 59.9% | (380,156) | (1.8%) | 21,559,718 | 361,765 | 1.7% | 21,197,953 |
| Restricted | 7,310,760 | 20.7% | 1,691,816 | 30.1% | 5,618,944 | 971,635 | 20.9% | 4,647,309 |
| Unrestricted | 6,838,321 | 19.4% | 1,049,059 | 18.1% | 5,789,262 | (9,862,061) | (63.0%) | 15,651,323 |
| Total net position | \$ 35,328,643 | 100.0% | \$ 2,360,719 | 7.2% | \$ 32,967,924 | \$ (8,528,661) | (20.6%) | \$ 41,496,585 |

Cash reserves increased year over year by \$6.8M. The 2018-19 year's activity increases the College's overall net position by \$2.4M, an increase of 7.2%. The 2017-18 year's activity decreased the overall net position of the College by 20.6% over the previous year's position. The College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,328,643 at August 31, 2019. Assets amounted to \$86,150,998 with investment in capital assets comprising \$49.2M 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 57.1% of total net position. It should be noted that the capital assets themselves may not be used to liquidate liabilities. Additionally, \$7.3M (20.7%) of total net position is externally restricted. The remaining balance of \$6.8M 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 \$23.6M of operational resources available to the College. Total liabilities amounted to \$50.9M, up 2.7% over the previous year.

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 the Employees Retirement System of Texas (ERS), not by the College.

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position
as of August 31, 2019, 2018 and 2017**

| | 2019 | % of Total | from 2018 to 2019 | | 2018 | from 2017 to 2018 | | 2017 |
|-------------------------------------|----------------------|---------------|------------------------|-----------------|----------------------|------------------------|-----------------|----------------------|
| | | | Increase (Decrease) | % Change | | Increase (Decrease) | % Change | |
| Operating revenues | | | | | | | | |
| Tuition & fees, net | \$ 3,794,342 | 12.6% | \$ (33,387) | (0.9%) | \$ 3,827,729 | \$ 564,258 | 17.3% | \$ 3,263,471 |
| Grants and contracts | 1,222,231 | 4.1% | (17,327) | (1.4%) | 1,239,558 | (269,552) | (17.9%) | 1,509,110 |
| Auxiliary enterprises | 1,257,043 | 4.2% | 161,378 | 14.7% | 1,095,665 | 15,237 | 1.4% | 1,080,428 |
| Other operating revenues | 372,318 | 1.2% | (66,767) | (15.2%) | 439,085 | 89,075 | 25.4% | 350,010 |
| Total operating revenues | 6,645,934 | 22.1% | 43,897 | 0.7% | 6,602,037 | 399,018 | 6.4% | 6,203,019 |
| Non-operating revenues | | | | | | | | |
| State appropriations | 6,096,469 | 20.3% | (415,910) | (6.4%) | 6,512,379 | 595,926 | 10.1% | 5,916,453 |
| Ad-valorem taxes | 8,971,937 | 29.9% | 370,366 | 4.3% | 8,601,571 | 150,014 | 1.8% | 8,451,557 |
| Federal revenue | 6,989,236 | 23.3% | (1,943,381) | (21.8%) | 8,932,617 | (480,964) | (5.1%) | 9,413,581 |
| Gifts/ Endowments | 437,973 | 1.5% | (1,079,574) | (71.1%) | 1,517,547 | 1,093,759 | 258.1% | 423,788 |
| Gain (loss) on assets | - | 0.0% | 309,382 | (100.0%) | (309,382) | (309,382) | (100.0%) | - |
| Investment income | 879,989 | 2.9% | 54,428 | 6.6% | 825,561 | 580,967 | 237.5% | 244,594 |
| Total non-operating revenues | 23,375,604 | 77.9% | (2,704,689) | (10.4%) | 26,080,293 | 1,630,320 | 6.7% | 24,449,973 |
| Total revenues | 30,021,538 | 100.0% | (2,660,792) | (8.1%) | 32,682,330 | 2,029,338 | 6.6% | 30,652,992 |
| Operating expenses | | | | | | | | |
| Instruction | 8,907,094 | 32.1% | 23,456 | 0.3% | 8,883,638 | 500,769 | 6.0% | 8,382,869 |
| Public service | 418,918 | 1.5% | 54,298 | 14.9% | 364,620 | (36,089) | (9.0%) | 400,709 |
| Academic support | 3,035,487 | 11.0% | 155,507 | 5.4% | 2,879,980 | 271,451 | 10.4% | 2,608,529 |
| Student services | 1,650,529 | 6.0% | 53,091 | 3.3% | 1,597,438 | 225,990 | 16.5% | 1,371,448 |
| Institutional support | 2,947,746 | 10.7% | 187,975 | 6.8% | 2,759,771 | 238,083 | 9.4% | 2,521,688 |
| O & M of plant | 1,692,612 | 6.1% | (101,722) | (5.7%) | 1,794,334 | 22,991 | 1.3% | 1,771,343 |
| Scholarships & fellowships | 3,242,304 | 11.7% | (1,049,484) | (24.5%) | 4,291,788 | (177,973) | (4.0%) | 4,469,761 |
| Auxiliary enterprises | 2,487,518 | 9.0% | (91,119) | (3.5%) | 2,578,637 | (92,032) | (3.4%) | 2,670,669 |
| Depreciation | 2,347,281 | 8.5% | 70,550 | 3.1% | 2,276,731 | 74,982 | 3.4% | 2,201,749 |
| Total operating expenses | 26,729,489 | 96.6% | (697,448) | (2.5%) | 27,426,937 | 1,028,172 | 3.9% | 26,398,765 |
| Non-operating expenses | 931,330 | 3.4% | (31,888) | (3.3%) | 963,218 | (35,034) | (3.5%) | 998,252 |
| Total expenses | 27,660,819 | 100.0% | (729,336) | (2.6%) | 28,390,155 | 993,138 | 3.6% | 27,397,017 |
| Changes in net position | 2,360,719 | 6.7% | (1,931,456) | (45.0%) | 4,292,175 | 1,036,200 | 31.8% | 3,255,975 |
| Beginning net position | 32,967,924 | 93.3% | (8,528,661) | (20.6%) | 41,496,585 | 3,255,975 | 8.5% | 38,240,610 |
| Prior period adjustment | - | 0.0% | 12,820,836 | (100.0%) | (12,820,836) | (12,820,836) | (100.0%) | - |
| Ending net position | \$ 35,328,643 | 100.0% | \$ 2,360,719 | 7.2% | \$ 32,967,924 | \$ (8,528,661) | (20.6%) | \$ 41,496,585 |

For the 2019 fiscal year, the operating revenues amounted to \$6.6M and non-operating revenues \$23.4M for a total of \$30.0M. Major operating revenues include (net of discounts) \$3.8M in tuition and fees, \$1.2M in grants and contracts, and \$1.3M in auxiliary enterprises. Major non-operating revenues include \$6.1M in state appropriations, \$9.0M in ad-valorem taxes, and \$7.0M in federal revenues. Operating expenses totaled \$26.7M and non-operating expenses were \$931,330 for total expenses of \$27.7M. The 2019 changes in net position were an increase of \$2.4M from the prior year.

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.

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. Scholarships and fellowships categorization includes scholarships and fellowships, as well as tuition remissions and exemptions. Auxiliary enterprises include expenditures for the college store, food services, residence halls, and athletic programs.

Condensed Statements of Cash Flows
as of August 31, 2019, 2018 and 2017

| | 2019 | Increase (Decrease) | 2018 | Increase (Decrease) | 2017 |
|--|-----------------|------------------------|-----------------|------------------------|-----------------|
| Cash provided by/(used) for: | | | | | |
| Operating activities | \$ (16,217,254) | \$ 701,515 | \$ (16,918,769) | \$ 232,496 | \$ (17,151,265) |
| Noncapital financing activities | 21,897,783 | (2,190,390) | 24,088,173 | 1,019,436 | 23,068,737 |
| Capital and related financing activities | (2,903,142) | 813,371 | (3,716,513) | (62,106) | (3,654,407) |
| Investing activities | 4,529,848 | (4,321,747) | 8,851,595 | 13,335,029 | (4,483,434) |
| Net increase (decrease) in cash and cash equivalents | 7,307,235 | (4,997,251) | 12,304,486 | 14,524,855 | (2,220,369) |
| Cash and cash equivalents – beginning of year | 16,607,076 | 12,304,486 | 4,302,590 | (2,220,369) | 6,522,959 |
| Cash and cash equivalents – end of year | \$ 23,914,311 | \$ 7,307,235 | \$ 16,607,076 | \$ 12,304,486 | \$ 4,302,590 |

Cash and cash equivalents at August 31, 2019 were \$23.9M, which is an increase of \$7.3M or 44%.

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 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, 2019 amounts to \$49,181,401 (net of accumulated depreciation) and represents a decrease of 3.3% 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, 2019, 2018 and 2017

| | 2019 | Increase (Decrease) | % Change | 2018 | Increase (Decrease) | % Change | 2017 |
|----------------------------|---------------|------------------------|-------------|---------------|------------------------|-------------|---------------|
| Land | \$ 2,020,858 | \$ 59,988 | 3.1% | \$ 1,960,870 | \$ - | 0.0% | \$ 1,960,870 |
| Library Books | 122,482 | (19,390) | (13.7%) | 141,872 | (14,619) | (9.3%) | 156,491 |
| Buildings and Improvements | 45,445,753 | (1,575,077) | (3.3%) | 47,020,830 | (1,863,149) | (3.8%) | 48,883,979 |
| Furniture and Equipment | 1,592,308 | (154,844) | (8.9%) | 1,747,152 | 354,951 | 25.5% | 1,392,201 |
| Total | \$ 49,181,401 | \$ (1,689,323) | (3.3%) | \$ 50,870,724 | \$ (1,522,817) | (2.9%) | \$ 52,393,541 |

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, 2019 was \$213,000. In September 2013, the College issued 25-year general obligation bonds of \$9,325,000. The principal balance at August 31, 2019 was \$6,330,000. In September 2014, the College issued 25-year general obligation bonds of \$25,155,000. The principal balance at August 31, 2019 was \$21,140,000.

Long-term Liabilities as of August 31, 2019, 2018 and 2017

| | 2019 | Increase (Decrease) | % Change | 2018 | Increase (Decrease) | % Change | 2017 |
|----------------------------------|---------------|------------------------|-------------|---------------|------------------------|-------------|---------------|
| General obligation bonds | \$ 27,470,000 | \$ (960,000) | (3.4%) | \$ 28,430,000 | \$ (920,000) | (3.1%) | \$ 29,350,000 |
| General obligation bonds premium | 318,839 | (142,167) | (30.8%) | 461,006 | (164,581) | (26.3%) | 625,587 |
| Revenue bonds payable | 213,000 | (207,000) | (49.3%) | 420,000 | (800,000) | (65.6%) | 1,220,000 |
| Total | \$ 28,001,839 | \$ (1,309,167) | (4.5%) | \$ 29,311,006 | \$ (1,884,581) | (6.0%) | \$ 31,195,587 |

On May 11, 2013, the College passed a \$35 million bond program to fund the construction of a new science/health 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 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, 2019, 2018 and 2017

| | 2019 | Increase (Decrease) | % Change | 2018 | Increase (Decrease) | % Change | 2017 |
|-------------------------------------|---------------|------------------------|-------------|---------------|------------------------|-------------|---------------|
| Unrestricted Net Position - Audited | \$ 6,838,321 | \$ 1,049,059 | 18.1% | \$ 5,789,262 | \$ (9,862,061) | (63.0%) | \$ 15,651,323 |
| Compensable Absences (current) | 125,666 | 437 | 0.3% | 125,229 | 995 | 0.8% | 124,234 |
| Compensable Absences (non-current) | 202,852 | 8,983 | 4.6% | 193,869 | 17,324 | 9.8% | 176,545 |
| Net OPEB Liability (GASB 75) | 11,943,726 | 960,333 | 8.7% | 10,983,393 | 10,983,393 | 100.0% | - |
| Net Pension Liability (GASB 68) | 4,528,050 | 1,847,059 | 68.9% | 2,680,991 | (380,325) | (12.4%) | 3,061,316 |
| Total UNPEP | \$ 23,638,615 | \$ 3,865,871 | 19.6% | \$ 19,772,744 | \$ 759,326 | 4.0% | \$ 19,013,418 |

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, 2019 and 2018

| | <u>2019</u> <u>Primary</u> <u>Institution</u> | <u>2018</u> <u>Primary</u> <u>Institution</u> |
|--|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 23,914,311 | \$ 16,607,076 |
| Accounts receivable (net) | 3,305,994 | 3,757,896 |
| Inventories | 330,944 | 478,535 |
| Other assets | 1,134,439 | 1,040,335 |
| Total Current Assets | <u>28,685,688</u> | <u>21,883,842</u> |
| Noncurrent Assets | | |
| Endowment and other investments | 8,283,909 | 11,918,772 |
| Capital assets, net (See note) | 49,181,401 | 50,870,724 |
| Total Noncurrent Assets | <u>57,465,310</u> | <u>62,789,496</u> |
| Total Assets | <u>86,150,998</u> | <u>84,673,338</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows related to pensions | 2,021,683 | 527,603 |
| Deferred outflows related to OPEB | 3,091,983 | 330,469 |
| Total Deferred Outflows of Resources | <u>5,113,666</u> | <u>858,072</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 802,144 | 530,021 |
| Accrued liabilities | 303,651 | 304,907 |
| Accrued compensable absences - current portion | 125,666 | 125,229 |
| Funds held for others | 625,312 | 610,145 |
| Unearned revenues | 4,332,656 | 4,759,235 |
| Bonds payable - current portion | 1,331,139 | 1,309,167 |
| Total Current Liabilities | <u>7,520,568</u> | <u>7,638,704</u> |
| Noncurrent Liabilities | | |
| Deposits | 44,945 | 87,845 |
| Accrued compensable absences | 202,852 | 193,869 |
| Bonds payable | 26,670,700 | 28,001,839 |
| Net pension liability | 4,528,050 | 2,680,991 |
| Net OPEB liability | 11,943,726 | 10,983,393 |
| Total Noncurrent Liabilities | <u>43,390,273</u> | <u>41,947,937</u> |
| Total Liabilities | <u>50,910,841</u> | <u>49,586,641</u> |
| Deferred Inflows of Resources | | |
| Deferred inflows related to pensions | 402,190 | 548,362 |
| Deferred inflows related to OPEB | 4,622,990 | 2,428,483 |
| Total Deferred Inflows of Resources | <u>5,025,180</u> | <u>2,976,845</u> |
| NET POSITION | | |
| Net investment in capital assets | 21,179,562 | 21,559,718 |
| Restricted for | | |
| Nonexpendable | | |
| Student Aid | 4,061,645 | 3,791,459 |
| Expendable | | |
| Construction | 2,481,275 | 1,173,042 |
| Debt Service | 758,450 | 625,679 |
| Student Aid | 9,390 | 28,764 |
| Unrestricted | 6,838,321 | 5,789,262 |
| Total Net Position | <u>\$ 35,328,643</u> | <u>\$ 32,967,924</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, 2019 and 2018

| | 2019 | 2018 |
|------------------------------------|-----------------------------|-----------------------------|
| | Panola | Panola |
| | College | College |
| | Foundation | Foundation |
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and cash equivalents | \$ 254,870 | \$ 464,996 |
| Short-term certificates of deposit | 122,540 | 121,404 |
| Mutual fund investments | 2,822,116 | 2,430,695 |
| Annuity contracts | 101,780 | 103,254 |
| Total Assets | <u>3,301,306</u> | <u>3,120,349</u> |
| | | |
| Liabilities | | |
| Accounts payable | 44,029 | 19,455 |
| Total Liabilities | <u>44,029</u> | <u>19,455</u> |
| | | |
| Net Assets | | |
| Without donor restrictions | 1,385,104 | 1,225,497 |
| With donor restrictions | 1,872,173 | 1,875,397 |
| Total Net Assets | <u>\$ 3,257,277</u> | <u>\$ 3,100,894</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, 2019 and 2018

| | <u>2019</u> <u>Primary</u> <u>Institution</u> | <u>2018</u> <u>Primary</u> <u>Institution</u> |
|--|---|---|
| Operating Revenues | | |
| Tuition and fees (net of discounts of \$4,913,664 for 2019 and \$5,245,910 for 2018) | \$ 3,794,342 | \$ 3,827,729 |
| Federal grants and contracts | 714,123 | 579,903 |
| State grants and contracts | 504,884 | 657,914 |
| Non-governmental grants and contracts | 3,224 | 1,741 |
| Sales and services of educational activities | 55,718 | 73,175 |
| Auxiliary enterprises (net of discounts of \$1,354,963 for 2019 and \$1,793,895 for 2018) | 1,257,043 | 1,095,665 |
| Other operating revenues (net of discounts of \$-0-) | 316,600 | 365,910 |
| Total Operating Revenues (Schedule A) | <u>6,645,934</u> | <u>6,602,037</u> |
| Operating Expenses | | |
| Instruction | 8,907,094 | 8,883,638 |
| Public service | 418,918 | 364,620 |
| Academic support | 3,035,487 | 2,879,980 |
| Student services | 1,650,529 | 1,597,438 |
| Institutional support | 2,947,746 | 2,759,771 |
| Operation and maintenance of plant | 1,692,612 | 1,794,334 |
| Scholarships and fellowships | 3,242,304 | 4,291,788 |
| Auxiliary enterprises | 2,487,518 | 2,578,637 |
| Depreciation | 2,347,281 | 2,276,731 |
| Total Operating Expenses (Schedule B) | <u>26,729,489</u> | <u>27,426,937</u> |
| Operating Loss | <u>(20,083,555)</u> | <u>(20,824,900)</u> |
| Non-Operating Revenues (Expenses) | | |
| State appropriations | 6,096,469 | 6,512,379 |
| Ad-valorem taxes - maintenance & operations | 6,826,243 | 6,490,785 |
| Ad-valorem taxes - debt service | 2,145,694 | 2,110,786 |
| Federal revenue, non-operating | 6,989,236 | 8,932,617 |
| Gifts | 279,809 | 1,187,111 |
| Investment income (net of investment expenses) | 683,853 | 533,051 |
| Gain (loss) on disposal of capital assets | - | (309,382) |
| Royalty income | 196,136 | 292,510 |
| Interest on capital related debt | (931,330) | (963,218) |
| Net Non-Operating Revenues (Schedule C) | <u>22,286,110</u> | <u>24,786,639</u> |
| Income Before Other Revenues | 2,202,555 | 3,961,739 |
| Other Revenues | | |
| Additions to Permanent Endowments | 158,164 | 330,436 |
| Total Other Revenues | <u>158,164</u> | <u>330,436</u> |
| Increase in Net Position | 2,360,719 | 4,292,175 |
| Net Position | | |
| Net position - beginning of year | 32,967,924 | 41,496,585 |
| Cumulative effect of change in accounting principle | - | (12,820,836) |
| Net position - beginning of year as restated | <u>32,967,924</u> | <u>28,675,749</u> |
| Net position - end of year | <u>\$ 35,328,643</u> | <u>\$ 32,967,924</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, 2019 and 2018

| | 2019 Panola College Foundation Without Donor Restrictions | 2019 Panola College Foundation With Donor Restrictions | 2019 Panola College Foundation Total |
|--|---|--|---|
| Revenue | | | |
| Investment income | \$ 755 | \$ 90,681 | \$ 91,436 |
| Unrealized investment income(loss) | - | (22,085) | (22,085) |
| Realized investment income(loss) | - | (892) | (892) |
| Gifts | 202,133 | - | 202,133 |
| Other | 411 | - | 411 |
| Total Revenue | <u>203,299</u> | <u>67,704</u> | <u>271,003</u> |
| Expenses | | | |
| Scholarships and support | 43,692 | 70,928 | 114,620 |
| Total Expenses | <u>43,692</u> | <u>70,928</u> | <u>114,620</u> |
| Increase (Decrease) in Net Assets | 159,607 | (3,224) | 156,383 |
| Net assets - beginning of year | 1,225,497 | 1,875,397 | 3,100,894 |
| Net assets - end of year | <u>\$ 1,385,104</u> | <u>\$ 1,872,173</u> | <u>\$ 3,257,277</u> |

| | 2018 Panola College Foundation Without Donor Restrictions | 2018 Panola College Foundation With Donor Restrictions | 2018 Panola College Foundation Total |
|--|---|--|---|
| Revenue | | | |
| Investment income | \$ 795 | \$ 79,034 | \$ 79,829 |
| Unrealized investment income | - | 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 Assets | (372,106) | 217,379 | (154,727) |
| Net assets - beginning of year | 1,597,603 | 1,658,018 | 3,255,621 |
| Net assets - end of year | <u>\$ 1,225,497</u> | <u>\$ 1,875,397</u> | <u>\$ 3,100,894</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, 2019 and 2018

| | 2019 | 2018 |
|---|--------------------------------|--------------------------------|
| | Primary Institution | Primary Institution |
| | <u> </u> | <u> </u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from students and other customers | \$ 4,666,718 | \$ 5,125,793 |
| Receipts from grants and contracts | 1,309,062 | 1,176,247 |
| Payments to or on behalf of employees | (12,784,602) | (12,395,619) |
| Payments to suppliers for goods or services | (6,166,128) | (6,533,402) |
| Payments of scholarships | (3,242,304) | (4,291,788) |
| Net cash used for operating activities | <u>(16,217,254)</u> | <u>(16,918,769)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Receipts from state appropriations | 5,075,160 | 5,075,262 |
| Ad valorem tax revenues | 9,021,616 | 8,507,831 |
| Receipts from non-operating federal revenue | 7,390,767 | 9,260,279 |
| Gifts and grants (other than capital) | 437,973 | 1,311,967 |
| Student organization and other agency transactions | (27,733) | (67,166) |
| Net cash provided by noncapital financing activities | <u>21,897,783</u> | <u>24,088,173</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchases of capital assets | (657,958) | (857,717) |
| Interest expense paid | (1,078,184) | (1,138,796) |
| Payments on capital debt and leases | (1,167,000) | (1,720,000) |
| Net cash used for capital and related financing activities | <u>(2,903,142)</u> | <u>(3,716,513)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale and maturity of investments | 4,546,889 | 15,945,825 |
| Investment earnings | 931,966 | 599,326 |
| Purchases of investments | (949,007) | (7,693,556) |
| Net cash provided by investing activities | <u>4,529,848</u> | <u>8,851,595</u> |
| Increase in cash and cash equivalents | 7,307,235 | 12,304,486 |
| Cash and cash equivalents - beginning of year | <u>16,607,076</u> | <u>4,302,590</u> |
| Cash and cash equivalents - end of year | <u>\$ 23,914,311</u> | <u>\$ 16,607,076</u> |
| Noncash investing, capital, and financing activities: | | |
| Increase (decrease) in fair value of investments | <u>\$ (36,981)</u> | <u>\$ 113,662</u> |
| Amortization of bond premium | <u>\$ 142,167</u> | <u>\$ 164,581</u> |
| Donated Capital Assets | <u>\$ -</u> | <u>\$ 205,580</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, 2019 and 2018

| | 2019 | 2018 |
|---|-----------------------------|-----------------------------|
| | Primary | Primary |
| | Institution | Institution |
| | <u> </u> | <u> </u> |
| Reconciliation of operating loss to net cash used for operating activities | | |
| Operating loss | \$ (20,083,555) | \$ (20,824,900) |
| Adjustments to reconcile operating loss to net cash used for operating activities | | |
| Depreciation expense | 2,347,281 | 2,276,731 |
| On-behalf state benefits (excluding pension and OPEB expense) | 723,773 | 709,260 |
| Pension expense | 855,462 | 405,652 |
| College's contributions to TRS made subsequent to the measurement date | (291,895) | (282,747) |
| OPEB expense | 665,009 | 1,161,164 |
| College's contributions to ERS made subsequent to the measurement date | (330,907) | (327,217) |
| Changes in assets and liabilities | | |
| (Increase) decrease in Receivables, net | (14,304) | 57,192 |
| (Increase) decrease in Inventories | 147,591 | (64,288) |
| (Increase) decrease in Other assets | (94,104) | 18,426 |
| Decrease in Unearned revenue | (426,579) | (127,918) |
| Increase in Accounts payable | 272,123 | 44,424 |
| Increase in Accrued liabilities-payroll related | 3,431 | 17,133 |
| Increase in Compensated absences | 9,420 | 18,319 |
| Total Adjustments | <u>3,866,301</u> | <u>3,906,131</u> |
| Net cash used for operating activities | <u>\$ (16,217,254)</u> | <u>\$ (16,918,769)</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, 2019 AND 2018

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 applies all applicable GASB pronouncements. 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, 2019, 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 market 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 \$17,898,664 and \$11,200,361 at August 31, 2019 and 2018, respectively, to be short-term investments). Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of 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. 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, 2019 and 2018 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. As a result, the College discretely presents the financial statements of the Panola College Foundation (the Foundation) in the College's annual financial report as an affiliated organization. The Foundation is a non-profit corporation (reported under FASB standards) organized under the Texas Non Profit Corporation Act. 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. 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, 2019 and 2018 amounted to approximately \$114,620 and \$1,036,520 respectively.

Deposits were fully covered by FDIC insurance at August 31, 2019 and 2018, 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 2019 and 2018 fiscal years, deposits and investments were comprised of cash on hand, bank demand deposits, bank time deposits, investments with the Lone Star Investment Pool, mutual funds administered by American Funds Distributors and 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, 2019 and August 31, 2018, the weighted average maturity was 27 days and 20 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, 2019 and August 31, 2018. The fair value of the investment in Lone Star Investment Pool was the same as its carrying value of \$17,898,664 and \$11,200,361 for the years ending August 31, 2019 and 2018, 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 \$374,380 and \$360,832 for the years ending August 31, 2019 and 2018, 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, \$4,113,991 and \$4,012,487 for the years ending August 31, 2019 and 2018, respectively. 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, 2019 | August 31, 2018 |
|---------------------------------------|--------------------|--------------------|
| Cash and Deposits | | |
| Cash in Banks: | | |
| Demand Deposits | \$ 6,013,217 | \$ 5,404,285 |
| Time Deposits | 3,795,538 | 7,545,453 |
| Petty Cash on Hand | 2,430 | 2,430 |
| Total Cash and Deposits | 9,811,185 | 12,952,168 |
| Investments | | |
| Short-Term Investments | | |
| Lone Star Investment Pool | | |
| Liquidity Plus Fund | 17,898,664 | 11,200,361 |
| Mutual Fund Investments | 374,380 | 360,832 |
| Common Trust Fund | 4,113,991 | 4,012,487 |
| Total Investments | 22,387,035 | 15,573,680 |
| Total Deposits and Investments | \$ 32,198,220 | \$ 28,525,848 |

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Classification in Statement of Net Position, Exhibit 1

| | August 31, 2019 | August 31, 2018 |
|---|--------------------|--------------------|
| Cash and Cash Equivalents | | |
| Cash in Banks: | | |
| Demand Deposits | \$ 6,013,217 | \$ 5,404,285 |
| Short-Term Investments | | |
| Lone Star Investment Pool | | |
| Liquidity Plus Fund | 17,898,664 | 11,200,361 |
| Petty Cash on Hand | 2,430 | 2,430 |
| Total Cash and Cash Equivalents | 23,914,311 | 16,607,076 |
| | | |
| Endowment and Other Investments | | |
| Cash in Banks – Time Deposits | 3,795,538 | 7,545,453 |
| Mutual Fund Investments | 374,380 | 360,832 |
| Common Trust Fund | 4,113,991 | 4,012,487 |
| Total Investments | 8,283,909 | 11,918,772 |
| | | |
| Total Cash, Deposits and Investments | \$ 32,198,220 | \$ 28,525,848 |

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, 2019 and 2018, the bank balances of the College’s deposits were \$10,105,577 and \$13,117,834, respectively. Of these balances, the amounts covered by FDIC insurance were \$4,216,311 and \$3,977,414 at August 31, 2019 and 2018, respectively. The remaining balance at August 31, 2019 and 2018 of \$5,889,266 and \$9,140,420, 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, 2019 and 2018.

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, 2019 and 2018, endowment interest, dividend earnings, and capital gains totaled \$145,767 and \$80,700 respectively. Gifts to endowments totaled \$158,164 and \$330,436 for the fiscal years ended August 31, 2019 and 2018, respectively. Realized and unrealized gains and losses for the years ended August 31, 2019 and 2018 totaled \$36,972 loss and \$113,662 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, 2019 was as follows:

| <u>Description</u> | <u>Balance September 1, 2018</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance August 31, 2019</u> |
|--|--|-----------------------|------------------|--|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,960,870 | \$ 59,988 | \$ - | \$ 2,020,858 |
| Total capital assets not being depreciated | 1,960,870 | 59,988 | - | 2,020,858 |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 61,157,293 | 184,047 | - | 61,341,340 |
| Furniture, Fixtures, Machinery & Equipment and Other Equipment | 6,585,021 | 402,343 | 32,893 | 6,954,471 |
| Library Books | 373,972 | 11,580 | 30,112 | 355,440 |
| Total capital assets being depreciated | 68,116,286 | 597,970 | 63,005 | 68,651,251 |
| Less accumulated depreciation for: | | | | |
| Building and Improvements | (14,136,463) | (1,759,124) | - | (15,895,587) |
| Furniture, Fixtures, Machinery & Equipment and Other Equipment | (4,837,869) | (557,187) | (32,893) | (5,362,163) |
| Library Books | (232,100) | (30,970) | (30,112) | (232,958) |
| Total accumulated depreciation | (19,206,432) | (2,347,281) | (63,005) | (21,490,708) |
| Total capital assets being depreciated, net | 48,909,854 | (1,749,311) | - | 47,160,543 |
| Net Capital Assets | \$ 50,870,724 | \$ (1,689,323) | \$ - | \$ 49,181,401 |

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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 | 6,585,201 |
| 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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9. LONG-TERM LIABILITIES

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

| | <u>Balance September 1, 2018</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance August 31, 2019</u> | <u>Current Portion</u> |
|---|--|---------------------|---------------------|--|----------------------------|
| <u>Notes and Bonds</u> | | | | | |
| Revenue Bonds Payable | \$ 420,000 | \$ - | \$ 207,000 | \$ 213,000 | \$ 213,000 |
| General Obligation Bonds Payable | 28,430,000 | - | 960,000 | 27,470,000 | 1,000,000 |
| General Obligation Bond Premium | 461,006 | - | 142,167 | 318,839 | 118,139 |
| <u>Other Long-Term Liabilities</u> | | | | | |
| Accrued Compensable | | | | | |
| Absences | 319,098 | 132,098 | 122,678 | 328,518 | 125,666 |
| Net Pension Liability | 2,680,991 | 2,124,188 | 277,129 | 4,528,050 | - |
| Net OPEB Liability | 10,983,393 | 3,356,825 | 2,396,492 | 11,943,726 | - |
| Total Long-Term Liabilities | \$ 43,294,488 | \$ 5,613,111 | \$ 4,105,466 | \$ 44,802,133 | \$ 1,456,805 |

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

| | <u>Balance September 1, 2017</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance August 31, 2018</u> | <u>Current Portion</u> |
|---|--|----------------------|---------------------|--|----------------------------|
| <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 |

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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 \$221,392 and \$444,940 at August 31, 2019 and 2018, respectively. Principal and interest paid during the years ended August 31, 2019 and 2018 was \$223,548 and \$224,428 respectively. Total dorm fee revenue for August 31, 2019 and 2018 was \$1,254,184 and \$1,168,940, 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 was in the year ending August 31, 2018. The remaining principal and interest to be paid was \$-0- and \$-0- at August 31, 2019 and 2018, respectively. Principal and interest paid during the years ended August 31, 2019 and 2018 was \$-0- and \$617,280 respectively. Total general use fee revenue for August 31, 2019 and 2018 was \$2,922,882 and \$3,117,853 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% | \$ 213,000 |
| Series 2008 | Library expansion | 2.88% | -0- |
| Total outstanding revenue bonds | | | <u>\$ 213,000</u> |

Interest expense on the bonds amounted to \$13,490 and \$32,273 for the years ended August 31, 2019 and 2018, respectively. Accrued interest on the bonds at August 31, 2019 and 2018 amounted to approximately \$3,147 and \$6,205 respectively, and is included in the financial statements.

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

| Year Ending August 31, | 2019 | | | 2018 | | |
|------------------------------|-----------------|-------------------|----------------------|------------------|-------------------|----------------------|
| | Interest | Principal | Total Requirement | Interest | Principal | Total Requirement |
| 2019 | \$ - | \$ - | \$ - | \$ 16,548 | \$ 207,000 | \$ 223,548 |
| 2020 | 8,392 | 213,000 | 221,392 | 8,392 | 213,000 | 221,392 |
| Total | <u>\$ 8,392</u> | <u>\$ 213,000</u> | <u>\$ 221,392</u> | <u>\$ 24,940</u> | <u>\$ 420,000</u> | <u>\$ 444,940</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 \$38,315,987 and \$40,336,625 at August 31, 2019 and 2018, respectively. Principal and interest paid during the years ended August 31, 2019 and 2018 was \$2,020,638 and \$2,016,088, 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% | \$ 6,330,000 |
| Series 2014 | Construction, renovation | 2.00-5.00% | <u>21,140,000</u> |

Total outstanding general obligation bonds \$27,470,000

Interest expense on the bonds amounted to \$1,059,008 and \$1,094,526 for the year ended August 31, 2019 and 2018, respectively. Accrued interest on the bonds at August 31, 2019 and 2018 amounted to approximately \$46,914 and \$48,543 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 \$142,167 and \$164,581 for the years ended August 31, 2019 and 2018.

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

| Year Ending August 31, | 2019 | | | 2018 | | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Interest | Principal | Total Requirement | Interest | Principal | Total Requirement |
| 2019 | \$ - | \$ - | \$ - | \$ 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 | 815,787 | 1,200,000 | 2,015,787 | 815,787 | 1,200,000 | 2,015,787 |
| 2025-2029 | 3,437,637 | 6,645,000 | 10,082,637 | 3,437,637 | 6,645,000 | 10,082,637 |
| 2030-2034 | 2,209,809 | 7,870,000 | 10,079,809 | 2,209,809 | 7,870,000 | 10,079,809 |
| 2035-2038 | 602,628 | 7,465,000 | 8,067,628 | 602,628 | 7,465,000 | 8,067,628 |
| Total | <u>\$ 10,845,987</u> | <u>\$ 27,470,000</u> | <u>\$ 38,315,987</u> | <u>\$ 11,906,625</u> | <u>\$ 28,430,000</u> | <u>\$ 40,336,625</u> |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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10. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

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

| | <u>2019</u> | | | <u>2018</u> | | |
|---------------------|---------------------|--|---------------------|---------------------|--|---------------------|
| | Total Receivable | Less Allowance For Uncollectibles | Net Receivable | Total Receivable | Less Allowance For Uncollectibles | Net Receivable |
| Student Receivables | \$ 1,220,826 | \$ 451,529 | \$ 769,297 | \$ 1,029,456 | \$ 360,529 | \$ 668,927 |
| Taxes Receivable | 662,475 | 366,467 | 296,008 | 668,781 | 323,094 | 345,687 |
| Federal Receivables | 2,062,589 | - | 2,062,589 | 2,464,120 | - | 2,464,120 |
| State Receivables | 10,933 | - | 10,933 | 97,764 | - | 97,764 |
| Interest Receivable | 163,062 | - | 163,062 | 178,058 | - | 178,058 |
| Other Receivables | 4,105 | - | 4,105 | 3,340 | - | 3,340 |
| TOTAL | \$ 4,123,990 | \$ 817,996 | \$ 3,305,994 | \$ 4,441,519 | \$ 683,623 | \$ 3,757,896 |

Payables

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

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|---------------------|---------------------|
| Vendors Payable | \$ 802,144 | \$ 530,021 |
| Salaries and Benefits Payable | 582,108 | 569,257 |
| Students Payable | 162,179 | 202,364 |
| Accrued Interest | 50,061 | 54,748 |
| Other Payables | 463,133 | 407,781 |
| TOTAL | \$ 2,059,625 | \$ 1,764,171 |

11. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA audit and accounting guide "State and Local Governments". 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.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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Taxes levied for current year operations are summarized below:

| | 2019 | 2018 |
|-----------------------------------|---------------------|---------------------|
| Original tax levy | \$ 9,037,439 | \$ 8,686,796 |
| Supplemental levy and adjustments | 489,266 | 117,277 |
| Adjusted levy | 9,526,705 | 8,804,073 |
| Penalty and interest assessments | (18,344) | 131,958 |
| Total Levy | \$ 9,508,361 | \$ 8,672,115 |

Tax collections for the years ended August 31, 2019 and 2018, including delinquent collections, exceeded 96% of the levy for both years.

A summary of tax data is presented as follows:

| | 2019 | 2018 |
|--|-------------------------|-------------------------|
| Assessed valuation of the District | \$ 4,556,636,589 | \$ 4,530,659,211 |
| Less: Exemptions | (243,904,055) | (233,051,959) |
| Less: Special Valuations | (970,360,800) | (923,243,583) |
| Net Assessed Valuation of the District | <u>\$ 3,342,371,733</u> | <u>\$ 3,374,363,669</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 | \$ 0.20564 | \$ 0.19387 |
| Debt Service | 0.06475 | 0.06313 |
| Total | <u>\$ 0.27039</u> | <u>\$ 0.25700</u> |
| Gross Taxes Collected (Current Operations) | \$ 9,325,532 | \$ 8,666,544 |
| Discounts Allowed | (172,220) | (176,391) |
| Delinquent Taxes Collected | 129,442 | 176,421 |
| Refunds | (370,234) | (192,970) |
| Penalties and Interest Collected | 97,666 | 225,248 |
| Other Collections | 56,750 | 51,436 |
| Provisions for Bad Debts | 28,915 | (3,921) |
| Collection Fees | (123,914) | (144,795) |
| Total Collections | <u>\$ 8,971,937</u> | <u>\$ 8,601,572</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:

| | 2019 | 2018 |
|------------------------------|---------------------|---------------------|
| Tuition and Fees | \$ 3,679,276 | \$ 3,802,622 |
| Housing and Residential Life | 612,658 | 674,829 |
| Other | 40,722 | 281,784 |
| Total | <u>\$ 4,332,656</u> | <u>\$ 4,759,235</u> |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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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 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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| | <u>Contribution Rates</u> | |
|---|---------------------------|-------------|
| | <u>2018</u> | <u>2019</u> |
| Member | 7.7% | 7.7% |
| Non-Employer Contributing Entity (NECE-State) | 6.8% | 6.8% |
| Employers | 6.8% | 6.8% |
| | | |
| College's Employer Contributions | \$282,747 | \$291,895 |
| College's Member Contributions | \$567,326 | \$602,263 |
| NECE On-behalf Contributions | \$207,157 | \$220,474 |

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 rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

| | |
|--|---|
| • Valuation Date | August 31, 2017 rolled forward to August 31, 2018 |
| • Actuarial Cost Method | Individual Entry Age Normal |
| • Asset Valuation Method | Market Value |
| • Single Discount Rate | 6.907% |
| • Long-term expected Investment Rate of Return | 7.25% |
| • Inflation | 2.30% |
| • Salary Increases including Inflation | 3.05% to 9.50% |
| • Payroll Growth Rate | 2.50% |
| • Benefit Changes during the Year | None |
| • Ad Hoc Post-Employment Benefit Changes | None |

PANOLA COLLEGE
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The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Discount Rate. The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2018, are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2016

| | Target Allocation (1) | Long-Term Expected Geometric Real Rate of Return (2) | Expected Contribution To Long-Term Portfolio Returns |
|-------------------------------|--------------------------|--|---|
| Global Equity | | | |
| U.S | 18.0% | 5.7% | 1.0% |
| Non-U.S. Developed | 13.0% | 6.9% | 0.9% |
| Emerging Markets | 9.0% | 8.9% | 0.8% |
| Directional Hedge Funds | 4.0% | 3.5% | 0.1% |
| Private Equity | 13.0% | 10.2% | 1.3% |
| Stable Value | | | |
| U.S. Treasuries | 11.0% | 1.1% | 0.1% |
| Absolute Return | 0.0% | - | - |
| Stable Value Hedge Funds | 4.0% | 3.1% | 0.1% |
| Cash | 1.0% | -0.3% | 0.0% |
| Real Return | | | |
| Global Inflation Linked Bonds | 3.0% | 0.7% | 0.0% |
| Real Assets | 14.0% | 5.2% | 0.7% |
| Energy & Natural Resources | 5.0% | 7.5% | 0.4% |
| Commodities | 0.0% | - | - |
| Risk Parity | | | |
| Risk Parity | 5.0% | 3.7% | 0.2% |
| Inflation Expectation | | | 2.3% |
| Volatility Drag (3) | | | -0.8% |
| Total | 100.0% | | 7.2% |

1. Target allocations are based on the FY2016 policy model.
2. Capital market assumptions come from Aon Hewitt (2017 Q4).
3. The volatility drag results from the conversation between arithmetic and geometric mean returns.

PANOLA COLLEGE
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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 Net Pension Liability.

| | 1% Decrease in Discount Rate (5.907%) | Discount Rate (6.907%) | 1% Increase in Discount Rate (7.907%) |
|---|--|------------------------|--|
| Panola College's proportionate share of the net pension liability: | \$6,833,912 | \$4,528,050 | \$2,661,317 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2019, Panola College reported a liability of \$4,528,050 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 | \$4,528,050 |
| State's proportionate share that is associated with Panola College | <u>3,604,606</u> |
| Total | <u>\$8,132,656</u> |

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017. 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, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.0082265%, which was an increase (decrease) of (0.0001582)% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rate of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

For the year ended August 31, 2019, Panola College recognized pension expense of \$356,760 and revenue of \$356,760 for support provided by the State. The College also recognized their proportionate share of pension expense of \$498,702.

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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At August 31, 2019, 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 | \$ | 28,224 | \$ | 111,100 |
| Change in actuarial assumptions | \$ | 1,632,580 | \$ | 51,018 |
| Difference between projected and actual investment earnings | \$ | - | \$ | 85,917 |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | \$ | 68,984 | \$ | 154,155 |
| Contributions paid to TRS subsequent to the measurement date (calculated by employer) | \$ | 291,895 | \$ | - |
| Total | \$ | 2,021,683 | \$ | 402,190 |

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 |
|---------------------------------------|------------------------|
| 2019 (2020) | \$ 334,935 |
| 2020 (2021) | \$154,133 |
| 2021 (2022) | \$166,182 |
| 2022 (2023) | \$275,705 |
| 2023 (2024) | \$273,143 |
| Thereafter | \$173,500 |

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. The College contributed 5.20 percent 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. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

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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| Year Ended <u>August 31,</u> | On Behalf State <u>Contribution</u> | Panola College <u>Contribution</u> | Participant <u>Contributions</u> | Total <u>Contributions</u> | Covered <u>Payroll</u> |
|---------------------------------|---|--|-------------------------------------|-------------------------------|---------------------------|
| 2019 | \$54,446 | \$70,976 | \$109,718 | \$235,140 | \$1,649,892 |
| 2018 | 51,397 | 67,296 | 103,573 | 222,266 | 1,557,489 |
| 2017 | 54,711 | 73,696 | 110,251 | 238,658 | 1,657,905 |

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, 2019 and 2018, the College had twenty-two and twenty-two respectively, employees participating in the tax sheltered annuity program. A total of \$120,264 and \$124,204 in payroll deductions was invested in approved plans during the years ending August 31, 2019 and 2018, 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 \$328,518 at August 31, 2019 and \$319,098 at August 31, 2018. The liability is shown in the statement of net position split between current and noncurrent in the amounts of \$125,666 and \$202,853 respectively for August 31, 2019 and \$125,229 and \$193,869 respectively for August 31, 2018.

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 \$625 and \$622 per month per employee to the Plan for the years ending August 31, 2019 and 2018, 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.

| Fiscal Year Ended <u>August 31,</u> | Average Number Employees Covered | Board Members Covered | On Behalf State Contributions | College Contributions |
|--|---|-----------------------------|-------------------------------------|--------------------------|
| 2019 | 158 | 4 | \$ 669,327 | \$ 898,699 |
| 2018 | 151 | 6 | 680,999 | 944,768 |
| 2017 | 151 | 6 | 631,263 | 795,496 |

PANOLA COLLEGE
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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 | \$ 622 |
| Retiree & Spouse | \$ 1,335 |
| Retiree & Children | \$ 1,099 |
| Retiree & Family | \$ 1,812 |

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

| Measurement (Fiscal) Year | <u>2017(2018)</u> | <u>2018(2019)</u> |
|---|-------------------|-------------------|
| Employer Contribution | \$ 327,217 | \$ 330,907 |
| Nonemployer Contributing Entity (State of Texas) | \$ 294,711 | \$ 319,754 |

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 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, 2018 |
| 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 | 7.30% for FY20, 7.40% for FY21, 7.00% for FY22 decreasing 0.5% per year to an ultimate rate of 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 Ultimate MP Projection Scale from the year 2018 |
| Disability retirees | Tables based on TRS experience with Ultimate MP Projection Scale from Year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members |
| Active members | Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014 |

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, 2017 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%.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go 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 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: | \$14,179,986 | \$11,943,726 | \$10,251,135 |

Healthcare Trend Rate Sensitivity Analysis. 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 (6.3% decreasing to 3.5%) | Current Healthcare Cost Trend Rates (7.35% decreasing to 4.5%) | 1% Increase in Healthcare Cost Trend Rates (8.3% decreasing to 5.5%) |
|---|---|---|---|
| Panola College's proportionate share of the net OPEB liability: | \$10,114,796 | \$11,943,726 | \$14,303,060 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2019, the College reported a liability of \$11,943,726 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 | \$ 11,943,726 |
| State's proportionate share that is associated with the College | <u>9,962,553</u> |
| Total | <u>\$ 21,906,282</u> |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

The net OPEB liability was measured as of August 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018. At the measurement date of August 31, 2018, the employer's proportion of the collective net OPEB liability was 0.04029905%, which is an increase of 0.00806417% from the proportion measured as of August 31, 2017. For the year ended August 31, 2019, the College recognized OPEB expense of \$(59,224) and revenue of \$(59,224) for support provided by the State. The College also recognized their proportionate share of OPEB expense of \$724,235.

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

- **Demographic Assumptions**
- Demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases for Higher Education members) have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.
- Percentage of current and future 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 at the earliest date at which coverage can commence have been updated to reflect recent plan experience and expected trends.
- Percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- **Economic Assumptions**
- Assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost, Retiree Contribution and Expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The discount rate was changed from 3.51% to 3.96% as a result of requirements by GASB No. 75 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or high in effect on the measurement date.

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

- An increase in the out-of-pocket cost maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,550 to \$6,650 for individuals and from \$13,100 to \$13,300 for families in order to remain consistent with Internal Revenue Service maximums.

This minor benefit change has been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is primary.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

At August 31, 2019, 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 | \$ | \$ 437,581 |
| Changes in actuarial assumptions | | 4,185,409 |
| Difference between projected and actual investment earnings | 5,656 | |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 2,755,420 | |
| Contributions paid to ERS subsequent to the measurement date | 330,907 | |
| Total | \$ 3,091,983 | \$ 4,622,990 |

| Plan (Fiscal) Year Ended August 31: | OPEB Expense Amount |
|--|------------------------|
| 2019(2020) | \$ (576,759) |
| 2020(2021) | \$ (576,759) |
| 2021(2022) | \$ (576,759) |
| 2022(2023) | \$ (576,759) |
| 2023(2024) | \$ (194,854) |
| Thereafter | 63,217 |

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, 2019 and 2018 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 \$378,763 at August 31, 2019 and \$276,229 at August 31, 2018.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

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, 2019 and 2018, 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 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, 2019 or 2018.

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 25. 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, | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| College's proportion of the net pension liability (asset) | 0.0082265% | 0.0083847% | 0.0081012% | 0.0083059% | 0.0088069% |
| College's proportionate share of the net pension liability (asset) | \$ 4,528,049 | \$ 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 | 3,604,606 | 2,025,285 | 2,412,436 | 2,264,490 | 1,923,725 |
| Total | \$8,132,655 | \$4,706,276 | \$5,473,751 | \$5,200,515 | \$4,276,169 |
| College's covered payroll | \$7,361,886 | \$7,7089,656 | \$6,730,871 | \$6,390,034 | \$5,935,288 |
| College's proportionate share of the net pension liability (asset) as a percentage of its payroll | 61.51% | 37.82% | 45.48% | 45.95% | 39.63% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.74% | 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 five 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, | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$291,895 | \$ 282,747 | \$274,803 | \$ 257,395 | \$ 245,917 |
| Contributions in relation to the contractually required contribution | (291,895) | (282,747) | (274,803) | (257,395) | (245,917) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| College's covered payroll | \$7,821,633 | \$7,361,886 | \$7,089,656 | \$6,760,871 | \$6,390,034 |
| Contributions as a percentage of covered payroll | 3.73% | 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, 2017 - August 31, 2018.

Note: Only five 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, | 2019 | 2018 |
|--|----------------------|----------------------|
| College's proportion of the collective net OPEB liability (asset) | 0.04029905% | 0.03223488% |
| College's proportionate share of the net OPEB liability (asset) | \$ 11,943,726 | \$ 10,983,393 |
| State's proportionate share of the net OPEB liability (asset) associated with the College | 9,962,553 | 10,714,106 |
| Total | \$ 21,906,282 | \$ 21,697,499 |
| College's covered employee payroll | \$ 8,591,208 | \$ 8,387,054 |
| College's proportionate share of the net (asset) as a percentage of its covered employee payroll | 139.02% | 130.96% |
| Plan fiduciary net position as a percentage of the total net OPEB liability | 1.27% | 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 two years of data are 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, | 2019 | 2018 |
|--|------------------|------------------|
| Contractually required contribution | \$ 330,907 | \$ 327,217 |
| Contributions in relation to the contractually required contribution | (330,907) | (327,217) |
| Contribution deficiency (excess) | \$ - | \$ - |
| College's covered employee payroll | \$ 9,010,488 | \$ 9,010,488 |
| Contributions as a percentage of covered employee payroll | 3.67% | 3.67% |

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, 2017 - August 31, 2018.

Note: Only two years of data are 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, 2019

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

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rate of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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 maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,550 to \$6,650 for individuals and from \$13,100 to \$13,300 for families in order to remain consistent with Internal Revenue Service maximums.

This minor benefit change has been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

Changes of assumptions

a. **Demographic Assumptions**

- Demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases for Higher Education members) have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.
- Percentage of current and future 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 at the earliest date at which coverage can commence have been updated to reflect recent plan experience and expected trends.
- Percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.

See independent auditor's report on required supplementary information.

PANOLA COLLEGE

**Notes to Required Supplementary Information
For the Year Ended August 31, 2019**

b. Economic Assumptions

Assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost, Retiree Contribution and Expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.

The discount rate was changed from 3.51% to 3.96% as a result of requirements by GASB No. 75 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or high in effect on the measurement date.

See independent auditor's report on required supplementary information.

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SUPPLEMENTARY SCHEDULES



**PANOLA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES**

For the Year Ended August 31, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)

| | Unrestricted | Restricted | Total Educational Activities | Auxiliary Enterprises | 2019 Total | 2018 Total |
|--|---------------------|---------------------|------------------------------------|--------------------------|---------------------|---------------------|
| Tuition | | | | | | |
| State funded courses | | | | | | |
| In-district resident tuition | \$ 336,234 | \$ - | \$ 336,234 | \$ - | \$ 336,234 | \$ 348,274 |
| Out-of-district resident tuition | 1,075,576 | - | 1,075,576 | - | 1,075,576 | 1,030,886 |
| TPEG (set aside)* | 125,042 | - | 125,042 | - | 125,042 | 129,555 |
| Non-resident tuition | 174,676 | - | 174,676 | - | 174,676 | 184,687 |
| State funded continuing education | 500,849 | - | 500,849 | - | 500,849 | 596,606 |
| Non-state funded continuing education | 28,194 | - | 28,194 | - | 28,194 | 26,734 |
| Total tuition | 2,240,571 | - | 2,240,571 | - | 2,240,571 | 2,316,742 |
| Fees | | | | | | |
| General fee | 2,922,882 | - | 2,922,882 | - | 2,922,882 | 3,117,853 |
| Out-of-district fees | 2,255,893 | - | 2,255,893 | - | 2,255,893 | 2,166,029 |
| Laboratory fee | 450,163 | - | 450,163 | - | 450,163 | 606,737 |
| Other fees | 838,497 | - | 838,497 | - | 838,497 | 866,278 |
| Total fees | 6,467,435 | - | 6,467,435 | - | 6,467,435 | 6,756,897 |
| Scholarship allowances and discounts | | | | | | |
| Institutional scholarships | (876,120) | - | (876,120) | - | (876,120) | (1,135,378) |
| Remissions and exemptions-state | (146,342) | - | (146,342) | - | (146,342) | (172,305) |
| Remissions and exemptions-local | (780,343) | - | (780,343) | - | (780,343) | (363,618) |
| Title IV federal grants | (2,853,828) | - | (2,853,828) | - | (2,853,828) | (3,329,175) |
| TPEG allowances | (80,023) | - | (80,023) | - | (80,023) | (84,725) |
| State grants to students | (177,008) | - | (177,008) | - | (177,008) | (160,709) |
| Total scholarship allowances | (4,913,664) | - | (4,913,664) | - | (4,913,664) | (5,245,910) |
| Total net tuition and fees | 3,794,342 | - | 3,794,342 | - | 3,794,342 | 3,827,729 |
| Additional operating revenues | | | | | | |
| Federal grants and contracts | - | 714,123 | 714,123 | - | 714,123 | 579,903 |
| State grants and contracts | - | 504,884 | 504,884 | - | 504,884 | 657,914 |
| Nongovernmental grants and contracts | - | 3,224 | 3,224 | - | 3,224 | 1,741 |
| Sales and services of educational activities | 55,718 | - | 55,718 | - | 55,718 | 73,175 |
| General operating revenues | 316,600 | - | 316,600 | - | 316,600 | 365,910 |
| Total other operating revenues | 372,318 | 1,222,231 | 1,594,549 | - | 1,594,549 | 1,678,643 |
| Auxiliary enterprises | | | | | | |
| Bookstore | - | - | - | 1,357,822 | 1,357,822 | 1,720,620 |
| Less allowances and discounts | - | - | - | (614,647) | (614,647) | (1,021,453) |
| Residential life | - | - | - | 1,254,184 | 1,254,184 | 1,168,940 |
| Less allowances and discounts | - | - | - | (740,316) | (740,316) | (772,442) |
| Total net auxiliary enterprises | - | - | - | 1,257,043 | 1,257,043 | 1,095,665 |
| Total Operating Revenues | \$ 4,166,660 | \$ 1,222,231 | \$ 5,388,891 | \$ 1,257,043 | \$ 6,645,934 | \$ 6,602,037 |
| | | | | (Exhibit 2) | (Exhibit 2) | |

*In accordance with Education Code 56.033, \$125,042 and \$129,555 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, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)

| | Salaries And Wages | Benefits | | Other Expenses | 2019 Total | 2018 Total |
|---|-----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | | State Benefits | Local Benefits | | | |
| Unrestricted Educational Activities | | | | | | |
| Instruction | \$ 5,721,321 | \$ - | \$ 1,373,125 | \$ 853,279 | \$ 7,947,725 | \$ 7,579,612 |
| Academic Support | 1,824,191 | - | 513,680 | 509,320 | 2,847,191 | 2,630,561 |
| Student Services | 993,494 | - | 335,911 | 210,306 | 1,539,711 | 1,435,128 |
| Institutional Support | 1,104,786 | - | 475,289 | 1,237,128 | 2,817,203 | 2,557,322 |
| Operation and Maintenance of Plant | 273,089 | - | 92,248 | 1,327,275 | 1,692,612 | 1,794,334 |
| Scholarship and Fellowships | - | - | - | - | - | - |
| Total Unrestricted Educational Activities | 9,916,881 | - | 2,790,253 | 4,137,308 | 16,844,442 | 15,996,957 |
| Restricted Educational Activities | | | | | | |
| Instruction | 147,004 | 586,761 | 29,074 | 196,530 | 959,369 | 1,304,026 |
| Public Service | 73,163 | 4,891 | 13,066 | 327,798 | 418,918 | 364,620 |
| Academic Support | - | 188,296 | - | - | 188,296 | 249,419 |
| Student Services | - | 110,818 | - | - | 110,818 | 162,310 |
| Institutional Support | - | 130,543 | - | - | 130,543 | 202,449 |
| Operation and Maintenance of Plant | - | - | - | - | - | - |
| Scholarship and Fellowships | - | - | - | 3,242,304 | 3,242,304 | 4,291,788 |
| Total Restricted Educational Activities | 220,167 | 1,021,309 | 42,140 | 3,766,632 | 5,050,248 | 6,574,612 |
| Auxiliary Enterprises | 320,218 | - | 107,927 | 2,059,373 | 2,487,518 | 2,578,637 |
| Depreciation Expense-Buildings & other real estate improvements | | | - | 1,759,124 | 1,759,124 | 1,742,076 |
| Depreciation Expense-Equipment & fixtures | | | - | 557,187 | 557,187 | 502,708 |
| Depreciation Expense-Library books | | | | 30,970 | 30,970 | 31,947 |
| Total | \$ 10,457,266 | \$ 1,021,309 | \$ 2,940,320 | \$ 12,310,594 | \$ 26,729,489 | \$ 27,426,937 |

(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, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)

| | Unrestricted | Restricted | Auxiliary Enterprises | 2019 Total | 2018 Total |
|---|----------------------|---------------------|--------------------------|----------------------|----------------------|
| NON-OPERATING REVENUES | | | | | |
| State Appropriations | | | | | |
| Education and General State Support | \$ 5,075,160 | \$ - | \$ - | \$ 5,075,160 | \$ 5,075,262 |
| State Group Insurance | - | 610,103 | - | 610,103 | 1,231,239 |
| State Retirement Matching | - | 411,206 | - | 411,206 | 205,878 |
| Total State Appropriations | 5,075,160 | 1,021,309 | - | 6,096,469 | 6,512,379 |
| | | | | | |
| Ad-Valorem Taxes - Maintenance & Operations | 6,826,243 | - | - | 6,826,243 | 6,490,785 |
| Ad-Valorem Taxes - Debt Service | 2,145,694 | | | 2,145,694 | 2,110,786 |
| Federal Revenue, Non Operating | - | 6,989,236 | - | 6,989,236 | 8,932,617 |
| Gifts | 221,154 | 30,000 | 28,655 | 279,809 | 1,187,111 |
| Investment Income | 567,719 | 114,768 | 1,366 | 683,853 | 533,051 |
| Gain (Loss) on Disposal of Asset | - | - | - | - | (309,382) |
| Royalty Income | - | 196,136 | - | 196,136 | 292,510 |
| Total Non-Operating Revenues | 9,760,810 | 7,330,140 | 30,021 | 17,120,971 | 19,237,478 |
| | | | | | |
| NON-OPERATING EXPENSES | | | | | |
| Interest on Capital Related Debt | 931,330 | - | - | 931,330 | 963,218 |
| Total Non-Operating Expenses | 931,330 | - | - | 931,330 | 963,218 |
| | | | | | |
| Net Non-Operating Revenues | \$ 13,904,640 | \$ 8,351,449 | \$ 30,021 | \$ 22,286,110 | \$ 24,786,639 |
| | | | | 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, 2019
With Memorandum Totals for the Year Ended August 31, 2018

| | Detail By Source | | | | | Available for Current Operations | | |
|--|---------------------|---------------------|-------------------|---|---------------------|----------------------------------|---------------------|----|
| | Restricted | | | | | Total | Yes | No |
| | Unrestricted | Expendable | Non-Expendable | Capital Assets Net of Depreciation & Related Debt | Total | | | |
| Current | | | | | | | | |
| Unrestricted | \$ 3,627,946 | \$ - | \$ - | \$ - | \$ 3,627,946 | \$ 3,627,946 | \$ - | |
| Restricted | - | 9,390 | - | - | 9,390 | | 9,390 | |
| Auxiliary enterprises | 1,024,869 | - | - | - | 1,024,869 | 1,024,869 | - | |
| Endowment | | | | | | | | |
| Quasi: | | | | | | | | |
| Unrestricted | - | - | - | - | - | - | - | |
| Restricted | - | - | 4,061,645 | - | 4,061,645 | | 4,061,645 | |
| Plant | | | | | | | | |
| Unexpended | 2,185,506 | 2,481,275 | - | - | 4,666,781 | - | 4,666,781 | |
| Debt Service | | 758,450 | | | 758,450 | | 758,450 | |
| Investment in Plant | - | - | - | 21,179,562 | 21,179,562 | - | 21,179,562 | |
| Total Net Position, August 31, 2019 | <u>6,838,321</u> | <u>3,249,115</u> | <u>4,061,645</u> | <u>21,179,562</u> | <u>35,328,643</u> | <u>4,652,815</u> | <u>30,675,828</u> | |
| | | | | | (Exhibit 1) | | | |
| 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) | | | |
| Net Increase (Decrease) in Net Position | <u>\$ 1,049,059</u> | <u>\$ 1,421,630</u> | <u>\$ 270,186</u> | <u>\$ (380,156)</u> | <u>\$ 2,360,719</u> | <u>\$ 1,344,771</u> | <u>\$ 1,015,948</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, 2019 and 2018

| | <u>2019</u> <u>Panola</u> <u>College</u> <u>Foundation</u> | <u>2018</u> <u>Panola</u> <u>College</u> <u>Foundation</u> |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from donors | 202,133 | 629,709 |
| Payments for scholarships and support | (90,046) | (1,017,065) |
| Other income | 411 | 220 |
| Investment receipts | 91,436 | 79,829 |
| Net cash provided by (used in) operating activities | <u>203,934</u> | <u>(307,307)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Maturities and liquidation of investments | 146,088 | 10,639 |
| Purchase of investments and annuities | (560,148) | (113,751) |
| Net cash (used in) investing activities | <u>(414,060)</u> | <u>(103,112)</u> |
| Increase (decrease) in cash and cash equivalents | (210,126) | (410,419) |
| Cash and cash equivalents-beginning | <u>464,996</u> | <u>875,415</u> |
| Cash and cash equivalents-ending | <u>\$ 254,870</u> | <u>\$ 464,996</u> |
| Reconciliation of change in net position to net cash provided by operating activities | | |
| Change in net position | <u>\$ 156,383</u> | <u>\$ (154,727)</u> |
| Adjustments to reconcile change in net position to net cash provided by for operating activities | | |
| (Increase) decrease in fair value of investments | 22,085 | (172,035) |
| Realized loss on investments | 892 | - |
| Changes in assets and liabilities | | |
| Increase (decrease) in accounts payable | <u>24,574</u> | <u>19,455</u> |
| Total Adjustments | <u>47,551</u> | <u>(152,580)</u> |
| Net cash provided by (used in) operating activities | <u>\$ 203,934</u> | <u>\$ (307,307)</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, 2019

| 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 | | | 33,721 |
| Federal Pell Grant Program | 84.063 | | | 4,253,297 |
| Federal Direct Student Loans | 84.268 | | | <u>2,672,331</u> |
| Total Student Financial Aid Cluster | | | | <u><u>6,991,475</u></u> |
| Passed Through From: | | | | |
| Literacy Council of Tyler | | | | |
| Adult Education - Basic Grants to States | 84.002 | 818ALAB00 | | 20,346 |
| Adult Education - Basic Grants to States | 84.002 | 818ALA000 | | 73,365 |
| Adult Education - Accelerate Texas | 84.002 | 0818ALA000 | | 9,851 |
| Angelina College | | | | |
| Adult Education - Basic Grants to States | 84.002 | 1718PAN000 | | 93,020 |
| Subtotal Adult Education - Basic Grants to States | | | | <u>196,582</u> |
| Texas Higher Education Coordinating Board | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | 20785 | | 468,366 |
| Total U. S. Department of Education | | | | <u><u>7,656,423</u></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-PY18-01 | | 31,941 |
| Literacy Council of Tyler | | | | |
| Adult Education - Temporary Assistance for Needy Families | 93.558 | 0818ALA000 | | 6,377 |
| Adult Education - Temporary Assistance for Needy Families | 93.558 | 0818ALAB00 | | 867 |
| Angelina College | | | | |
| Adult Education - Temporary Assistance for Needy Families | 93.558 | 1718PAN000 | | 13,658 |
| Subtotal Temporary Assistance for Needy Families Cluster | | | | <u>52,843</u> |
| Total U.S. Department of Health and Human Services | | | | <u>52,843</u> |
| Total Federal Awards | | | <u>\$ - \$</u> | <u><u>7,709,266</u></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, 2019

| Grantor Agency/ Program Title | Grant Contract Number | Expenditures |
|--|-----------------------------|-------------------|
| Texas Workforce Commission | | |
| Skills Development Fund Program | | 104,291 |
| Passed Through From: | | |
| Adult Education GR-Adult Education | | |
| Literacy Council of Tyler | | |
| Adult Education - Basic Grants to States | 0818ALA000 | 88,421 |
| Adult Education - Basic Grants to States | 0818ALAB00 | 434 |
| Angelina College | | |
| Adult Education - Basic Grants to States | 1718PAN000 | 14,933 |
| Subtotal Texas Workforce Commission | | <u>208,079</u> |
| Texas Higher Education Coordinating Board | | |
| Texas Educational Opportunity Grant | | 239,799 |
| Texas College Work-Study | | 15,819 |
| 60x30 Texas College Readiness | | 32,307 |
| NSRP | | 2,039 |
| Subtotal Texas Higher Education Coordinating Board | | <u>289,964</u> |
| Texas Veterans Commission | | |
| Hazelwood Legacy Program | | 6,841 |
| Subtotal Texas Veterans Commission | | <u>6,841</u> |
| Total State Awards | | <u>\$ 504,884</u> |
| State Grants and Revenues -Per Schedule A | | <u>\$ 504,884</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, 2019

Note 1: Federal Awards Reconciliation:

| | |
|--|---------------------|
| Federal Grants and Contracts – Schedule A | \$ 714,123 |
| Add: Federal Revenue, Non-Operating – Schedule C | 6,989,236 |
| Add: Other adjustments | <u>5,907</u> |
| Total Federal Awards – Schedule F | <u>\$ 7,709,266</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



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 (College) as of and for the year ended August 31, 2019, 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 22, 2019.

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 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 from 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 the College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2019, 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 22, 2019

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 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, 2019. 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, 2019.

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 of compliance, 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 22, 2019

**PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2019**

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 X No

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, 2019**

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 2010 to 2019
(unaudited)
(amounts expressed in thousands)

| | For the Fiscal Year Ended August 31, | | | | | | | | | |
|--|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Net Investment in capital assets | \$ 21,180 | \$ 21,560 | \$ 21,198 | \$ 20,680 | \$ 13,643 | \$ 12,311 | \$ 10,086 | \$ 7,818 | \$ 6,553 | \$ 6,039 |
| Restricted - expendable | 3,249 | 1,827 | 1,376 | 577 | 2,201 | 5,140 | - | - | - | - |
| Restricted - nonexpendable | 4,062 | 3,791 | 3,271 | 3,153 | 3,131 | 3,104 | 2,956 | 2,848 | 2,615 | 2,262 |
| Unrestricted | 6,838 | 5,790 | 15,652 | 13,831 | 15,247 | 10,833 | 13,041 | 13,104 | 12,068 | 10,082 |
| Total | 35,329 | 32,968 | 41,497 | 38,241 | 34,222 | 31,388 | 26,083 | 23,770 | 21,236 | 18,383 |
| Net position, beginning of year* | 32,968 | 41,497 | 38,241 | 34,222 | 31,388 | 26,083 | 23,770 | 21,236 | 18,383 | 16,668 |
| Cumulative effect of change in accounting principle (Note 2) | N/A | (12,821) | N/A | N/A | (2,665) | N/A | N/A | N/A | N/A | N/A |
| Net position, beginning of year, as restated (Note 2) | N/A | 28,676 | N/A | N/A | 28,723 | N/A | N/A | N/A | N/A | N/A |
| (Increase) decrease in net position | \$ (2,361) | \$ (4,292) | \$ (3,256) | \$ (4,019) | \$ (2,834) | \$ (5,305) | \$ (2,313) | \$ (2,534) | \$ (2,853) | \$ (1,715) |

*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 2010 to 2019
(unaudited)

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Tuition and Fees (Net of Discounts) | \$3,794 | \$3,828 | \$3,264 | \$3,180 | \$2,974 | \$3,410 | \$2,764 | \$2,879 | \$2,196 | \$2,088 |
| Governmental Grants and Contracts | | | | | | | | | | |
| Federal Grants and Contracts | 715 | 580 | 566 | 523 | 486 | 402 | 401 | 422 | 450 | 388 |
| State Grants and Contracts | 504 | 658 | 937 | 188 | 737 | 307 | 231 | 117 | 407 | 583 |
| Local Grants and Contracts | - | - | - | - | - | - | - | - | - | - |
| Non-Governmental Grants and Contracts | 3 | 2 | 6 | 4 | 16 | 2 | 2 | 1 | 4 | 4 |
| Sales and services of educational activities | 56 | 73 | 93 | 84 | 99 | 98 | 140 | 140 | 163 | 161 |
| Auxiliary enterprises | 1,257 | 1,095 | 1,080 | 1,085 | 1,189 | 1,118 | 886 | 981 | 1,006 | 1,168 |
| Other Operating Revenues | 317 | 366 | 257 | 292 | 260 | 257 | 250 | 256 | 240 | 322 |
| Total Operating Revenues | 6,646 | 6,602 | 6,203 | 5,356 | 5,761 | 5,594 | 4,674 | 4,796 | 4,466 | 4,714 |
| State Appropriations | 6,096 | 6,512 | 5,916 | 5,968 | 5,355 | 5,305 | 4,456 | 4,087 | 4,739 | 5,017 |
| Ad Valorem Taxes | 8,972 | 8,602 | 8,451 | 8,939 | 9,623 | 9,011 | 5,962 | 5,750 | 5,661 | 5,308 |
| Federal Revenue, Non Operating | 6,989 | 8,933 | 9,414 | 8,893 | 8,876 | 9,100 | 8,959 | 8,296 | 6,193 | 3,913 |
| Gifts | 280 | 1,187 | 345 | 609 | 545 | 165 | 241 | 266 | 416 | 207 |
| Transfer to Panola College Foundation | - | - | - | (57) | - | - | - | - | - | - |
| Investment income | 684 | 533 | 201 | 188 | 153 | 187 | 213 | 208 | 139 | 389 |
| Gain(Loss) on Disposal of Capital Assets | - | (309) | - | (177) | 11 | (50) | 1 | 2 | 32 | - |
| Other non-operating revenues | 196 | 292 | 44 | 92 | 85 | 32 | 31 | 51 | 74 | 31 |
| Total Non-Operating Revenues | 23,217 | 25,750 | 24,371 | 24,455 | 24,648 | 23,750 | 19,863 | 18,660 | 17,254 | 14,865 |
| Additions to Permanent Endowments | 158 | 330 | 79 | 55 | - | - | - | - | - | - |
| Total Revenues | \$ 30,021 | \$ 32,682 | \$ 30,653 | \$ 29,866 | \$ 30,409 | \$ 29,344 | \$ 24,537 | \$ 23,456 | \$ 21,720 | \$ 19,579 |

For the Year Ended August 31,

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|----------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tuition and fees (net of discounts) | 12.64% | 11.71% | 10.65% | 10.65% | 9.78% | 11.62% | 11.26% | 12.27% | 10.11% | 10.66% |
| Governmental grants and contracts | | | | | | | | | | |
| Federal grants and contracts | 2.38% | 1.78% | 1.85% | 1.75% | 1.60% | 1.37% | 1.63% | 1.80% | 2.07% | 1.98% |
| State grants and contracts | 1.68% | 2.01% | 3.06% | 0.63% | 2.42% | 1.05% | 0.94% | 0.50% | 1.87% | 2.98% |
| 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% | 0.01% | 0.02% | 0.01% | 0.05% | 0.01% | 0.01% | 0.00% | 0.02% | 0.02% |
| Sales and services of educational activities | 0.19% | 0.22% | 0.30% | 0.28% | 0.33% | 0.33% | 0.57% | 0.60% | 0.75% | 0.82% |
| Auxiliary enterprises | 4.19% | 3.35% | 3.52% | 3.63% | 3.91% | 3.81% | 3.61% | 4.18% | 4.63% | 5.97% |
| Other operating revenues | 1.06% | 1.12% | 0.84% | 0.98% | 0.86% | 0.88% | 1.02% | 1.09% | 1.10% | 1.64% |
| Total Operating Revenues | 22.14% | 20.20% | 20.24% | 17.93% | 18.95% | 19.06% | 19.05% | 20.45% | 20.56% | 24.08% |
| State appropriations | 20.31% | 19.93% | 19.30% | 19.98% | 17.61% | 18.08% | 18.16% | 17.42% | 21.82% | 25.62% |
| Ad valorem taxes | 29.89% | 26.32% | 27.57% | 29.93% | 31.65% | 30.71% | 24.30% | 24.51% | 26.06% | 27.11% |
| Non-Governmental Grants and Contracts | 23.28% | 27.33% | 30.71% | 29.78% | 29.19% | 31.01% | 36.51% | 35.37% | 28.51% | 19.99% |
| Gifts | 0.93% | 3.63% | 1.13% | 2.04% | 1.79% | 0.56% | 0.98% | 1.13% | 1.92% | 1.06% |
| Transfer to Panola College Foundation | 0.00% | 0.00% | 0.00% | -0.19% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Investment income | 2.28% | 1.63% | 0.66% | 0.63% | 0.50% | 0.64% | 0.87% | 0.89% | 0.64% | 1.99% |
| Gain on Disposal of Capital Assets | 0.00% | -0.95% | 0.00% | -0.59% | 0.04% | -0.17% | 0.00% | 0.01% | 0.15% | 0.00% |
| Other non-operating revenues | 0.65% | 0.89% | 0.14% | 0.31% | 0.28% | 0.11% | 0.13% | 0.22% | 0.34% | 0.16% |
| Total Non-Operating Revenues | 77.35% | 78.80% | 79.51% | 81.88% | 81.05% | 80.94% | 80.95% | 79.55% | 79.44% | 75.92% |
| Additions to Permanent Endowments | 0.53% | 1.01% | 0.26% | 0.18% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Revenues | 100.00% | 100.00% | 99.74% | 99.82% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Panola College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2010 to 2019
(unaudited)

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Instruction | \$8,907 | \$8,883 | \$8,383 | \$8,365 | \$8,137 | \$7,959 | \$7,119 | \$6,661 | \$6,289 | \$6,417 |
| Research | - | - | - | - | - | - | - | - | - | - |
| Public service | 419 | 365 | 401 | 206 | 305 | 291 | 369 | 339 | 355 | 356 |
| Academic support | 3,035 | 2,880 | 2,608 | 2,604 | 2,317 | 2,223 | 2,012 | 2,032 | 2,047 | 2,099 |
| Student services | 1,651 | 1,597 | 1,371 | 1,561 | 1,441 | 1,302 | 1,286 | 1,226 | 1,261 | 1,185 |
| Institutional support | 2,948 | 2,760 | 2,522 | 2,532 | 2,362 | 2,162 | 2,498 | 2,036 | 1,845 | 1,878 |
| Operation and maintenance of plant | 1,693 | 1,794 | 1,771 | 1,711 | 1,507 | 1,725 | 1,385 | 1,372 | 1,384 | 1,508 |
| Scholarships and fellowships | 3,242 | 4,292 | 4,470 | 3,771 | 4,049 | 4,293 | 4,277 | 4,026 | 2,601 | 1,359 |
| Auxiliary enterprises | 2,487 | 2,579 | 2,671 | 2,903 | 2,806 | 2,712 | 2,347 | 2,217 | 1,996 | 1,966 |
| Depreciation | 2,347 | 2,277 | 2,202 | 2,025 | 926 | 868 | 777 | 824 | 843 | 819 |
| Total Operating Expenses | 26,729 | 27,427 | 26,399 | 25,678 | 23,850 | 23,535 | 22,070 | 20,733 | 18,621 | 17,587 |
| Interest on capital related debt | 931 | 963 | 998 | 170 | 461 | 341 | 154 | 190 | 246 | 275 |
| Bond issuance costs | - | - | - | - | 599 | 163 | - | - | - | - |
| Loss on disposal of fixed assets | - | - | - | - | - | - | - | - | - | - |
| Total Non-Operating Expenses | 931 | 963 | 998 | 170 | 1,060 | 504 | 154 | 190 | 246 | 275 |
| Total Expenses | \$ 27,660 | \$ 28,390 | \$ 27,397 | \$ 25,848 | \$ 24,910 | \$ 24,039 | \$ 22,224 | \$ 20,923 | \$ 18,867 | \$ 17,862 |

For the Year Ended August 31,

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Instruction | 32.20% | 31.29% | 30.60% | 32.36% | 32.67% | 33.11% | 32.03% | 31.84% | 33.33% | 35.93% |
| Research | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Public service | 1.51% | 1.29% | 1.46% | 0.80% | 1.22% | 1.21% | 1.66% | 1.62% | 1.88% | 1.99% |
| Academic support | 10.97% | 10.14% | 9.52% | 10.07% | 9.30% | 9.25% | 9.05% | 9.71% | 10.85% | 11.75% |
| Student services | 5.97% | 5.63% | 5.00% | 6.04% | 5.78% | 5.42% | 5.79% | 5.86% | 6.68% | 6.63% |
| Institutional support | 10.66% | 9.72% | 9.21% | 9.80% | 9.48% | 8.99% | 11.24% | 9.73% | 9.78% | 10.51% |
| Operation and maintenance of plant | 6.12% | 6.32% | 6.46% | 6.62% | 6.05% | 7.18% | 6.23% | 6.56% | 7.34% | 8.44% |
| Scholarships and fellowships | 11.72% | 15.12% | 16.32% | 14.59% | 16.25% | 17.86% | 19.24% | 19.24% | 13.79% | 7.61% |
| Auxiliary enterprises | 8.99% | 9.08% | 9.75% | 11.23% | 11.26% | 11.28% | 10.56% | 10.60% | 10.58% | 11.01% |
| Depreciation | 8.49% | 8.02% | 8.04% | 7.83% | 3.72% | 3.61% | 3.50% | 3.94% | 4.47% | 4.59% |
| Total Operating Expenses | 96.63% | 96.61% | 96.36% | 99.34% | 95.74% | 97.90% | 99.31% | 99.09% | 98.70% | 98.46% |
| Interest on capital related debt | 3.37% | 3.39% | 3.64% | 0.66% | 1.85% | 1.42% | 0.69% | 0.91% | 1.30% | 1.54% |
| Bond issuance costs | 0.00% | 0.00% | 0.00% | 0.00% | 2.40% | 0.68% | 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 | 3.37% | 3.39% | 3.64% | 0.66% | 4.26% | 2.10% | 0.69% | 0.91% | 1.30% | 1.54% |
| 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 | \$ 2,361 | \$ 4,292 | \$ 3,256 | \$ 4,018 | \$ 5,499 | \$ 5,305 | \$ 2,313 | \$ 2,533 | \$ 2,853 | \$ 1,717 |

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 | 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 |
|----------------------|--------------------------------|---------------------|-------------------------|-----------------|--------------|----------------------|-----------------------------|---------------------------------|--------------------------------------|--|
| 2018 | \$ 0 | \$ 29 | \$ 29 | \$ 0 | \$ 51 | \$ 56 | \$ 960 | \$ 1,632 | 2.56% | 4.62% |
| 2017 | 0 | 27 | 27 | 0 | 51 | 52 | 936 | 1,560 | 2.63% | 3.17% |
| 2016 | 0 | 25 | 25 | 0 | 51 | 50 | 912 | 1,512 | 4.11% | 4.13% |
| 2015 | 0 | 25 | 25 | 0 | 48 | 48 | 876 | 1,452 | 4.29% | 2.54% |
| 2014 | 0 | 25 | 25 | 0 | 45 | 48 | 840 | 1,416 | 0.00% | 4.42% |
| 2013 | 0 | 25 | 25 | 0 | 45 | 43 | 840 | 1,356 | 4.48% | 5.61% |
| 2012 | 0 | 25 | 25 | 0 | 42 | 40 | 804 | 1,284 | 0.00% | 0.00% |
| 2011 | 0 | 25 | 25 | 0 | 42 | 40 | 804 | 1,284 | 9.84% | 10.31% |
| 2010 | 0 | 25 | 25 | 0 | 36 | 36 | 732 | 1,164 | 8.93% | 11.49% |
| 2009 | 0 | 25 | 25 | 0 | 31 | 31 | 672 | 1,044 | 3.85% | 5.06% |

**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 | 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 |
|----------------------|--------------------------------|-----------------------------------|------------------------------------|-----------------|--------------|---------------------------------|------------------------------|-------------------------------|---------------------------------------|--|
| 2018 | \$ 0 | \$ 29 | \$ 29 | \$ 0 | \$ 51 | \$ 93 | \$ 2,076 | \$ 2,076 | 4.85% | 4.85% |
| 2017 | 0 | 27 | 27 | 0 | 51 | 87 | 1,980 | 1,980 | 3.77% | 3.77% |
| 2016 | 0 | 25 | 25 | 0 | 51 | 83 | 1,908 | 1,908 | 4.61% | 4.61% |
| 2015 | 0 | 25 | 25 | 0 | 48 | 79 | 1,824 | 1,824 | 2.01% | 2.01% |
| 2014 | 0 | 25 | 25 | 0 | 45 | 79 | 1,788 | 1,788 | 4.20% | 4.20% |
| 2013 | 0 | 25 | 25 | 0 | 45 | 73 | 1,716 | 1,716 | 5.93% | 5.93% |
| 2012 | 0 | 25 | 25 | 0 | 42 | 68 | 1,620 | 1,620 | 0.00% | 0.00% |
| 2011 | 0 | 25 | 25 | 0 | 42 | 68 | 1,620 | 1,620 | 9.76% | 9.76% |
| 2010 | 0 | 25 | 25 | 0 | 36 | 62 | 1,476 | 1,476 | 8.85% | 8.85% |
| 2009 | 0 | 25 | 25 | 0 | 31 | 57 | 1,356 | 1,356 | 5.94% | 5.94% |

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

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

| Fiscal Year | (amounts expressed in thousands) | | | | | | Taxable Assessed Value (TAV) | Taxable Assessed Value to Assessed | Direct Rate | | |
|-------------|----------------------------------|---------------------|-------------------|--------------|------------------|------------------------------|------------------------------|------------------------------------|------------------|-----------|--|
| | Residential Property | Commercial Property | Personal Property | Mineral | Less: Exemptions | Maintenance & Operations (a) | | | Debt Service (a) | Total (a) | |
| 2018-19 | \$ 1,498,995 | \$ 497,673 | \$ 96,402 | \$ 2,463,566 | \$ 1,214,265 | \$ 3,342,371 | 73.35% | 0.205640 | 0.064750 | 0.270390 | |
| 2017-18 | 1,673,397 | 325,928 | 75,199 | 2,456,134 | 1,156,295 | 3,374,363 | 74.48% | 0.193870 | 0.063130 | 0.257000 | |
| 2016-17 | 1,646,277 | 316,633 | 83,286 | 2,626,783 | 1,138,531 | 3,534,448 | 75.64% | 0.183950 | 0.059390 | 0.243340 | |
| 2015-16 | 1,638,659 | 310,743 | 84,940 | 3,550,968 | 1,145,162 | 4,440,148 | 79.50% | 0.161050 | 0.046820 | 0.207870 | |
| 2014-15 | 1,628,304 | 304,379 | 77,740 | 3,603,137 | 1,136,346 | 4,477,214 | 79.76% | 0.154830 | 0.060000 | 0.214830 | |
| 2013-14 | 1,621,302 | 300,582 | 76,670 | 3,090,417 | 1,138,763 | 3,950,208 | 77.62% | 0.154830 | 0.060000 | 0.214830 | |
| 2012-13 | 1,589,713 | 303,647 | 68,638 | 3,223,946 | 1,073,371 | 4,112,573 | 79.30% | 0.145190 | 0.000000 | 0.145190 | |
| 2011-12 | 1,532,863 | 291,863 | 63,206 | 3,593,438 | 1,107,280 | 4,374,090 | 79.80% | 0.134070 | 0.000000 | 0.134070 | |
| 2010-11 | 1,519,420 | 257,371 | 62,771 | 4,082,132 | 1,067,043 | 4,854,651 | 81.98% | 0.118130 | 0.000000 | 0.118130 | |
| 2009-10 | 1,304,979 | 236,802 | 70,538 | 4,306,204 | 867,770 | 5,050,753 | 85.34% | 0.105790 | 0.000000 | 0.105790 | |

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

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

Statistical Supplement 6a
General Appropriations Act Before Contact Hour Adjustment (1)

| | For the Fiscal Year Ended August 31, | | | | | | | | | |
|--|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| State Appropriation Contact Hour Funding (CH) | \$4,053,504 | \$ 4,053,505 | \$ 3,868,996 | \$ 3,861,990 | \$ 3,508,821 | \$ 3,508,821 | \$ 3,722,735 | \$ 3,381,641 | \$ 3,428,604 | \$ 3,686,560 |
| State Appropriation Student Success Points (SSP) | 341,250 | 680,406 | 313,989 | 313,989 | 306,905 | 306,905 | - | - | - | - |
| State Appropriation Core Operations (CO) | 680,406 | 341,251 | 500,000 | 500,000 | 500,000 | 500,000 | - | - | - | - |
| State Appropriation Bachelor of Applied Technology (BAT) | - | - | - | - | - | - | - | - | - | - |
| State Appropriation Non-Formula Items | - | - | - | - | - | - | - | - | - | - |
| Total | 5,075,160 | 5,075,162 | 4,682,985 | 4,675,979 | 4,315,726 | 4,315,726 | 3,722,735 | 3,381,641 | 3,428,604 | 3,686,560 |

(1) General Appropriations Act, SB 1, 85th Texas Legislature, Section 1 (page III-209) - Informational Listing of Appropriated Funds.

* FY Year Formula Funding Changed Methodology

Source: THE CB - Ten Pay Schedule

Statistical Supplement 6b

| State Appropriation per FTSE | | | |
|------------------------------|---------------|-------|---------------|
| Fiscal Year | Appropriation | (1) | Appropriation |
| 2018-19 | \$5,075,160 | 1,855 | \$2,736 |
| 2017-18 | \$5,075,262 | 1,986 | \$2,556 |
| 2016-17 | \$4,682,985 | 1,944 | \$2,409 |
| 2015-16 | \$4,675,980 | 1,954 | \$2,393 |
| 2014-15 | \$4,315,726 | 1,911 | \$2,258 |
| 2013-14 | \$4,315,726 | 1,932 | \$2,234 |
| 2012-13 | \$3,722,735 | 1,860 | \$2,001 |
| 2011-12 | \$3,381,641 | 1,804 | \$1,875 |
| 2010-11 | \$3,428,604 | 1,617 | \$2,120 |
| 2009-10 | \$3,686,559 | 1,552 | \$2,375 |

(1) Fiscal Year (FY) FTSE is equal to The sum of State Funded

(Fall SCH + Spring SCH + Summer SCH for the Current

FY/30SCH) plus State Funded Continuing Education

(Fall CH + Spring CH + Summer CH for the Current FY/900 CH).

* FY Year Formula Funding Changed Methodology

Source: CBM004 and CMB00C.

Statistical Supplement 6c

| State Appropriation per Funded Contact Hour | | | | | |
|---|---------|---------|-----------|-----------|---------------|
| Contact Hour (CH) portion only of State Appropriation | | | | | |
| Appropriation | Contact | Contact | Education | Contact | Appropriation |
| \$4,053,504 | 753,296 | 454,624 | 49,219 | 1,257,139 | \$3.22 |
| \$4,053,505 | 848,884 | 471,504 | 61,406 | 1,381,794 | \$2.93 |
| \$3,868,996 | 838,592 | 500,464 | 34,553 | 1,373,609 | \$2.82 |
| \$3,861,990 | 766,160 | 530,128 | 44,764 | 1,341,052 | \$2.88 |
| \$3,508,821 | 711,584 | 569,536 | 48,575 | 1,329,695 | \$2.64 |
| \$3,508,821 | 732,752 | 543,152 | 45,134 | 1,321,038 | \$2.66 |
| \$3,722,735 | 700,368 | 511,840 | 47,443 | 1,259,651 | \$2.96 |
| \$3,381,641 | 729,184 | 458,288 | 33,512 | 1,220,984 | \$2.77 |
| \$3,428,604 | 667,008 | 436,176 | 42,183 | 1,145,367 | \$2.99 |
| \$3,686,560 | 607,664 | 429,136 | 52,186 | 1,088,986 | \$3.39 |

CH = State funded Academic, Technical and Continuing Education Contact hours for Fall, Spring and Summer of the Current FY - Source: CBM004 and CBM00C.

(1) State Funded Contact Hour Appropriations as it appears in schedule 6a.

* FY Year Formula Funding Changed Methodology

Statistical Supplement 6d

| State Appropriation per Student Success Point - Annualized | | | |
|--|--|------------------------------------|------------------------------|
| Fiscal Year | SSP - State Appropriation (Unrestricted) (1) | Average Student Success Points (2) | State Appropriation per FTSE |
| 2018-19 | \$341,250 | 3,978 | \$86 |
| 2017-18 | \$680,406 | 4,311 | \$158 |
| 2016-17 | \$313,989 | 4,432 | \$71 |
| 2015-16 | \$313,989 | 4,251 | \$74 |
| 2014-15 | \$306,905 | 1,911 | \$161 |
| 2013-14 | \$306,905 | 1,932 | \$159 |

(1) State Funded Success Point Appropriations as it appears in schedule 6a.

(2) As Source from the Coordinating Board Biennium 10-Pay Schedule.

* FY Year Formula Funding Changed Methodology

Statistical Supplement 6e

| Student Success Points (SSP) | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|
| Success Point Elements (1) | 2019 | 2018 | 2017 | 2016 |
| Math Readiness | 122 | 207 | 230 | 167 |
| Read Readiness | 47 | 138 | 136 | 116 |
| Write Readiness | 53 | 85 | 129 | 119 |
| Students Who Pass FCL Math Course | 314 | 345 | 356 | 341 |
| Students Who Pass FCL Read Course | 323 | 715 | 724 | 793 |
| Students Who Pass FCL Write Course | 247 | 544 | 531 | 518 |
| Students Who Complete 15 SCH | 840 | 878 | 902 | 863 |
| Students Who Complete 30 SCH | 563 | 610 | 587 | 588 |
| Student Transfers to a 4-Yr Inst | 448 | 244 | 250 | 226 |
| Degrees, CCCs, or Certs (Undup) | 503 | 315 | 284 | 278 |
| Degrees or Certs in Critical Fields | 523 | 230 | 303 | 242 |
| Annual Success Points - Total | 3983 | 4311 | 4432 | 4251 |

(1) These are annual SSP, not 3 year rolling average.

* FY Year Formula Funding Changed Methodology

Source: THE CB - Ten Pay Schedule

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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 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| CCI East Tx Upstream | Petroleum | \$ 342,040 | \$ 351,247 | \$ - | \$ - | \$ - | \$ - | \$ - |
| MarkWest Eastern TX Gas Co LP | Petroleum | 141,237 | 152,344 | 174,735 | 171,043 | 158,252 | 153,956 | 146,575 |
| DCP East Tx Gathering LP-Plant | Petroleum | 134,375 | 168,711 | 172,494 | 206,667 | - | - | - |
| Sheridan Production Company | Petroleum | 126,923 | 78,370 | - | - | - | - | - |
| MarkWest Carthage Plant & East | Petroleum | 112,001 | 113,339 | 123,431 | 121,464 | 81,656 | 78,246 | - |
| Enbridge | Petroleum | 61,472 | 65,498 | 70,128 | - | - | - | - |
| ETC Tiger Pipeline | Petroleum | 53,161 | 51,878 | 55,280 | - | - | 77,288 | 82,904 |
| Enable Gas Transmission | Petroleum | 45,098 | 45,255 | - | - | - | - | - |
| Amplify Energy Operating | Petroleum | 41,270 | 43,375 | - | - | - | - | - |
| Louisiana Pacific | Timber | 32,490 | - | - | - | - | - | - |
| 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 | - | - | - | - | - | - | - |
| XTO Energy (Hunt Pet) | Petroleum | - | - | - | - | 78,896 | - | - |
| DCP Midstream LP | Petroleum | - | - | - | - | 194,905 | 136,948 | 144,307 |
| Red River Nacogdoches I GP | Petroleum | - | 74,236 | - | - | - | - | - |
| Totals | | \$ 1,090,067 | \$ 1,144,253 | \$ 1,267,041 | \$ 1,725,172 | \$ 1,685,265 | \$ 1,342,497 | \$ 1,407,214 |
| Total Taxable Assessed Value | | \$ 9,037,439 | \$ 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 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Luminant | Coal Mining | 3.78% | 3.89% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Memorial Production | Petroleum | 1.56% | 1.69% | 2.01% | 1.99% | 1.71% | 1.60% | 2.45% |
| Chevron USA Inc. | Petroleum | 1.49% | 1.87% | 1.99% | 2.40% | 0.00% | 0.00% | 0.00% |
| Lacy Operations Ltd. | Petroleum | 1.40% | 0.87% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Exxon Mobile Corp. | Petroleum | 1.24% | 1.25% | 1.42% | 1.41% | 0.88% | 0.81% | 0.00% |
| EOG Resources Inc. | Petroleum | 0.68% | 0.72% | 0.81% | 0.00% | 0.00% | 0.00% | 0.00% |
| BP America Production | Petroleum | 0.59% | 0.57% | 0.64% | 0.00% | 0.00% | 0.80% | 1.39% |
| Conoco Phillips Co | Timber | 0.50% | 0.50% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CCI East Tx Upstream | Petroleum | 0.46% | 0.48% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Sheridan Production Company | Petroleum | 0.36% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| XTO Energy (Hunt Pet) | Petroleum | 0.00% | 0.00% | 3.48% | 5.35% | 5.46% | 2.67% | 4.24% |
| Red River Nacogdoches I GP | Petroleum | 0.00% | 0.00% | 1.80% | 2.12% | 0.00% | 0.00% | 0.00% |
| Enable Gas Transmission | Petroleum | 0.00% | 0.00% | 1.16% | 2.77% | 3.42% | 3.41% | 6.36% |
| Amplify Energy Operating | Petroleum | 0.00% | 0.00% | 0.69% | 1.25% | 1.05% | 0.00% | 0.00% |
| DCP Midstream LP | Petroleum | 0.00% | 0.00% | 0.58% | 1.15% | 1.09% | 1.17% | 1.85% |
| XTO Energy (Min) | Petroleum | 0.00% | 0.00% | 0.00% | 0.87% | 0.83% | 0.00% | 1.03% |
| ETC Tiger Pipeline | Petroleum | 0.00% | 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% | 0.00% | 0.73% | 1.41% |
| Enbridge | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.69% | 1.20% |
| Devon Energy (Pennzenergy) | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.65% | 1.22% |
| MarkWest Carthage Plant & East | Petroleum | 0.00% | 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% | 0.00% |
| DCP East Tx Gathering LP-Plant | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.85% | 0.00% | 0.00% |
| MarkWest Eastern TX Gas Co LP | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 2.11% | 1.42% | 2.42% |
| Anadarko E&P Company LP (MIN) | Petroleum | 0.00% | 0.82% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Totals | | 12.06% | 13.17% | 14.73% | 18.69% | 17.52% | 22.48% | 24.00% |

Source: Local County Appraisal District

| | 2011 | 2010 | 2009 |
|-------|-----------|--------------|--------------|
| \$ | - | \$ - | \$ - |
| | 137,866 | 134,438 | 117,310 |
| | - | - | - |
| | - | - | - |
| | 70,132 | - | - |
| | - | - | - |
| | 71,791 | - | - |
| | - | - | - |
| | - | - | - |
| | 334,472 | 400,768 | 422,063 |
| | - | - | - |
| | 460,033 | 669,158 | 705,899 |
| | - | - | - |
| | 114,211 | 150,928 | 123,161 |
| | - | - | - |
| | - | - | - |
| | 135,824 | 193,937 | 225,486 |
| | 94,102 | 124,911 | 129,763 |
| | 87,985 | 127,263 | 129,656 |
| | - | 99,708 | 115,854 |
| | - | 86,788 | 115,563 |
| | - | - | - |
| | 128,525 | 117,969 | 97,956 |
| | - | - | - |
| <hr/> | | | |
| \$ | 1,634,941 | \$ 2,105,868 | \$ 2,182,711 |
| <hr/> | | | |
| \$ | 5,734,799 | \$ 5,343,192 | \$ 5,147,720 |

| | 2011 | 2010 | 2009 |
|-------|--------|--------|--------|
| | 0.00% | 0.00% | 0.00% |
| | 2.35% | 2.34% | 2.20% |
| | 0.00% | 0.00% | 0.00% |
| | 0.00% | 0.00% | 0.00% |
| | 1.20% | 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% |
| | 0.00% | 0.00% | 0.00% |
| | 7.84% | 11.67% | 13.21% |
| | 0.00% | 0.00% | 0.00% |
| | 1.95% | 2.63% | 2.31% |
| | 0.00% | 0.00% | 0.00% |
| | 0.00% | 0.00% | 0.00% |
| | 2.32% | 3.38% | 4.22% |
| | 1.60% | 2.18% | 2.43% |
| | 1.50% | 2.22% | 2.43% |
| | 0.00% | 1.74% | 2.17% |
| | 0.00% | 1.51% | 2.16% |
| | 0.00% | 0.00% | 0.00% |
| | 2.19% | 2.06% | 1.83% |
| | 0.00% | 0.00% | 0.00% |
| <hr/> | | | |
| | 28.51% | 39.41% | 42.40% |

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 |
|-----------------------------------|-------------|-----------------------------------|-----------------------------|--------------------------------------|------------|--|---|---------------------------------|---|
| 2019 | \$ 9,037 | \$ 489 | \$ 9,526 | \$ 9,168 | 96.24% | \$ 129 | \$ - | \$ 9,297 | 97.60% |
| 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% |

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)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|
| General Bonded Debt | | | | | | | | | | |
| General obligation bonds | \$ 27,470 | \$ 28,430 | \$ 29,350 | \$ 30,235 | \$ 31,090 | \$ 7,360 | \$ - | \$ - | \$ - | \$ - |
| General obligation bonds premium | 319 | 461 | 625 | 814 | 1,027 | 316 | - | - | - | - |
| Notes | - | - | - | - | - | - | - | - | - | - |
| Less: Funds restricted for debt service | - | - | - | - | - | - | - | - | - | - |
| Net general bonded debt | \$ 27,789 | \$ 28,891 | \$ 29,975 | \$ 31,049 | \$ 32,117 | \$ 7,676 | \$ - | \$ - | \$ - | \$ - |
| Other Debt | | | | | | | | | | |
| Revenue bonds | \$ 213 | \$ 420 | \$ 1,220 | \$ 2,012 | \$ 2,979 | \$ 3,575 | \$ 4,346 | \$ 5,110 | \$ 5,868 | \$ 6,620 |
| Notes | - | - | - | - | - | - | - | - | 895 | 1,035 |
| Capital lease obligations | - | - | - | - | - | - | - | - | - | - |
| Net other debt | \$ 213 | \$ 420 | \$ 1,220 | \$ 2,012 | \$ 2,979 | \$ 3,575 | \$ 4,346 | \$ 5,110 | \$ 6,763 | \$ 7,655 |
| Total Outstanding Debt | \$ 28,002 | \$ 29,311 | \$ 31,195 | \$ 33,061 | \$ 35,096 | \$ 11,251 | \$ 4,346 | \$ 5,110 | \$ 6,763 | \$ 7,655 |
| General Bonded Debt Ratios | | | | | | | | | | |
| Per Capita | \$ 1.17 | \$ 1.24 | \$ 1.28 | \$ 1.31 | \$ 1.35 | \$ 0.32 | \$ - | \$ - | \$ - | \$ - |
| Per FTSE | \$ 14.98 | \$ 14.55 | \$ 15.42 | \$ 15.89 | \$ 17 | \$ 4 | \$ - | \$ - | \$ - | \$ - |
| As a percentage of Taxable Assessed Value | 0.83% | 0.86% | 0.85% | 0.70% | 0.72% | 0.19% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Outstanding Debt Ratios | | | | | | | | | | |
| Per Capita | \$ 0.01 | \$ 0.02 | \$ 0.05 | \$ 0.08 | \$ 0.13 | \$ 0.15 | \$ 0.18 | \$ 0.21 | \$ 0.29 | \$ 0.34 |
| Per FTSE | \$ 0.11 | \$ 0.21 | \$ 0.63 | \$ 1.03 | \$ 2 | \$ 2 | \$ 2 | \$ 3 | \$ 4 | \$ 5 |
| As a percentage of Taxable Assessed Value | 0.01% | 0.01% | 0.03% | 0.05% | 0.07% | 0.09% | 0.11% | 0.12% | 0.14% | 0.15% |

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

| | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|
| Taxable Assessed Value (amount expressed in thousands) | \$ 3,342,372 | \$ 3,374,363 | \$ 3,534,448 | \$ 4,440,148 |
| General Obligation Bonds | | | | |
| Statutory Tax Levy Limit for Debt Service | 1,671,186 | 1,687,182 | 1,767,224 | 2,220,074 |
| Less: Funds Restricted for Repayment of General Obligation Bonds | - | - | - | - |
| Total Net General Obligation Debt | 1,671,186 | 1,687,182 | 1,767,224 | 2,220,074 |
| Current Year Debt Service Requirements | 960,000 | 920,000 | 885,000 | 855,000 |
| Excess of Statutory Limit for Debt Service over Current Requirements | \$ 711,186 | \$ 767,182 | \$ 882,224 | \$ 1,365,074 |
| Net Current Requirements as a % of Statutory Limit | 57.44% | 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 |
|----|-----------|--------------|--------------|--------------|--------------|--------------|
| \$ | 4,477,214 | \$ 3,950,208 | \$ 4,112,573 | \$ 4,374,091 | \$ 4,854,651 | \$ 5,050,753 |
| | 2,238,607 | 1,975,104 | 2,056,287 | 2,187,046 | 2,427,326 | 2,525,377 |
| | - | - | - | - | - | - |
| | 2,238,607 | 1,975,104 | 2,056,287 | 2,187,046 | 2,427,326 | 2,525,377 |
| | 1,425,000 | 1,965,000 | - | - | - | - |
| \$ | 813,607 | \$ 10,104 | \$ 2,056,287 | \$ 2,187,046 | \$ 2,427,326 | \$ 2,525,377 |
| | 63.66% | 99.49% | 0.00% | 0.00% | 0.00% | 0.00% |

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

Revenue Bonds

| Fiscal Year Ended August 31 | Pledged Revenues (\$000 omitted) | | | | | |
|--------------------------------|----------------------------------|----------|-----------------------|------------------------|----------------------|-----------|
| | General | | | Auxilliary Revenues | Investment Income | Total |
| | Tuition | Fee | Operating Revenues | | | |
| 2019 | \$ 2,240 | \$ 6,467 | \$ 317 | \$ 2,612 | \$ 683 | \$ 12,319 |
| 2018 | 2,317 | 6,757 | 366 | 2,890 | 533 | 12,863 |
| 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 |

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 |
|-----------|----------|--------|-------------------|
| \$ 207 | \$ 16 | \$ 223 | 55.24 |
| 800 | 42 | 842 | 15.28 |
| 792 | 66 | 858 | 13.90 |
| 785 | 91 | 876 | 13.41 |
| 778 | 115 | 910 | 12.20 |
| 771 | 139 | 927 | 12.08 |
| 764 | 163 | 927 | 10.93 |
| 758 | 187 | 945 | 10.35 |
| 752 | 210 | 962 | 8.69 |
| 746 | 233 | 979 | 7.72 |

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 |
|---------------|---------------------|---|-------------------------------------|----------------------------|
| 2018 | 23,796 | \$ 939,265 | \$ 40,411 | 3.6% |
| 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% |

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 | 920 | 10.09% |
| Construction | 2,262 | 24.82% |
| Manufacturing | 1,001 | 10.98% |
| Trade, Transportation, Utilities | 1,462 | 16.04% |
| Information | 48 | 0.53% |
| Financial Activities | 286 | 3.14% |
| Professional Business Services | 633 | 6.94% |
| Education Health Services | 691 | 7.58% |
| Leisure Hospitality | 483 | 5.30% |
| Other Services | 115 | 1.26% |
| Federal | 63 | 0.69% |
| State | 29 | 0.32% |
| Local | 1,122 | 12.31% |
| Total | 9,115 | 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 | | | | | | | | | |
|---------------------------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Faculty | | | | | | | | | | |
| Full-Time | 75 | 75 | 70 | 69 | 69 | 69 | 65 | 63 | 61 | 63 |
| Part-Time | 77 | 66 | 82 | 78 | 78 | 76 | 74 | 78 | 71 | 60 |
| Total | 152 | 141 | 152 | 147 | 147 | 145 | 139 | 141 | 132 | 123 |
| Percent | | | | | | | | | | |
| Full-Time | 49.3% | 53.2% | 46.1% | 46.9% | 46.9% | 47.6% | 46.8% | 44.7% | 46.2% | 51.2% |
| Part-Time | 50.7% | 46.8% | 53.9% | 53.1% | 53.1% | 52.4% | 53.2% | 55.3% | 53.8% | 48.8% |
| Staff and Administrators | | | | | | | | | | |
| Full-Time | 81 | 81 | 81 | 83 | 80 | 77 | 75 | 74 | 72 | 73 |
| Part-Time | 68 | 64 | 56 | 63 | 63 | 62 | 62 | 68 | 68 | 65 |
| Total | 149 | 145 | 137 | 146 | 143 | 139 | 137 | 142 | 140 | 138 |
| Percent | | | | | | | | | | |
| Full-Time | 54.4% | 55.9% | 59.1% | 56.8% | 55.9% | 55.4% | 54.7% | 52.1% | 51.4% | 52.9% |
| Part-Time | 45.6% | 44.1% | 40.9% | 43.2% | 44.1% | 44.6% | 45.3% | 47.9% | 48.6% | 47.1% |
| FTSE per Full-time Faculty | 24.7 | 26.5 | 27.8 | 28.3 | 27.7 | 28.0 | 28.6 | 28.6 | 26.5 | 24.6 |
| FTSE per Full-Time Staff Member | 22.9 | 24.5 | 24.0 | 23.5 | 23.9 | 25.1 | 24.8 | 23.1 | 22.5 | 21.3 |
| Average Annual Faculty Salary | \$53,272 | \$54,367 | \$53,272 | \$51,541 | \$51,965 | \$54,794 | \$50,215 | \$49,218 | \$48,558 | \$50,562 |

Panola College
Statistical Supplement 15
Enrollment Details
Last Ten Fiscal Years
(unaudited)

| Student Classification | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| 00-30 hours | 2,134 | 76.96% | 1,993 | 75.04% | 1,917 | 71.88% | 2,182 | 81.69% | 1,873 | 72.63% |
| 31-60 hours | 477 | 17.20% | 471 | 17.73% | 558 | 20.92% | 374 | 14.00% | 517 | 20.05% |
| > 60 hours | 162 | 5.84% | 192 | 7.23% | 192 | 7.20% | 115 | 4.31% | 189 | 7.33% |
| Total | <u>2,773</u> | <u>100.00%</u> | <u>2,656</u> | <u>100.00%</u> | <u>2,667</u> | <u>100.00%</u> | <u>2,671</u> | <u>100.00%</u> | <u>2,579</u> | <u>100.00%</u> |

| Semester Hour Load | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|----------------------|--------------|----------------|--------------|---------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Less than 3 | 60 | 2.16% | 7 | 0.26% | 9 | 0.34% | 15 | 0.56% | 22 | 0.85% |
| 3-5 semester hours | 575 | 20.74% | 366 | 13.78% | 431 | 16.16% | 407 | 15.24% | 427 | 16.56% |
| 6-8 Semester hours | 615 | 22.18% | 569 | 20.52% | 564 | 21.15% | 544 | 20.37% | 484 | 18.77% |
| 9-11 semester hours | 347 | 12.51% | 321 | 11.58% | 289 | 10.84% | 340 | 12.73% | 301 | 11.67% |
| 12-14 semester hours | 695 | 25.06% | 846 | 30.51% | 786 | 29.47% | 809 | 30.29% | 786 | 30.48% |
| 15-17 semester hours | 407 | 14.68% | 456 | 16.44% | 457 | 17.14% | 465 | 17.41% | 477 | 18.50% |
| 18 & over | 74 | 2.67% | 91 | 3.28% | 131 | 4.91% | 91 | 3.41% | 82 | 3.18% |
| Total | <u>2,773</u> | <u>100.00%</u> | <u>2,656</u> | <u>96.37%</u> | <u>2,667</u> | <u>100.00%</u> | <u>2,671</u> | <u>100.00%</u> | <u>2,579</u> | <u>100.00%</u> |

Average course load 9.4 10.3 10.2 10.2 10.4

| Tuition Status | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|----------------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Texas Resident (in-District) | 618 | 22.29% | 648 | 24.40% | 692 | 25.95% | 700 | 26.21% | 642 | 24.89% |
| Texas Resident (out-of-District) | 1,875 | 67.62% | 1,706 | 64.23% | 1,698 | 63.67% | 1,715 | 64.21% | 1,694 | 65.68% |
| Non-Resident Tuition | 280 | 10.10% | 302 | 11.37% | 277 | 10.39% | 256 | 9.58% | 243 | 9.42% |
| Total | <u>2,773</u> | <u>100.00%</u> | <u>2,656</u> | <u>100.00%</u> | <u>2,667</u> | <u>100.00%</u> | <u>2,671</u> | <u>100.00%</u> | <u>2,579</u> | <u>100.00%</u> |

| Student Classification | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| 00-30 hours | 1,984 | 73.45% | 1,929 | 74.65% | 1,969 | 76.85% | 1,777 | 76.53% | 1,622 | 76.84% |
| 31-60 hours | 518 | 19.18% | 479 | 18.54% | 418 | 16.32% | 394 | 16.97% | 353 | 16.72% |
| > 60 hours | 199 | 7.37% | 176 | 6.81% | 175 | 6.83% | 151 | 6.50% | 136 | 6.44% |
| Total | <u>2,701</u> | <u>100.00%</u> | <u>2,584</u> | <u>100.00%</u> | <u>2,562</u> | <u>100.00%</u> | <u>2,322</u> | <u>100.00%</u> | <u>2,111</u> | <u>100.00%</u> |

| Semester Hour Load | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|----------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Less than 3 | 9 | 0.33% | 18 | 0.70% | 35 | 1.37% | 11 | 0.47% | 24 | 1.14% |
| 3-5 semester hours | 480 | 17.77% | 420 | 16.25% | 501 | 19.56% | 491 | 21.15% | 428 | 20.27% |
| 6-8 Semester hours | 535 | 19.81% | 574 | 22.21% | 574 | 22.40% | 476 | 20.50% | 423 | 20.04% |
| 9-11 semester hours | 320 | 11.85% | 347 | 13.43% | 311 | 12.14% | 296 | 12.75% | 246 | 11.65% |
| 12-14 semester hours | 799 | 29.58% | 726 | 28.10% | 723 | 28.22% | 684 | 29.46% | 644 | 30.51% |
| 15-17 semester hours | 441 | 16.33% | 402 | 15.56% | 303 | 11.83% | 272 | 11.71% | 266 | 12.60% |
| 18 & over | 117 | 4.33% | 97 | 3.75% | 115 | 4.49% | 92 | 3.96% | 80 | 3.79% |
| Total | <u>2,701</u> | <u>100.00%</u> | <u>2,584</u> | <u>100.00%</u> | <u>2,562</u> | <u>100.00%</u> | <u>2,322</u> | <u>100.00%</u> | <u>2,111</u> | <u>100.00%</u> |

Average course load 9.5 9.5 8.6 8.5 8.5

| Tuition Status | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|----------------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|---------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Texas Resident (in-District) | 707 | 26.18% | 632 | 24.46% | 658 | 25.68% | 596 | 25.67% | 557 | 26.39% |
| Texas Resident (out-of-District) | 1,721 | 63.72% | 1,723 | 66.68% | 1,653 | 64.52% | 1,482 | 63.82% | 1,326 | 51.76% |
| Non-Resident Tuition | 273 | 10.11% | 229 | 8.86% | 251 | 9.80% | 244 | 10.51% | 228 | 8.90% |
| Total | <u>2,701</u> | <u>100.00%</u> | <u>2,584</u> | <u>100.00%</u> | <u>2,562</u> | <u>100.00%</u> | <u>2,322</u> | <u>100.00%</u> | <u>2,111</u> | <u>87.04%</u> |

Panola College
Statistical Supplement 16
Student Profile
Last Ten Fiscal Years
(unaudited)

| Gender | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|--------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Female | 1,898 | 68.45% | 1,819 | 68.49% | 1,844 | 69.14% | 1,812 | 67.84% | 1,705 | 66.11% |
| Male | 875 | 31.55% | 837 | 31.51% | 823 | 30.86% | 859 | 32.16% | 874 | 33.89% |
| Total | <u>2,773</u> | <u>100.00%</u> | <u>2,656</u> | <u>100.00%</u> | <u>2,667</u> | <u>100.00%</u> | <u>2,671</u> | <u>100.00%</u> | <u>2,579</u> | <u>100.00%</u> |

| Ethnic Origin | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| White | 1,789 | 64.51% | 1,723 | 64.87% | 1,765 | 66.18% | 1,774 | 66.42% | 1,717 | 66.58% |
| Hispanic | 221 | 7.97% | 183 | 6.89% | 158 | 5.92% | 202 | 7.56% | 171 | 6.63% |
| African American | 586 | 21.13% | 583 | 21.95% | 586 | 21.97% | 573 | 21.45% | 565 | 21.91% |
| Asian | 20 | 0.72% | 26 | 0.98% | 22 | 0.82% | 14 | 0.52% | 12 | 0.47% |
| Foreign | 46 | 1.66% | 55 | 2.07% | 58 | 2.17% | 38 | 1.42% | 27 | 1.05% |
| Native American | 39 | 1.41% | 32 | 1.20% | 31 | 1.16% | 26 | 0.97% | 30 | 1.16% |
| Multi-Racial | 68 | 2.45% | 50 | 1.88% | 43 | 1.61% | 39 | 1.46% | 41 | 1.59% |
| Other | 4 | 0.14% | 4 | 0.15% | 4 | 0.15% | 5 | 0.19% | 16 | 0.62% |
| Total | <u>2,773</u> | <u>100.00%</u> | <u>2,656</u> | <u>100.00%</u> | <u>2,667</u> | <u>100.00%</u> | <u>2,671</u> | <u>100.00%</u> | <u>2,579</u> | <u>100.00%</u> |

| Age | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|-----------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Under 18 | 885 | 31.91% | 590 | 22.21% | 554 | 20.77% | 569 | 21.30% | 494 | 19.15% |
| 18 - 21 | 962 | 34.69% | 1,046 | 39.38% | 1,016 | 38.10% | 1,032 | 38.64% | 1,039 | 40.29% |
| 22 - 24 | 234 | 8.44% | 272 | 10.24% | 285 | 10.69% | 257 | 9.62% | 241 | 9.34% |
| 25 - 35 | 468 | 16.88% | 478 | 18.00% | 516 | 19.35% | 539 | 20.18% | 522 | 20.24% |
| 36 - 50 | 187 | 6.74% | 224 | 8.43% | 238 | 8.92% | 228 | 8.54% | 234 | 9.07% |
| 51 & over | 37 | 1.33% | 46 | 1.73% | 58 | 2.17% | 46 | 1.72% | 49 | 1.90% |
| Total | <u>2,773</u> | <u>100.00%</u> | <u>2,656</u> | <u>100.00%</u> | <u>2,667</u> | <u>100.00%</u> | <u>2,671</u> | <u>100.00%</u> | <u>2,579</u> | <u>100.00%</u> |

Average Age 22.2 23.7 23.5 23.8 24.0

| Gender | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|--------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Female | 1,753 | 64.90% | 1,756 | 67.96% | 1,783 | 69.59% | 1,603 | 69.04% | 1,411 | 66.84% |
| Male | 948 | 35.10% | 828 | 32.04% | 779 | 30.41% | 719 | 30.96% | 700 | 33.16% |
| Total | <u>2,701</u> | <u>100.00%</u> | <u>2,584</u> | <u>100.00%</u> | <u>2,562</u> | <u>100.00%</u> | <u>2,322</u> | <u>100.00%</u> | <u>2,111</u> | <u>100.00%</u> |

| Ethnic Origin | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| White | 1,797 | 66.53% | 1,724 | 66.72% | 1,740 | 67.92% | 1,657 | 71.36% | 1,508 | 71.44% |
| Hispanic | 165 | 6.11% | 139 | 5.38% | 121 | 4.72% | 130 | 5.60% | 135 | 6.40% |
| African American | 616 | 22.81% | 604 | 23.37% | 548 | 21.39% | 466 | 20.07% | 422 | 19.99% |
| Asian | 8 | 0.30% | 13 | 0.50% | 13 | 0.51% | 14 | 0.60% | 19 | 0.90% |
| Foreign | 41 | 1.52% | 25 | 0.97% | 32 | 1.25% | 28 | 1.21% | 18 | 0.85% |
| Native American | 26 | 0.96% | 32 | 1.24% | 19 | 0.74% | 17 | 0.73% | 9 | 0.43% |
| Multi-Racial | 47 | 1.74% | 47 | 1.82% | 87 | 3.40% | - | 0.00% | - | 0.00% |
| Other | 1 | 0.04% | - | 0.00% | 2 | 0.08% | 10 | 0.43% | - | 0.00% |
| Total | <u>2,701</u> | <u>100.00%</u> | <u>2,584</u> | <u>100.00%</u> | <u>2,562</u> | <u>100.00%</u> | <u>2,322</u> | <u>100.00%</u> | <u>2,111</u> | <u>100.00%</u> |

| Age | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|-----------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Under 18 | 529 | 19.59% | 472 | 18.27% | 509 | 19.87% | 421 | 18.13% | 393 | 18.62% |
| 18 - 21 | 1,053 | 38.99% | 984 | 38.08% | 962 | 37.55% | 900 | 38.76% | 877 | 41.54% |
| 22 - 24 | 247 | 9.14% | 256 | 9.91% | 231 | 9.02% | 238 | 10.25% | 213 | 10.09% |
| 25 - 35 | 533 | 19.73% | 535 | 20.70% | 546 | 21.31% | 481 | 20.71% | 390 | 18.47% |
| 36 - 50 | 292 | 10.81% | 293 | 11.34% | 285 | 11.12% | 255 | 10.98% | 205 | 9.71% |
| 51 & over | 47 | 1.74% | 44 | 1.70% | 29 | 1.13% | 27 | 1.16% | 33 | 1.56% |
| Total | <u>2,701</u> | <u>100.00%</u> | <u>2,584</u> | <u>100.00%</u> | <u>2,562</u> | <u>100.00%</u> | <u>2,322</u> | <u>100.00%</u> | <u>2,111</u> | <u>100.00%</u> |

Average Age 24.0 24.3 24.0 24.0 23.6

Panola College
Statistical Supplement 17
Transfers to Senior Institutions
2017 Fall Students as of Fall 2018
(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 | 2 | 1 | | 3 | 0.90% |
| 3 Midwestern State University | | | | 0 | 0.00% |
| 4 Prairie View A & M University | | 1 | | 1 | 0.30% |
| 5 Sam Houston State University | 8 | | | 8 | 2.41% |
| 6 Southwest Texas State University | | | | 0 | 0.00% |
| 7 Stephen F Austin State University | 128 | 23 | 5 | 156 | 47.01% |
| 8 Sul Ross State University | | | | 0 | 0.00% |
| 9 Tarleton State University | 2 | | | 2 | 0.60% |
| 10 Texas A & M International University | | | | 0 | 0.00% |
| 11 Texas A & M University | 32 | 1 | 1 | 34 | 10.25% |
| 12 Texas A & M University at Commerce | 3 | | | 3 | 0.90% |
| 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 | 2 | | | 2 | 0.60% |
| 16 Texas A & M University at Texarkana | | | | 0 | 0.00% |
| 16 Texas A & M University HSC | | | | 0 | 0.00% |
| 17 Texas Southern University | | 2 | | 2 | 0.60% |
| 18 Texas State University | 6 | 1 | | 7 | 2.11% |
| 19 Texas Tech University | 9 | | | 9 | 2.71% |
| 20 Texas Tech University Health Sciences Center | | | | 0 | 0.00% |
| 21 Texas Women's University | 4 | 1 | | 5 | 1.51% |
| 22 The University of Texas at Arlington | 4 | 7 | 1 | 12 | 3.61% |
| 23 The University of Texas at Austin | 12 | | | 12 | 3.61% |
| 24 The University of Texas at El Paso | 1 | | | 1 | 0.30% |
| 25 The University of Texas at Dallas | 3 | | | 3 | 0.90% |
| 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 | 2 | | | 2 | 0.60% |
| 28 The University of Texas at Tyler | 34 | 15 | | 49 | 14.76% |
| 29 The University of Texas at Permian Basin | | | | 0 | 0.00% |
| 30 The University of Texas at Brownsville | | | | 0 | 0.00% |
| 31 University of Houston | 4 | 2 | 1 | 7 | 2.11% |
| 32 University of Houston - Clear Lake | 1 | | | 1 | 0.30% |
| 33 University of Houston - Victoria | | | | 0 | 0.00% |
| 34 University of North Texas | 10 | | | 10 | 3.01% |
| 35 West Texas A & M University | 3 | | | 3 | 0.90% |
| Totals | 270 | 54 | 8 | 332 | 100.03% |

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 | | | | | | | | | |
|--------------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Academic buildings | 7 | 7 | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 |
| Square footage (in thousands) | 161 | 161 | 161 | 161 | 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 | 32 |
| Number of Volumes (in thousands) | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 104 | 87 |
| Administrative and support buildings | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Square footage (in thousands) | 30 | 30 | 30 | 30 | 25 | 25 | 25 | 25 | 25 | 25 |
| Dormitories | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Square footage (in thousands) | 20 | 20 | 20 | 20 | 20 | 20 | 26 | 26 | 26 | 26 |
| Number of Beds | 94 | 94 | 94 | 94 | 94 | 94 | 120 | 120 | 120 | 120 |
| Apartments | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 |
| Square footage (in thousands) | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 18 | 18 | 18 |
| Number of beds | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 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 | 270 | 105 | 105 | 105 | 105 | 105 | 105 |
| Athletic Facilities | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Square footage (in thousands) | 28 | 28 | 28 | 28 | 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 |
| Light Trucks/Vans | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 |
| Buses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |