

PANOLA COLLEGE
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2014 AND 2013



PREPARED BY:
FISCAL SERVICES DEPARTMENT
PANOLA COLLEGE

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**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 21, 2014

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

We are pleased to present the following comprehensive annual financial report (CAFR) for the Panola County Junior College District (Panola College) for the fiscal year ended August 31, 2014. 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 in conformity with the provisions of the Single Audit Act as amended in 1996 and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of Texas Single Audit Circular. Information related to this single audit, including the schedules of expenditures of federal and state awards and auditor's reports on the internal control over compliance with applicable laws and regulations are included in this report.

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

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

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

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

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

COLLEGE PROFILE

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

The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

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

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

BOND ELECTION

On May 11, 2013 the College conducted a successful bond election in which the voters authorized the issuance of \$35 million of general obligation bonds for the construction of a new science/health science building, a new student life center and the renovation of several existing buildings. All of the authorized bonds have been issued and construction on the science/health science building and the student life center is underway. Completion is planned in time for the opening of the Fall 2015 semester. Renovation of several existing buildings will begin shortly thereafter.

ECONOMIC CONDITION AND OUTLOOK

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

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

Panola College continues to have strong enrollment. Today approximately 2,600 credit students and 800 continuing education students are enrolled in one of 56 programs of study offered through Panola College. This growth has created a need for additional facilities to handle the increased student loads. In addition to the aforementioned bond election, the College constructed a new 64 bed residence hall in fiscal year 2013. The College can now house up to 250 resident students.

Panola College's financial condition remains strong. The largest areas of funding for the College are property taxes, tuition and fees and state appropriations. Although the state appropriations have significantly decreased as a percentage of our total funding, the College's outlook for the future remains strong due to student growth, strategic leadership and fiscal management. As part of the College's long-term financial plan, the College maintains reserves sufficient to operate the College for between 3 and 7 months.

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

BUDGETING PROCESS

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) for the fiscal year ended August 31, 2013 to Panola College for its comprehensive annual financial report. This was the twentieth consecutive year that the college has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a College must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Sincerely,

Stephen K. Williams

Stephen K. Williams, 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

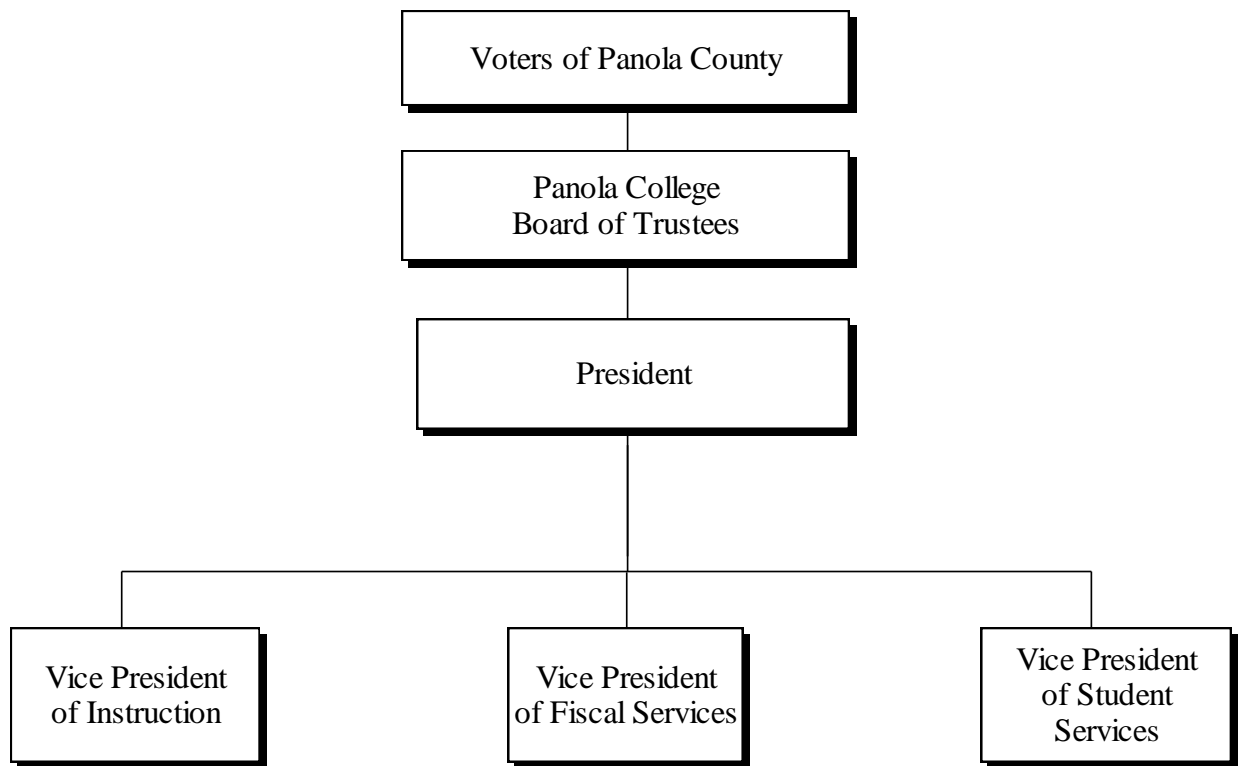
August 31, 2013

Executive Director/CEO

ORGANIZATIONAL CHART

PANOLA COLLEGE

Carthage, Texas



**PANOLA COLLEGE
PRINCIPAL OFFICIALS
AUGUST 31, 2014**

BOARD OF TRUSTEES

OFFICERS

**Mr. William Goolsby
Mr. Hal Palmer
Mrs. Evelyn Sharp**

**Chair
Vice-Chair
Secretary**

MEMBERS

**Mr. William Goolsby
Mr. Bobby Phillips
Mr. Kevin Smith
Mrs. Evelyn Sharp
Mr. Richard Thomas
Mr. Hal Palmer
Mrs. Glendell Chadwick**

**Term Expires
May 31**

**2016
2016
2016
2018
2018
2020
2020**

ADMINISTRATION

Dr. Gregory Powell

President

Dr. Joe Shannon

Vice President of Instruction

Mr. Stephen Williams, 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

Ted A. Lankford, CPA
Glenda J. Hiers, CPA
Richard A. Rudel, CPA

AL&H ALEXANDER LANKFORD & HIERS, INC.

Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Kimber R. Jones, CPA
Susan L. Murrell, CPA

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Panola College
Carthage, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Panola College (the College) as of and for the years ended August 31, 2014 and 2013, which collectively comprise Panola 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial statement presentation.

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, 2014 and 2013 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 29 to the financial statements, effective September 1, 2013 Panola College adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Other Matters - Continued

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola College's basic financial statements. The introductory section, supplementary schedules, which include the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of Expenditures of State Awards, and statistical supplements are presented for purposes of additional analysis, and are not a required part of the financial statements.

The supplementary schedules, including the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 21, 2014 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 21, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Panola County Junior College District (College), we offer readers of the College's financial statement this narrative overview and analysis of the financial activities of the College for the year ended August 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the front of this report, and the College's financial statements and notes to the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the College exceeded its liabilities at August 31, 2014 by \$31,388,020 (net position). Of this amount, \$10,832,984 (unrestricted net position) may be used to meet the College's ongoing obligations.
- Revenue exceeded expenses by \$5,305,151, or 18.08%, 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 liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

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

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

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

Notes to the financial statements.

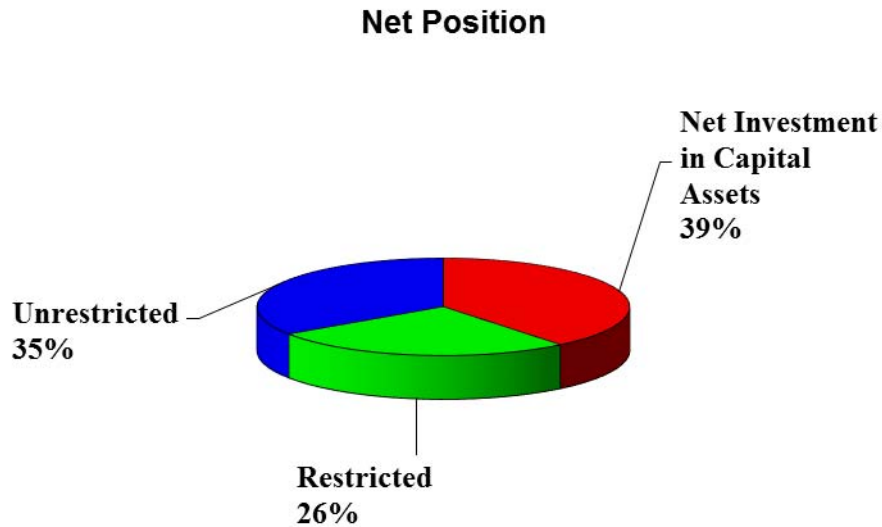
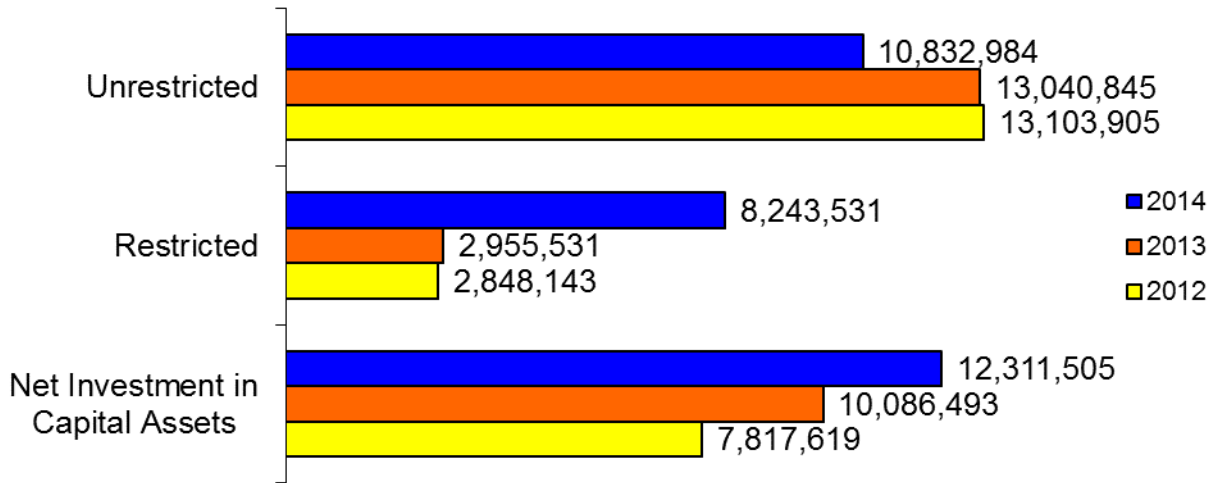
The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the basic financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

ANALYSIS OF BASIC FINANCIAL STATEMENTS

Condensed Statements of Net Position
as of August 31, 2014, 2013 and 2012

	2014	% of Total	Increase (Decrease)	% Change	2013	2012
Current assets	\$27,143,589	55.1%	\$ 8,936,771	49.1%	\$18,206,818	\$18,035,162
Noncurrent assets:						
Capital assets, net	19,031,850	38.7%	4,621,068	32.1%	14,410,782	12,914,811
Other	<u>3,071,979</u>	<u>6.2%</u>	<u>87,743</u>	<u>2.9%</u>	<u>2,984,236</u>	<u>2,827,435</u>
Total Assets	<u>49,247,418</u>	<u>100.0%</u>	<u>13,645,582</u>	<u>38.3%</u>	<u>35,601,836</u>	<u>33,777,408</u>
Current liabilities	7,410,681	41.5%	1,648,881	28.6%	5,761,800	5,505,464
Non-current liabilities	<u>10,448,717</u>	<u>58.5%</u>	<u>6,691,550</u>	<u>178.1%</u>	<u>3,757,167</u>	<u>4,502,277</u>
Total Liabilities	<u>17,859,398</u>	<u>100.0%</u>	<u>8,340,431</u>	<u>87.6%</u>	<u>9,518,967</u>	<u>10,007,741</u>
Net Position:						
Net Investment in capital assets	12,311,505	39.2%	2,225,012	22.1%	10,086,493	7,817,619
Restricted	8,243,531	26.2%	5,288,000	178.9%	2,955,531	2,848,143
Unrestricted	<u>10,832,984</u>	<u>34.6%</u>	<u>(2,207,861)</u>	<u>(16.9)%</u>	<u>13,040,845</u>	<u>13,103,905</u>
Total Net Position	<u>\$31,388,020</u>	<u>100.0%</u>	<u>\$5,305,151</u>	<u>20.3%</u>	<u>\$26,082,869</u>	<u>\$23,769,667</u>

Net Position As of August 31, 2014, 2013, and 2012

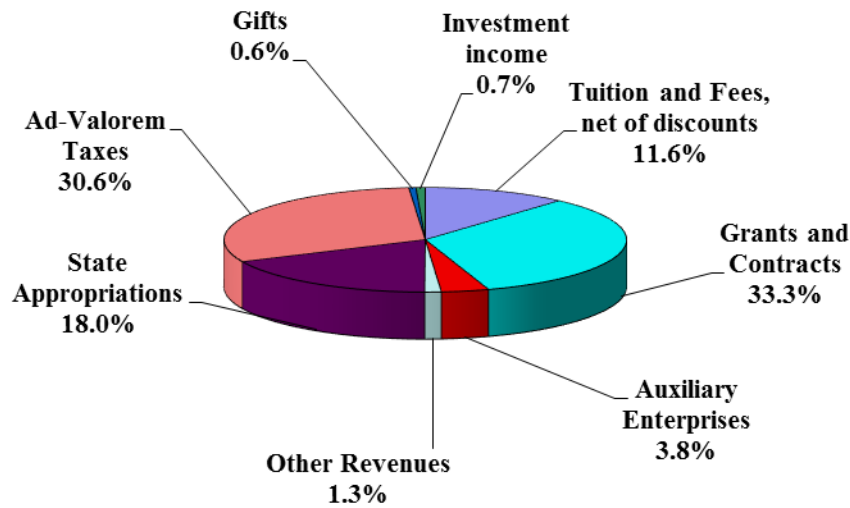


The College's assets exceeded liabilities by \$31,388,020 at August 31, 2014. Assets amounted to \$49,247,418 with investment in capital assets comprising \$19,031,850 of that total. Capital assets include land, library books, buildings and improvements, construction in progress, vehicles, furniture, 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 39.2% of total net position. It should be noted that the capital assets themselves may not be used to liquidate liabilities. Additionally \$8,243,531 or 26.2%, of total net position is externally restricted. The remaining balance of \$10,832,984 represents unrestricted net position that may be used to meet the College's ongoing obligations. Debt related to capital assets was \$6,720,344. Total liabilities amounted to \$17,859,398, of which \$7,410,681 is due next year.

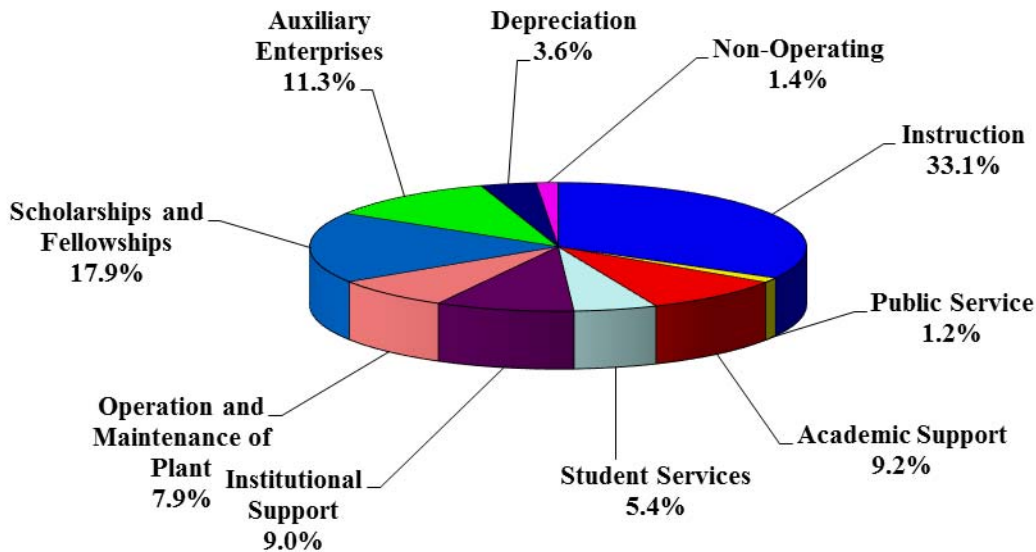
**Condensed Statements of Revenues,
Expenses, and Changes in Net Position
For the Years Ended August 31, 2014, 2013 and 2012**

	2014	% of Total	Increase (Decrease)	% Change	2013	2012
Operating Revenues						
Tuition and Fees, Net of Discounts	\$ 3,409,716	11.6%	\$ 645,562	23.4%	\$ 2,764,154	\$ 2,879,361
Grants and Contracts	710,748	2.4%	76,209	12.0%	634,539	539,547
Auxiliary Enterprises	1,118,502	3.8%	232,406	26.2%	886,096	980,922
Other Operating Revenues	<u>355,084</u>	<u>1.2%</u>	<u>(34,415)</u>	<u>(8.8)%</u>	<u>389,499</u>	<u>395,963</u>
Total Operating Revenues	<u>5,594,050</u>	<u>19.1%</u>	<u>919,762</u>	<u>19.7%</u>	<u>4,674,288</u>	<u>4,795,793</u>
Non-Operating Revenues						
State Appropriations	5,305,479	18.1%	849,882	19.1%	4,455,597	4,087,270
Ad-Valorem Taxes	9,010,677	30.7%	3,048,136	51.1%	5,962,541	5,750,320
Federal Revenue – Non-Operating	9,100,492	31.0%	141,725	1.6%	8,958,767	8,296,479
Gifts	165,382	0.6%	(75,137)	(31.2)%	240,519	266,257
Loss on disposal of assets	(50,505)	(0.2)%	(50,505)	N/A	0	0
Investment Income	<u>218,850</u>	<u>0.7%</u>	<u>(26,724)</u>	<u>(10.9)%</u>	<u>245,574</u>	<u>260,289</u>
Total Non-Operating Revenues	<u>23,750,375</u>	<u>80.9%</u>	<u>3,887,377</u>	<u>19.6%</u>	<u>19,862,998</u>	<u>18,660,615</u>
Total Revenues	<u>29,344,425</u>	<u>100.0%</u>	<u>4,807,139</u>	<u>19.6%</u>	<u>24,537,286</u>	<u>23,456,408</u>
Operating Expenses						
Instruction	7,959,060	33.1%	840,045	11.8%	7,119,015	6,660,695
Public Service	291,095	1.2%	(77,517)	(21.0)%	368,612	338,797
Academic Support	2,223,237	9.2%	211,623	10.5%	2,011,614	2,032,467
Student Services	1,301,687	5.4%	16,161	1.3%	1,285,526	1,225,849
Institutional Support	2,161,827	9.0%	(335,909)	(13.4)%	2,497,736	2,036,018
Operation and Maintenance of Plant	1,724,697	7.2%	339,370	24.5%	1,385,327	1,371,639
Scholarships and Fellowships	4,293,425	17.9%	15,904	0.4%	4,277,521	4,026,163
Auxiliary Enterprises	2,712,348	11.3%	365,057	15.6%	2,347,291	2,216,774
Depreciation	<u>867,811</u>	<u>3.6%</u>	<u>90,640</u>	<u>11.7%</u>	<u>777,171</u>	<u>824,402</u>
Total Operating Expenses	<u>23,535,187</u>	<u>97.9%</u>	<u>1,465,374</u>	<u>8.2%</u>	<u>22,069,813</u>	<u>20,732,804</u>
Non-Operating Expenses	<u>504,087</u>	<u>2.1%</u>	<u>349,816</u>	<u>226.6%</u>	<u>154,271</u>	<u>189,932</u>
Total Expenses	<u>24,039,274</u>	<u>100.0%</u>	<u>1,815,190</u>	<u>8.2%</u>	<u>22,224,084</u>	<u>20,922,736</u>
Changes in Net Position	5,305,151	16.9%	2,991,949	129.3%	2,313,202	2,533,672
Beginning Net Position	<u>26,082,869</u>	<u>83.1%</u>	<u>2,313,202</u>	<u>9.7%</u>	<u>23,769,667</u>	<u>21,235,995</u>
Ending Net Position	<u>\$31,388,020</u>	<u>100.0%</u>	<u>\$5,305,151</u>	<u>20.3%</u>	<u>\$26,082,869</u>	<u>\$23,769,667</u>

**Revenue by Source
For Year Ending August 31, 2014**



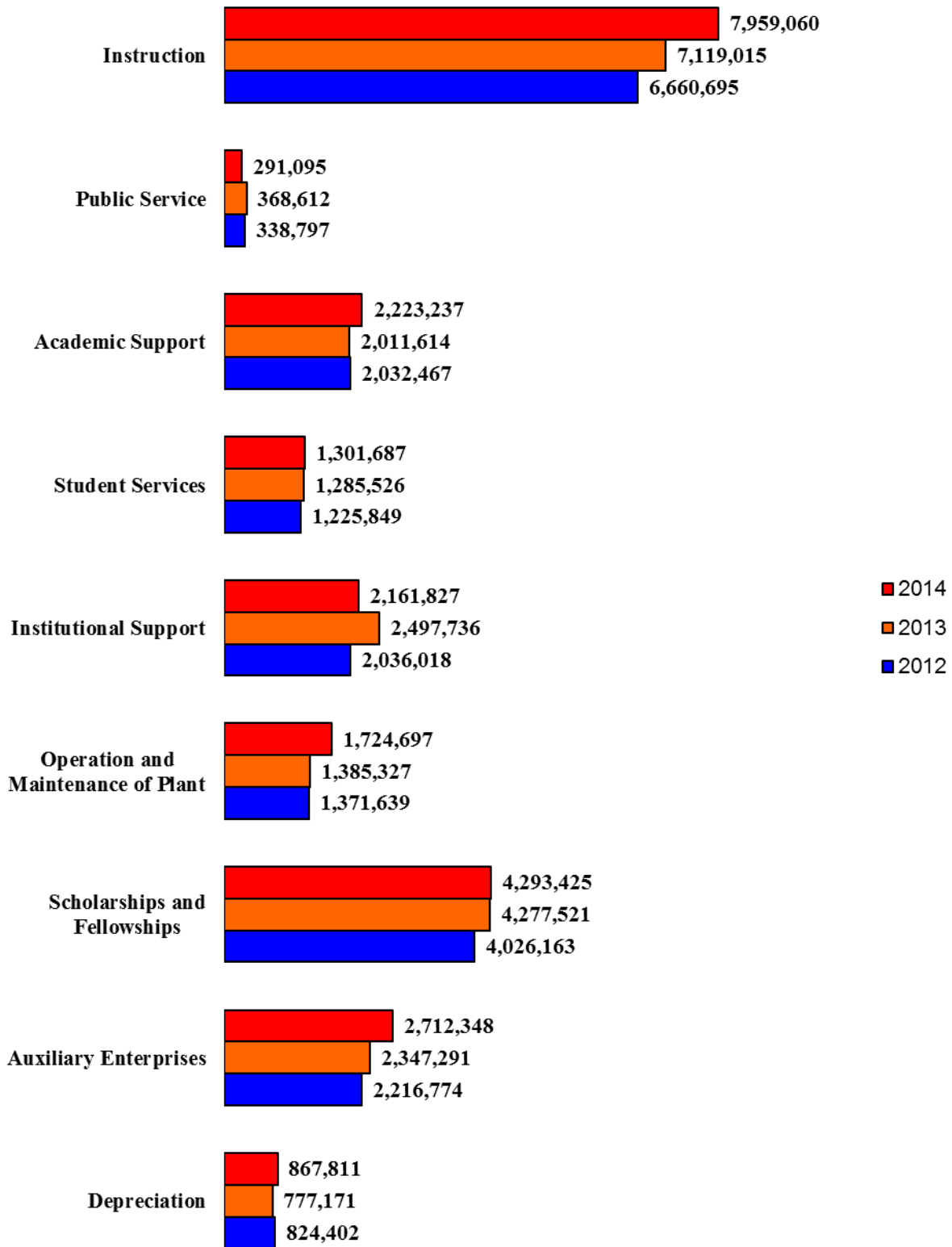
**Expenses by Function
For Year Ending August 31, 2014**



Operating revenues amounted to \$5,594,050 and non-operating revenues \$23,750,375 for a total of \$29,344,425. Major operating revenues include \$3,409,716 in tuition and fees, \$710,748 in grants and contracts, and \$1,118,502 in auxiliary enterprises. Gross tuition and fees are up 9.9% this year due to tuition, fee and enrollment increases.

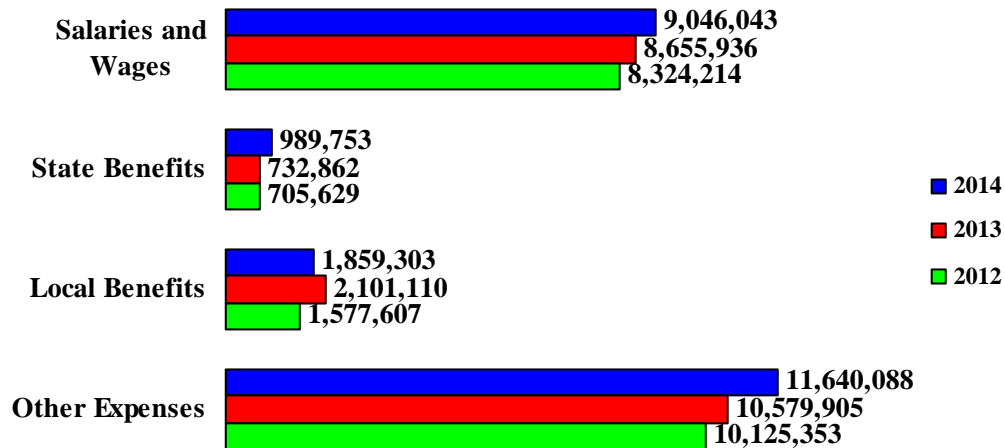
Major non-operating revenues include \$5,305,479 in state appropriations, \$9,010,677 in ad-valorem taxes, and \$9,100,492 in federal revenues. State appropriations include \$989,753 for employee benefits (\$241,870 for retirement benefits and \$747,883 for health and life insurance coverage). Additional information is available in footnotes 14, 15, and 17-19 found on pages 44-47. The Federal Pell Grant Program is the largest of the federal revenues and amounts to \$5,246,189. More detail is provided on federal awards in Schedule F (page 56) and state awards in Schedule G (page 57).

**Operating Expense Comparison
For Years Ended August 31, 2014, 2013, and 2012**



Operating expenses totaled \$23,535,187 and non-operating expenses were \$504,087 for total expenses of \$24,039,274. Instruction at \$8.0 million is the largest operating expense. It includes expenditures for all activities that are part of the College's instruction program. These activities include credit and noncredit courses for academic, vocational, and developmental and tutorial instruction. Public Service expenses totaled \$291,095. 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 amounted to \$2.2 million. These 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, \$1.3 million, include expenses for offices of records and admissions and student activities. Institutional support, \$2.2 million, 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, \$1.7 million, are expenditures for the operation and maintenance of the physical plant. Scholarships and fellowships, \$4.3 million, includes scholarships and fellowships including tuition remissions and exemptions. Auxiliary enterprises, \$2.7 million, include expenditures for the college store, food service, residence halls, and athletic programs.

**Operating Expenses By Object
For Years Ended August 31, 2014, 2013, and 2012**



Operating expenses for educational activities amounted to \$20.0 million; \$5.8 million (29.0%) were restricted. Employee related expenses amounted to \$11.5 million, or 57.5 %, of educational activities expenses.

Condensed Statements of Cash Flows
For the Years Ended August 31, 2014, 2013 and 2012

	2014	Increase (Decrease)	2013	2012
Cash provided by/(used) for:				
Operating Activities	\$(14,988,611)	\$ 397,068	\$(15,385,679)	\$(14,620,383)
Noncapital Financing Activities	22,696,268	4,156,565	18,539,703	17,606,484
Capital and Related Financing Activities	865,917	4,066,233	(3,200,316)	(2,279,086)
Investing Activities	<u>(4,624,935)</u>	<u>(3,924,086)</u>	<u>(700,849)</u>	<u>(1,270,315)</u>
Net increase (decrease) in Cash and Cash Equivalents	3,948,639	4,695,780	(747,141)	(563,300)
Cash and cash equivalents – beginning of year	<u>2,009,729</u>	<u>(747,141)</u>	<u>2,756,870</u>	<u>3,320,170</u>
Cash and cash equivalents – end of year	<u>\$5,958,368</u>	<u>\$3,948,639</u>	<u>\$2,009,729</u>	<u>\$2,756,870</u>

Cash and cash equivalents at August 31, 2014 were \$5,958,368, which is an increase of \$3,948,639 or 196.5%.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION

As mentioned earlier, revenues exceeded expenses by \$5,305,151 for the year ended August 31, 2014. The College's financial position remains strong, with unrestricted net position representing approximately five 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, 2014 amounts to \$19,031,850 (net of accumulated depreciation) and represents a 32.1% increase from last year. This investment includes land, library books, buildings and improvements, and furniture and equipment.

	Capital Assets (net of depreciation)				
	as of August 31, 2014, 2013 and 2012				
	2014	Increase (Decrease)	%	2013	2012
			Change		
Land	\$1,822,519	\$ 0	0.0%	\$1,822,519	\$1,384,457
Library Books	195,091	(21,042)	(9.7)%	216,133	233,336
Buildings and Improvements	10,818,383	(452,119)	(4.0)%	11,270,502	10,359,069
Construction in Progress	5,120,955	5,038,338	609.8%	82,617	49,297
Furniture and Equipment	<u>1,074,902</u>	<u>55,891</u>	<u>5.5%</u>	<u>1,019,011</u>	<u>888,652</u>
Total	<u>\$19,031,850</u>	<u>\$4,621,068</u>	<u>32.1%</u>	<u>\$14,410,782</u>	<u>\$12,914,811</u>

Please refer to footnote number 8 on page 37 for additional information on capital assets.

Long-term Debt

The College issued \$6 million, 10 year revenue bonds in April 2008. The principal balance at August 31, 2014 was \$2,400,000. The College issued \$2.5 million, 15 year revenue bonds in March 2005. The principal balance at August 31, 2014 was \$1,175,000. In September 2013, the College issued a 25 year general obligation bond of \$9,325,000. The principal balance at August 31, 2014 was \$7,360,000.

Long-term Liabilities					
as of August 31, 2014, 2013 and 2012					
	2014	Increase (Decrease)	% Change	2013	2012
General Obligation Bonds	\$7,360,000	\$7,360,000	N/A	\$ 0	\$ 0
General Obligation Bonds Premium	315,941	315,941	N/A	0	0
Revenue Bonds Payable					
	<u>3,575,000</u>	<u>(771,000)</u>	<u>(17.7)%</u>	<u>4,346,000</u>	<u>5,110,000</u>
Total Long-term Liabilities	<u>\$11,250,941</u>	<u>\$6,904,941</u>	<u>158.9%</u>	<u>\$4,346,000</u>	<u>\$5,110,000</u>

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

Additional information on the College's long-term debt can be found in footnote number 9 on page 39 of this report.

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. Our ability to meet this commitment is highly dependent on enrollment and state appropriations. The College continues to see strong student enrollment but State appropriations have not kept up with these past increases. The support of the State is critical in the mission to provide an affordable education to the students in our District.

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 is currently in a building program 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, 2014 and 2013

	<u>2014</u> <u>Primary</u> <u>Institution</u>	<u>2013</u> <u>Primary</u> <u>Institution</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,958,368	\$ 2,009,729
Short-term investments	16,713,257	11,951,189
Accounts receivable (net)	3,244,135	3,349,712
Inventories	474,432	277,077
Other assets	753,397	619,110
Total Current Assets	<u>27,143,589</u>	<u>18,206,817</u>
Noncurrent Assets		
Endowment and other short-term investments	3,071,979	2,984,236
Capital assets, net (See note)	19,031,850	14,410,782
Total Noncurrent Assets	<u>22,103,829</u>	<u>17,395,018</u>
Total Assets	<u>49,247,418</u>	<u>35,601,835</u>
LIABILITIES		
Current Liabilities		
Accounts payable	1,618,078	377,869
Accrued liabilities	242,269	181,580
Accrued compensable absences - current portion	113,520	104,016
Funds held for others	410,790	364,546
Unearned revenues	4,013,158	3,962,789
Bonds payable - current portion	1,012,866	771,000
Total Current Liabilities	<u>7,410,681</u>	<u>5,761,800</u>
Noncurrent Liabilities		
Deposits	65,365	61,539
Accrued compensable absences	145,277	120,628
Bonds payable	10,238,075	3,575,000
Total Noncurrent Liabilities	<u>10,448,717</u>	<u>3,757,167</u>
Total Liabilities	<u>17,859,398</u>	<u>9,518,967</u>
NET POSITION		
Net investment in capital assets	12,311,505	10,086,493
Restricted for		
Nonexpendable		
Student Aid	3,103,835	2,955,531
Expendable		
Construction	4,530,598	-
Debt Service	308,311	-
Student Aid	300,787	-
Unrestricted	<u>10,832,984</u>	<u>13,040,845</u>
Total Net Position	<u>\$ 31,388,020</u>	<u>\$ 26,082,869</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, 2014 and 2013

	2014	2013
	Panola College Foundation	Panola College Foundation
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 153,208	\$ 80,594
Short-term certificates of deposit	119,300	120,197
Mutual fund investments	1,525,248	1,284,539
Annuity contracts	240,633	208,490
Miscellaneous receivables	-	2,373
Total Assets	<u>2,038,389</u>	<u>1,696,193</u>
Liabilities		
Accounts payable	<u>330</u>	<u>210</u>
Total Liabilities	<u>330</u>	<u>210</u>
Net Assets		
Unrestricted	671,931	559,904
Permanently restricted	<u>1,366,128</u>	<u>1,136,079</u>
Total Net Position	<u>\$ 2,038,059</u>	<u>\$ 1,695,983</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, 2014 and 2013

	<u>2014</u> <u>Primary</u> <u>Institution</u>	<u>2013</u> <u>Primary</u> <u>Institution</u>
Operating Revenues		
Tuition and fees (net of discounts of \$4,325,948 for 2014 and \$4,273,774 for 2013)	\$ 3,409,716	\$ 2,764,154
Federal grants and contracts	402,088	426,456
State grants and contracts	306,870	206,271
Non-governmental grants and contracts	1,790	1,812
Sales and services of educational activities	97,608	139,997
Auxiliary enterprises (net of discounts of \$1,958,319 for 2014 and \$1,804,246 for 2013)	1,118,502	886,096
Other operating revenues (net of discounts of \$-0-)	257,476	249,502
Total Operating Revenues (Schedule A)	<u>5,594,050</u>	<u>4,674,288</u>
Operating Expenses		
Instruction	7,959,060	7,119,015
Public service	291,095	368,612
Academic support	2,223,237	2,011,614
Student services	1,301,687	1,285,526
Institutional support	2,161,827	2,497,736
Operation and maintenance of plant	1,724,697	1,385,327
Scholarships and fellowships	4,293,425	4,277,521
Auxiliary enterprises	2,712,348	2,347,291
Depreciation	867,811	777,171
Total Operating Expenses (Schedule B)	<u>23,535,187</u>	<u>22,069,813</u>
Operating Loss	<u>(17,941,137)</u>	<u>(17,395,525)</u>
Non-Operating Revenues (Expenses)		
State appropriations	5,305,479	4,455,597
Ad-valorem taxes - maintenance & operations	6,468,902	5,962,541
Ad-valorem taxes - debt service	2,541,775	-
Federal revenue, non-operating	9,100,492	8,958,767
Gifts	165,382	240,519
Investment income (net of investment expenses)	187,033	213,288
Gain (loss) on disposal of capital assets	(50,505)	800
Royalty income	31,817	31,486
Interest on capital related debt	(341,047)	(154,271)
Bond issuance costs	(163,040)	-
Net Non-Operating Revenues (Schedule C)	<u>23,246,288</u>	<u>19,708,727</u>
Increase in Net Position	5,305,151	2,313,202
Net Position		
Net position - beginning of year	26,082,869	23,769,667
Net position - end of year	<u>\$ 31,388,020</u>	<u>\$ 26,082,869</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, 2014 and 2013

	2014 Panola College Foundation Unrestricted	2014 Panola College Foundation Restricted	2014 Panola College Foundation Total
Revenue			
Investment income	\$ 58	\$ 45,519	\$ 45,577
Unrealized investment income	-	198,101	198,101
Gifts	126,693	20,311	147,004
Other	42	-	42
Total Revenue	<u>126,793</u>	<u>263,931</u>	<u>390,724</u>
Expenses			
Scholarships and support	14,766	33,882	48,648
Total Expenses	<u>14,766</u>	<u>33,882</u>	<u>48,648</u>
Increase in Net Position	112,027	230,049	342,076
Net position - beginning of year	559,904	1,136,079	1,695,983
Net position - end of year	<u>\$ 671,931</u>	<u>\$ 1,366,128</u>	<u>\$ 2,038,059</u>

	2013 Panola College Foundation Unrestricted	2013 Panola College Foundation Restricted	2013 Panola College Foundation Total
Revenue			
Investment income	\$ 40	\$ 36,459	\$ 36,499
Unrealized investment income	-	104,288	104,288
Gifts	200,940	212,396	413,336
Other	32	1,536	1,568
Total Revenue	<u>201,012</u>	<u>354,679</u>	<u>555,691</u>
Expenses			
Scholarships and support	81,411	79,856	161,267
Total Expenses	<u>81,411</u>	<u>79,856</u>	<u>161,267</u>
Increase in Net Position	119,601	274,823	394,424
Net position - beginning of year	440,303	861,256	1,301,559
Net position - end of year	<u>\$ 559,904</u>	<u>\$ 1,136,079</u>	<u>\$ 1,695,983</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, 2014 and 2013

	2014	2013
	Primary Institution	Primary Institution
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 4,768,422	\$ 4,211,318
Receipts from grants and contracts	692,919	645,662
Payments to or on behalf of employees	(10,815,513)	(10,727,718)
Payments to suppliers for goods or services	(5,341,014)	(5,237,420)
Payments of scholarships	(4,293,425)	(4,277,521)
Net cash used for operating activities	<u>(14,988,611)</u>	<u>(15,385,679)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	4,315,726	3,722,735
Ad valorem tax revenues	8,969,178	5,924,833
Receipts from non-operating federal revenue	9,195,347	8,546,736
Proceeds from disposal of assets	565	-
Gifts and grants (other than capital)	165,382	240,519
Student organization and other agency transactions	50,070	104,880
Net cash provided by noncapital financing activities	<u>22,696,268</u>	<u>18,539,703</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(5,500,780)	(2,273,142)
Proceeds from issuance of bonds (net of bond issuance costs)	9,529,768	
Interest expense paid	(427,071)	(163,174)
Payments on capital debt and leases	(2,736,000)	(764,000)
Net cash provided by (used for) capital and related financing activities	<u>865,917</u>	<u>(3,200,316)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	40,662,996	25,365,534
Investment earnings	189,897	231,127
Purchases of investments	(45,477,828)	(26,297,510)
Net cash used for investing activities	<u>(4,624,935)</u>	<u>(700,849)</u>
Increase (decrease) in cash and cash equivalents	3,948,639	(747,141)
Cash and cash equivalents - beginning of year	<u>2,009,729</u>	<u>2,756,870</u>
Cash and cash equivalents - end of year	<u>\$ 5,958,368</u>	<u>\$ 2,009,729</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	<u>\$ 34,982</u>	<u>\$ 21,219</u>
Amortization of bond premium	<u>\$ 51,367</u>	<u>\$ -</u>

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

PANOLA COLLEGE
EXHIBIT 3 (Continued)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2014 and 2013

	2014	2013
	Primary	Primary
	Institution	Institution
	<hr/>	<hr/>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (17,941,137)	\$ (17,395,525)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation expense	867,811	777,171
On-behalf state appropriations	989,753	732,862
Changes in assets and liabilities		
(Increase) decrease in Receivables, net	46,193	44,451
(Increase) decrease in Inventories	(197,355)	162,345
(Increase) decrease in Other assets	(134,287)	113,767
Increase in Unearned revenue	50,369	367,512
Increase (decrease) in Accounts payable	1,240,209	(217,590)
Increase (decrease) in Accrued liabilities-payroll related	55,680	13,221
Increase in Compensated absences	34,153	16,107
Total Adjustments	<hr/> 2,952,526	<hr/> 2,009,846
Net cash used for operating activities	<hr/> \$ (14,988,611)	<hr/> \$ (15,385,679)

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, 2014 AND 2013

1. **REPORTING ENTITY**

Panola College was established in 1947 in accordance with the laws of the State of Texas to serve the educational needs of the Panola College service area. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state and federal sources, and must comply with the spending, reporting and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. The amount set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code 56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount.

Title IV, Higher Education Act (HEA) Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

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

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

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013**

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.

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 liabilities, the statements of financial 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. Governments are only permitted to report deferred inflows in circumstances specifically authorized by GASB. The College has no items that qualify for reporting in this category.

In addition to assets, the statement of financial 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 more future periods and so will not be recognized as an outflow of resources (expense) until that time. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The College has no items that qualify for reporting in this category.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. (The governing board has designated public funds investment pools comprised of \$796 and \$795 at August 31, 2014 and 2013, respectively, to be short-term investments). Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of consumable office supplies, physical plant supplies, food service supplies, and bookstore stock. Inventories are valued at lower of cost under the "first-in, first-out" method, or market and are charged to expense as consumed.

PANOLA COLLEGE
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Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. Panola College's capitalization policy includes real or personal property with a value equal to or greater than \$5,000 and has an estimated life of greater than 1 year. The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

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, 2014 and 2013 have been reported as unearned revenue.

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.

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3. COMPONENT UNIT (AFFILIATED ORGANIZATION)

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

Financial transactions in the form of support from the Foundation to the College for the years ended August 31, 2014 and 2013 amounted to approximately \$48,648 and \$161,267 respectively.

Deposits were fully covered by FDIC insurance at August 31, 2014 and 2013, 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 obtained from the various investment brokers. The Foundation's investments in mutual funds are all rated "****" or better by Morningstar Rating Services, except for the investment in TPF Balanced Fund which is unrated.

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 SHORT-TERM INVESTMENTS

During the 2014 and 2013 fiscal years, deposits and investments were comprised of cash on hand, bank demand deposits, bank time deposits, investments with the Lonestar Investment Pool, and mutual funds administered by American Funds Distributors.

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.

The College's temporary investments consist of balances held by Lonestar Investment Pool (Government Overnight Fund) and Lincoln Financial Advisors. The Lonestar 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 its dollar weighted average maturity is 57 days or fewer.

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Lonestar Investment Pool is administered by First Public. Lonestar Investment Pool has a rating of AAAM by Standard & Poor's.

The fair value of the investment in Lonestar Investment Pool was the same as its carrying value of \$796 and \$795 for the years ending August 31, 2014 and 2013, 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 \$216,810 and \$171,829 for the years ending August 31, 2014 and 2013, respectively.

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

	<u>August 31, 2014</u>	<u>August 31, 2013</u>
Cash and Deposits		
Cash in Banks:		
Demand Deposits	\$ 5,955,382	\$ 2,006,444
Time Deposits	19,568,426	14,763,596
Petty Cash on Hand	<u>2,190</u>	<u>2,490</u>
Total Cash and Deposits	<u>25,525,998</u>	<u>16,772,530</u>
Investments		
Short-Term Investments		
Lonestar Investment Pool		
Liquidity Plus Fund	796	795
Mutual Fund Investments	<u>216,810</u>	<u>171,829</u>
Total Investments	<u>217,606</u>	<u>172,624</u>
Total Deposits and Investments	<u>\$ 25,743,604</u>	<u>\$ 16,945,154</u>

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Classification in Statement of Net Position, Exhibit 1

	August 31, 2013	August 31, 2012
Cash and Cash Equivalents		
Cash in Banks:		
Demand Deposits	\$ 5,955,382	\$ 2,006,444
Short-Term Investments		
Lonestar Investment Pool		
Liquidity Plus Fund	796	795
Petty Cash on Hand	2,190	2,490
Total Cash and Cash Equivalents	5,958,368	2,009,729
Short-Term Investments		
Cash in Banks – Time Deposits	16,713,257	11,951,189
Endowment and Other Short-Term Investments		
Cash in Banks – Time Deposits	2,855,169	2,812,407
Mutual Fund Investments	216,810	171,829
Total Short-Term Investments	3,071,979	2,984,236
Total Cash, Deposits and Investments	\$ 25,743,604	\$ 16,945,154

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, 2014 and 2013, the bank balance of the College's deposits were \$25,922,933 and \$17,169,354, respectively. Of these balances, the amounts covered by FDIC insurance were \$654,767 and \$633,568 at August 31, 2014 and 2013, respectively. The remaining balance at August 31, 2014 and 2013 of \$25,268,166 and \$16,535,786, respectively, were entirely covered by pledged collateral held by the pledging financial institution in the College's name.

**PANOLA COLLEGE
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- c. **Concentration of Credit Risk:** This is the risk of loss that occurs due to a lack of diversification. The College’s investment policy does not limit the amount that may be invested in any one issuer. At August 31, 2013 and 2012, more than five percent of the College’s investments, excluding certificates of deposit, were in the following:

<u>Issuer</u>	<u>% of</u>	<u>Investments</u>
<u>Mutual Funds</u>	<u>8/31/14</u>	<u>8/31/13</u>
The Growth Fund of America	19.02%	18.71%
New Perspective Fund	14.15%	14.42%
Capital Income Builder	24.99%	26.47%
Washington Mutual Investors Fund	18.54%	18.52%
American Balanced Fund	22.94%	21.44%

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.

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, 2014 and 2013, endowment interest, dividend earnings, and capital gains totaled \$15,362 and \$32,384 respectively. Gifts to endowments totaled \$113,087 and \$85,859 for the fiscal years ended August 31, 2014 and 2013, respectively. Unrealized gains and losses for the years ended August 31, 2014 and 2013 totaled \$34,981 gain and \$21,219 gain, respectively. Endowment net position is classified as restricted nonexpendable student aid in the Statement of Net Position.

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8. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2014 was as follows:

<u>Description</u>	<u>Balance September 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2014</u>
Capital assets not being depreciated:				
Construction in progress	\$ 82,617	\$ 5,038,338	\$ -	\$ 5,120,955
Land	1,822,519	-	-	1,822,519
Total capital assets not being depreciated	1,905,136	5,038,338	-	6,943,474
Capital assets being depreciated:				
Buildings and Improvements	23,260,577	129,042	219,431	23,170,188
Furniture, Fixtures, Machinery & Equipment and Other Equipment	4,003,663	355,333	-	4,358,996
Library Books	525,106	17,235	48,566	493,775
Total capital assets being depreciated	27,789,346	501,610	267,997	28,022,959
Less accumulated depreciation for:				
Building and Improvements	(11,990,075)	(530,092)	(168,362)	(12,351,805)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(2,984,652)	(299,442)	-	(3,284,094)
Library Books	(308,973)	(38,277)	(48,566)	(298,684)
Total accumulated depreciation	(15,283,700)	(867,811)	(216,928)	(15,934,583)
Total capital assets being depreciated, net	12,505,646	(366,201)	51,069	12,088,376
Net Capital Assets	\$ 14,410,782	\$ 4,672,137	\$ 51,069	\$ 19,031,850

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Capital assets activity for the year ended August 31, 2013 was as follows:

<u>Description</u>	<u>Balance September 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2013</u>
Capital assets not being depreciated:				
Construction in progress	\$ 49,297	\$ 82,617	\$ 49,297	\$ 82,617
Land	1,384,457	438,062	-	1,822,519
Total capital assets not being depreciated	1,433,754	520,679	49,297	1,905,136
Capital assets being depreciated:				
Buildings and Improvements	21,848,323	1,412,254	-	23,260,577
Furniture, Fixtures, Machinery & Equipment and Other Equipment	3,643,294	366,669	6,300	4,003,663
Library Books	554,574	22,837	52,305	525,106
Total capital assets being depreciated	26,046,191	1,801,760	58,605	27,789,346
Less accumulated depreciation for:				
Building and Improvements	(11,489,254)	(500,821)	-	(11,990,075)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(2,754,642)	(236,310)	(6,300)	(2,984,652)
Library Books	(321,238)	(40,040)	(52,305)	(308,973)
Total accumulated depreciation	(14,565,134)	(777,171)	(58,605)	(15,283,700)
Total capital assets being depreciated, net	11,481,057	(1,024,589)	-	12,505,646
Net Capital Assets	\$ 12,914,811	\$ 1,545,268	\$ 49,297	\$ 14,410,782

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NOTES TO THE FINANCIAL STATEMENTS
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9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2014 was as follows:

	<u>Balance September 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2014</u>	<u>Current Portion</u>
<u>Notes and Bonds</u>					
Revenue Bonds Payable	\$ 4,346,000	\$ -	\$ 771,000	\$ 3,575,000	\$ 778,000
General Obligation Bonds Payable	-	9,325,000	1,965,000	7,360,000	195,000
General Obligation Bond Premium	-	367,808	51,867	315,941	39,866
<u>Other Long-Term Liabilities</u>					
Accrued Compensable Absences	224,644	129,971	95,818	258,797	113,520
Total Long-Term Liabilities	\$ 4,570,644	\$ 9,822,779	\$ 2,883,685	\$ 11,509,738	\$ 1,126,386

Long-term liability activity for the year ended August 31, 2013 was as follows:

	<u>Balance September 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2013</u>	<u>Current Portion</u>
<u>Notes and Bonds</u>					
Bonds Payable	\$ 5,110,000	\$ -	\$ 764,000	\$ 4,346,000	\$ 771,000
<u>Other Long-Term Liabilities</u>					
Accrued Compensable Absences	208,537	121,116	105,009	224,644	104,016
Total Long-Term Liabilities	\$ 5,318,537	\$ 121,116	\$ 869,009	\$ 4,570,644	\$ 875,016

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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 \$1,341,938 and \$1,565,970 at August 31, 2014 and 2013, respectively. Principal and interest paid during the years ended August 31, 2014 and 2013 was \$224,032 and \$223,494 respectively. Total dorm fee revenue for August 31, 2014 and 2013 was \$1,124,160 and \$938,701, respectively.

In fiscal year 2008, the College issued \$6,000,000 in revenue bonds to finance the expansion and renovation of the existing library. In accordance with Section 130.123 of the Texas Education Code, the Series 2008 revenue bonds are to be paid by the collection of a general use fee. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient for payment of principal and interest on the bonds. The final maturity of the bonds is in the year ending August 31, 2018. The remaining principal and interest to be paid was \$2,572,800 and \$3,259,200 at August 31, 2014 and 2013, respectively. Principal and interest paid during the years ended August 31, 2014 and 2013 was \$686,400 and \$703,680 respectively. Total general use fee revenue for August 31, 2014 and 2013 was \$2,624,830 and \$2,357,083 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%	\$ 1,175,000
Series 2008	Library expansion	2.88%	<u>2,400,000</u>

Total outstanding revenue bonds \$ 3,575,000

Interest expense on the bonds amounted to \$130,617 and \$154,271 for the years ended August 31, 2014 and 2013, respectively. Accrued interest on the bonds at August 31, 2014 and 2013 amounted to approximately \$43,472 and \$52,287 respectively, and is included in the financial statements.

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

Year Ending August 31,	2014			2013		
	Interest	Principal	Total Requirement	Interest	Principal	Total Requirement
2014	\$ -	\$ -	\$ -	\$ 139,432	\$ 771,000	\$ 910,432
2015	115,415	778,000	893,415	115,415	778,000	893,415
2016	91,122	785,000	876,122	91,122	785,000	876,122
2017	66,553	792,000	858,553	66,553	792,000	858,553
2018	41,708	800,000	841,708	41,708	800,000	841,708
2019-2020	24,940	420,000	444,940	24,940	420,000	444,940
Total	<u>\$ 339,738</u>	<u>\$ 3,575,000</u>	<u>\$ 3,914,738</u>	<u>\$ 479,170</u>	<u>\$ 4,346,000</u>	<u>\$ 4,825,170</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. The bonds were sold in \$5,000 increments with interest rates varying from 2% to 4.5% 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 \$12,021,100 at August 31, 2014. Principal and interest paid during the year ended August 31, 2014 was \$2,276,450.

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%	<u>\$ 7,360,000</u>

Total outstanding general obligation bonds \$ 7,360,000

Interest expense on the bonds amounted to \$262,295 for the year ended August 31, 2014. Accrued interest on the bonds at August 31, 2014 amounted to approximately \$13,824, and is included in the financial statements. Interest capitalized into construction in progress amounted to \$39,166 for the year ended August 31, 2014.

The bonds also include a premium in the amount of \$367,808. Amortization expense amounted to \$51,867 for the year ended August 31, 2014.

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

Year Ending August 31,	2014			2013		
	Interest	Principal	Total Requirement	Interest	Principal	Total Requirement
2015	\$ 305,250	\$ 195,000	\$ 500,250	-	-	-
2016	301,300	200,000	501,300	-	-	-
2017	296,225	205,000	501,225	-	-	-
2018	290,000	210,000	500,000	-	-	-
2019	283,550	220,000	503,550	-	-	-
2020-2024	1,293,775	1,210,000	2,503,775	-	-	-
2025-2029	1,027,800	1,475,000	2,502,800	-	-	-
2030-2034	675,825	1,830,000	2,505,825	-	-	-
2035-2038	187,375	1,815,000	2,002,375	-	-	-
Total	\$ 4,661,100	\$ 7,360,000	\$ 12,021,100	\$ -	\$ -	\$ -

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

Receivables

Receivables at August 31, 2014 and 2013 were as follows:

	<u>2014</u>			<u>2013</u>		
	Total	Less Allowance For	Net	Total	Less Allowance For	Net
	Receivable	Uncollectibles	Receivable	Receivable	Uncollectibles	Receivable
Student Receivables	\$ 1,475,210	\$ 931,529	\$ 543,681	\$ 1,467,544	\$ 830,529	\$ 637,015
Taxes Receivable	375,419	200,075	175,344	304,674	170,829	133,845
Federal Receivables	2,418,012	-	2,418,012	2,512,867	-	2,512,867
State Receivables	29,917	-	29,917	13,878	-	13,878
Interest Receivable	40,242	-	40,242	46,270	-	46,270
Other Receivables	36,939	-	36,939	5,837	-	5,837
TOTAL	\$ 4,375,739	\$ 1,131,604	\$ 3,244,135	\$ 4,351,070	\$ 1,001,358	\$ 3,349,712

Payables

Payables at August 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Vendors Payable	\$ 1,618,078	\$ 377,869
Salaries and Benefits Payable	443,769	353,937
Students Payable	175,440	132,794
Accrued Interest	57,296	52,287
Other Payables	235,351	231,752
TOTAL	\$ 2,529,934	\$ 1,148,639

11. CONTRACT AND GRANT AWARDS

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

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

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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 doubtful accounts. The allowance is based upon historical experience in collecting property taxes.

Taxes levied for current year operations are summarized below:

	<u>2014</u>	<u>2013</u>
Original tax levy	\$ 8,486,233	\$ 5,971,045
Supplemental levy and adjustments	886,714	184,207
Adjusted levy	<u>9,372,947</u>	<u>6,155,252</u>
Penalty and interest assessments	<u>76,876</u>	<u>25,605</u>
Total Levy	<u>\$ 9,296,071</u>	<u>\$ 6,129,647</u>

Tax collections for the years ended August 31, 2014 and 2013, including delinquent collections, exceeded 96% of the levy for both years.

A summary of tax data is presented as follows:

	<u>2014</u>	<u>2013</u>
Assessed valuation of the District	\$ 5,088,971,480	\$ 5,185,944,504
Less: Exemptions	(210,679,832)	(193,466,087)
Less: Abatements	(928,083,246)	(879,905,402)
Net Assessed Valuation of the District	<u>\$ 3,950,208,402</u>	<u>\$ 4,112,573,015</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	\$ 0.15483	\$ 0.14519
Debt Service	0.06000	-
Total	<u>\$ 0.21483</u>	<u>\$ 0.14519</u>
Gross Taxes Collected (Current Operations)	\$ 9,060,783	\$ 5,961,324
Discounts Allowed	(191,969)	(101,602)
Delinquent Taxes Collected	170,255	117,393
Penalties and Interest Collected	106,153	76,760
Collection Fees	(134,545)	(91,334)
Total Collections	<u>\$ 9,010,677</u>	<u>\$ 5,962,541</u>

PANOLA COLLEGE
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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:

	2014	2013
Tuition and Fees	\$ 3,356,476	\$ 3,347,669
Housing and Residential Life	644,510	609,800
Other	12,172	5,320
Total	\$ 4,013,158	\$ 3,962,789

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 County Junior College District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's 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. State law provides for a member contribution rate of 6.4 percent for fiscal years 2014, 2013 and 2012. The state contribution rate was 6.8 percent for fiscal year 2014, 6.4 percent for fiscal year 2013 and 6.0 percent for fiscal year 2012. In certain instances the reporting district is required to make all or a portion of the state's contributions.

For the years ended August 31, 2013 and 2012, the State of Texas did not provide \$216,161 and \$193,972, respectively, of the On Behalf State Contribution. The total of \$410,133 was paid by the College in fiscal year 2013. Actual contributions by the College equaled the required contributions for 2013 and 2012. Actual contributions to TRS for both the State and the College were equal to the required contributions for 2014. The on behalf amounts have been reflected in the financial statements as revenue and expense. Contributions made for 2012-2014 are shown below:

Fiscal Year Ended	On Behalf State	Panola College	Employee Contribution	Total Contribution	Covered Payroll	Total College Payroll
<u>August 31,</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Payroll</u>	<u>Payroll</u>
2014	\$180,320	\$223,279	\$379,859	\$783,458	\$ 5,935,288	\$9,046,043
2013	75,930	442,665	340,925	859,520	5,328,117	8,655,936
2012	79,059	29,834	323,057	431,950	5,073,032	8,324,214

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013**

Optional Retirement Program

Plan Description. Participation in the Optional Retirement Program, a defined contribution plan, is in lieu of participation in the Teacher Retirement System of Texas. The optional retirement program provides for the purchase of annuity contracts or mutual funds and operates under the provisions of the Texas Constitution, Article XVI, Sec 67, and the Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries contributed by the state and each participant are 3.30 and 6.65 respectively for fiscal year 2014 and 6.00 and 6.65 respectively for fiscal years 2013 and 2012. The College contributed 5.20 percent for fiscal year 2014 and 2.50 percent for fiscal years 2013 and 2012 for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual contracts, the state has no additional or unfunded liability for the program.

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

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>
2014	\$61,550	\$82,744	\$124,033	\$268,327	\$1,865,160
2013	127,107	30,046	140,877	298,030	2,118,450
2012	123,978	28,333	137,409	289,720	2,066,300

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, 2014 and 2013, the College had twenty-six and twenty-six respectively, employees participating in the tax sheltered annuity program. A total of \$103,525 and \$89,100 in payroll deductions was invested in approved plans during the years ending August 31, 2014 and 2013, respectively.

16. COMPENSATED ABSENCES

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

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

Total accrued compensated absences representing unused vacation leave amounted to approximately \$258,797 at August 31, 2014 and \$224,644 at August 31, 2013. The liability is shown in the statement of net position split between current and noncurrent in the amounts of \$113,520 and \$145,277 respectively for August 31, 2014 and \$104,016 and \$120,628 respectively for August 31, 2013.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

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. The State paid premiums of \$503 and \$470 per month per employee to the Plan for the years ending August 31, 2014 and 2013, 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 August 31,	Average Number Employees Covered	Board Members Covered	On Behalf State Contributions	College Contributions
2014	142	6	\$ 527,052	\$ 690,419
2013	138	6	120,497	760,071
2012	135	6	112,682	673,816

18. **POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$503 per month for the year ended August 31, 2014 and \$470 per month for the year ended August 31, 2013 and totaled \$747,883 for the year ended August 31, 2014 and \$529,825 for the year ended August 31, 2013. The cost of providing those benefits for 64 retirees in the year ended August 31, 2014 was \$220,831 and benefits for 64 retirees cost \$409,328 in the year ended August 31, 2013. For 142 active employees, the cost was \$527,052 for the year ended August 31, 2014 and active employee benefits for 138 employees cost \$120,497 for the year ended August 31, 2013.

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.

Additionally, the College in accordance with state statutes, funds the costs of health insurance of retired employees who formerly worked in auxiliary departments of the College. Shown below are costs and coverages associated with the dental and health insurance plans.

Year Ended August 31,	Average Number Retirees Covered	Average Monthly Dental Premium	Retired Auxiliary Employees	Average Monthly Health Insurance Premium
2014	52	\$ 20.00	2	\$ 503
2013	51	20.00	2	470
2012	52	20.00	2	438

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013**

19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employee Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

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. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB Statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years.

The College's contributions to SRHP for the years ended August 31, 2014, 2013, and 2012 were \$690,419, \$760,071, \$673,816, respectively, which equaled the required contributions each year.

20. 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.

21. 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, 2014 and 2013 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 \$280,782 at August 31, 2014 and \$282,217 at August 31, 2013.

22. 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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

preclude any significant uninsured losses to the College. At no time during the last three fiscal years have claims exceeded commercial coverage.

23. **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, 2014 and 2013 respectively. A corresponding amount is also included in operating expenses.

24. **PENDING CLAIMS**

The administration of the College and its legal counsel are not aware of any pending lawsuits against the College.

25. **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, 2014 or 2013.

26. **COMMITMENTS**

At August 31, 2014, the College has a commitment of \$3,382,439 remaining on the uncompleted construction contract with Hunt Construction Group, Inc. There is also a remaining commitment to the architect, Corgan Associates, Inc., in the amount of \$776,208. Both of these relate to the 2013 Bond Program projects.

27. **SUBSEQUENT EVENTS**

In September 2014, the College issued General Obligation Bonds, Series 2014, in the par amount of \$25,155,000 with a premium of \$944,171. Interest rates range from 2% to 5% and the bonds will be redeemed over the next 24 years with property tax revenue. The bonds are callable on August 15, 2023 or any date thereafter.

28. **AUTHORITATIVE PRONOUNCEMENTS NOT YET EFFECTIVE**

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 (issued June 2012).

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves the information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement requires

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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the recognition of the entire net pension liability and a more comprehensive measure of pension expense. The effective date of this statement is for periods beginning after June 15, 2014.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (issued November 2013)

This statement's objective is to improve accounting and financial reporting by addressing an issue in GASB Statement No. 68 related to transition provisions for certain contributions to pensions made by employers and nonemployer contributing entities after the implementation of Statement No. 68. The provisions of this statement are to be implemented simultaneously with GASB Statement No. 68.

29. CHANGE IN ACCOUNTING PRINCIPLE

Effective September 1, 2013, the College adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. With the adoption of this statement, the College's deferred revenue was renamed to unearned revenue. There was no change in the net position of the College as a result of the adoption of the statement.

SUPPLEMENTARY SCHEDULES



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

For the Year Ended August 31, 2014 (With Memorandum Totals for the Year Ended August 31, 2013)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2014 Total	2013 Total
Tuition						
State funded courses						
In-district resident tuition	\$ 340,250	\$ -	\$ 340,250	\$ -	\$ 340,250	\$ 322,976
Out-of-district resident tuition	939,295	-	939,295	-	939,295	910,770
TPEG (set aside)*	118,402	-	118,402	-	118,402	107,436
Non-resident tuition	145,432	-	145,432	-	145,432	163,849
State funded continuing education	550,255	-	550,255	-	550,255	408,125
Non-state funded continuing education	29,190	-	29,190	-	29,190	38,672
Total tuition	2,122,824	-	2,122,824	-	2,122,824	1,951,828
Fees						
General fee	2,624,830	-	2,624,830	-	2,624,830	2,357,083
Out-of-district fees	1,761,026	-	1,761,026	-	1,761,026	1,580,564
Laboratory fee	437,039	-	437,039	-	437,039	433,548
Other fees	789,945	-	789,945	-	789,945	714,905
Total fees	5,612,840	-	5,612,840	-	5,612,840	5,086,100
Scholarship allowances and discounts						
Institutional scholarships	(676,291)	-	(676,291)	-	(676,291)	(619,013)
Remissions and exemptions-state	(137,607)	-	(137,607)	-	(137,607)	(125,066)
Remissions and exemptions-local	(199,644)	-	(199,644)	-	(199,644)	(241,730)
Title IV federal grants	(3,248,663)	-	(3,248,663)	-	(3,248,663)	(3,249,453)
TPEG allowances	(38,460)	-	(38,460)	-	(38,460)	(24,211)
Other federal grants	-	-	-	-	-	-
State grants to students	(25,283)	-	(25,283)	-	(25,283)	(14,301)
Total scholarship allowances	(4,325,948)	-	(4,325,948)	-	(4,325,948)	(4,273,774)
Total net tuition and fees	3,409,716	-	3,409,716	-	3,409,716	2,764,154
Additional operating revenues						
Federal grants and contracts	-	402,088	402,088	-	402,088	426,456
State grants and contracts	-	306,870	306,870	-	306,870	206,271
Nongovernmental grants and contracts	-	1,790	1,790	-	1,790	1,812
Sales and services of educational activities	97,608	-	97,608	-	97,608	139,997
General operating revenues	257,476	-	257,476	-	257,476	249,502
Total other operating revenues	355,084	710,748	1,065,832	-	1,065,832	1,024,038
Auxiliary enterprises						
Bookstore	-	-	-	1,952,661	1,952,661	1,751,641
Less allowances and discounts	-	-	-	(1,132,790)	(1,132,790)	(1,080,284)
Residential life	-	-	-	1,124,160	1,124,160	938,701
Less allowances and discounts	-	-	-	(825,529)	(825,529)	(723,962)
Total net auxiliary enterprises	-	-	-	1,118,502	1,118,502	886,096
Total Operating Revenues	\$ 3,764,800	\$ 710,748	\$ 4,475,548	\$ 1,118,502	\$ 5,594,050	\$ 4,674,288
				(Exhibit 2)		(Exhibit 2)

*In accordance with Education Code 56.033, \$118,402 and \$107,436 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, 2014 (With Memorandum Totals for the Year Ended August 31, 2013)

	Salaries And Wages	Benefits		Other Expenses	2014 Total	2013 Total
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 5,421,110	\$ -	\$ 865,563	\$ 846,860	\$ 7,133,533	\$ 6,593,162
Public Service	-	-	-	-	-	-
Academic Support	1,280,683	-	272,307	525,024	2,078,014	1,901,876
Student Services	767,916	-	173,722	169,063	1,110,701	1,072,370
Institutional Support	862,386	-	336,755	860,594	2,059,735	2,423,201
Operation and Maintenance of Plant	264,343	-	82,517	1,377,837	1,724,697	1,385,327
Scholarship and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	8,596,438	-	1,730,864	3,779,378	14,106,680	13,375,936
Restricted Educational Activities						
Instruction	1,545	634,951	161	188,870	825,527	525,853
Public Service	151,676	18,626	45,043	75,750	291,095	368,612
Academic Support	-	145,223	-	-	145,223	109,738
Student Services	1,384	88,861	781	99,960	190,986	213,156
Institutional Support	-	102,092	-	-	102,092	74,535
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship and Fellowships	-	-	-	4,293,425	4,293,425	4,277,521
Total Restricted Educational Activities	154,605	989,753	45,985	4,658,005	5,848,348	5,569,415
Auxiliary Enterprises	295,000	-	82,454	2,334,894	2,712,348	2,347,291
Depreciation Expense-Buildings & other real estate improvements			-	530,092	530,092	500,821
Depreciation Expense-Equipment & fixtures			-	299,442	299,442	236,310
Depreciation Expense-Library books				38,277	38,277	40,040
Total	\$ 9,046,043	\$ 989,753	\$ 1,859,303	\$ 11,640,088	\$ 23,535,187	\$ 22,069,813
					(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, 2014 (With Memorandum Totals for the Year Ended August 31, 2013)

	Unrestricted	Restricted	Auxiliary Enterprises	2014 Total	2013 Total
NON-OPERATING REVENUES					
State Appropriations					
Education and General State Support	\$ 4,315,726	\$ -	\$ -	\$ 4,315,726	\$ 3,722,735
CTC Enrollment Growth	-	-	-	-	-
State Group Insurance	-	747,883	-	747,883	529,825
State Retirement Matching	-	241,870	-	241,870	203,037
Total State Appropriations	4,315,726	989,753	-	5,305,479	4,455,597
Ad-Valorem Taxes - Maintenance & Operations	6,468,902	-	-	6,468,902	5,962,541
Ad-Valorem Taxes - Debt Service	2,541,775			2,541,775	-
Federal Revenue, Non Operating	-	9,100,492	-	9,100,492	8,958,767
Gifts	39,095	126,287	-	165,382	240,519
Investment Income	125,861	59,998	1,174	187,033	213,288
Gain (Loss) on Disposal of Asset	(50,505)			(50,505)	800
Royalty Income	-	31,817	-	31,817	31,486
Total Non-Operating Revenues	9,125,128	9,318,594	1,174	18,444,896	15,407,401
NON-OPERATING EXPENSES					
Interest on Capital Related Debt	341,047			341,047	154,271
Bond Issuance Costs	163,040	-	-	163,040	-
Total Non-Operating Expenses	504,087	-	-	504,087	154,271
Net Non-Operating Revenues	\$ 12,936,767	\$ 10,308,347	\$ 1,174	\$ 23,246,288	\$ 19,708,727
				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, 2014
With Memorandum Totals for the Year Ended August 31, 2013

	Detail By Source					Available for Current Operations		
	Restricted					Total	Yes	No
	Unrestricted	Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt				
Current								
Unrestricted	\$ 12,311,862	\$ -	\$ -	\$ -	\$ 12,311,862	\$ 12,311,862	\$ -	
Restricted	-	300,787	-	-	300,787		300,787	
Auxiliary enterprises	1,404,712	-	-	-	1,404,712	1,404,712	-	
Endowment								
Quasi:								
Unrestricted	-	-	-	-	-	-	-	
Restricted	-	-	3,103,835	-	3,103,835		3,103,835	
Plant								
Unexpended	(2,883,590)	4,530,598	-	-	1,647,008	-	1,647,008	
Debt Service		308,311			308,311		308,311	
Investment in Plant	-	-	-	12,311,505	12,311,505	-	12,311,505	
Total Net Position, August 31, 2014	<u>10,832,984</u>	<u>5,139,696</u>	<u>3,103,835</u>	<u>12,311,505</u>	<u>31,388,020</u>	<u>13,716,574</u>	<u>17,671,446</u>	
					(Exhibit 1)			
Total Net Position, August 31, 2013	<u>13,040,845</u>	<u>-</u>	<u>2,955,531</u>	<u>10,086,493</u>	<u>26,082,869</u>	<u>10,236,773</u>	<u>15,846,096</u>	
					(Exhibit 1)			
Net Increase (Decrease) in Net Position	<u>\$ (2,207,861)</u>	<u>\$ 5,139,696</u>	<u>\$ 148,304</u>	<u>\$ 2,225,012</u>	<u>\$ 5,305,151</u>	<u>\$ 3,479,801</u>	<u>\$ 1,825,350</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, 2014 and 2013**

	<u>2014 Panola College Foundation</u>	<u>2013 Panola College Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors	\$ 147,004	\$ 413,336
Payments for scholarships and support	(48,528)	(165,534)
Other income	42	1,568
Investment receipts	<u>47,950</u>	<u>34,126</u>
Net cash provided by operating activities	<u>146,468</u>	<u>283,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities and liquidation of investments	21,208	42,595
Purchase of investments and annuities	<u>(95,062)</u>	<u>(386,473)</u>
Net cash used for investing activities	<u>(73,854)</u>	<u>(343,878)</u>
 Increase (decrease) in cash and cash equivalents	 72,614	 (60,382)
 Cash and cash equivalents-beginning	 <u>80,594</u>	 <u>140,976</u>
 Cash and cash equivalents-ending	 <u>\$ 153,208</u>	 <u>\$ 80,594</u>
 Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	<u>\$ 342,076</u>	<u>\$ 394,424</u>
Adjustments to reconcile change in net assets to net cash provided by for operating activities		
(Increase) in fair value of investments	(198,101)	(104,288)
 Changes in assets and liabilities		
Increase (decrease) in miscellaneous receivables	2,373	(2,373)
Increase (decrease) in accounts payable	<u>120</u>	<u>(4,267)</u>
Total Adjustments	<u>(195,608)</u>	<u>(110,928)</u>
 Net cash provided by operating activities	 <u>\$ 146,468</u>	 <u>\$ 283,496</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, 2014

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U. S. Department of Education			
Direct:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grant	84.007	P007A134092	\$ 20,132
Federal Supplemental Educational Opportunity Grant	84.007	P033A134092	11,994
Subtotal Federal Supplemental Educational Opportunity Grant			<u>32,126</u>
Federal Workstudy Program	84.033	P033A134092	35,984
Federal Workstudy Program	84.033	P033A094092	3,658
Subtotal Federal Workstudy Program			<u>39,642</u>
Federal Pell Grant Program	84.063	P063P142297	1,917,218
Federal Pell Grant Program	84.063	P063P132297	3,330,632
Federal Pell Grant Program	84.063	P063P122297	(1,661)
Subtotal Federal Pell Grant Program			<u>5,246,189</u>
Federal Direct Student Loans	84.268	P268K152297	434,374
Federal Direct Student Loans	84.268	P268K142297	3,344,980
Federal Direct Student Loans	84.268	P268K132297	3,181
Subtotal Federal Direct Student Loans			<u>3,782,535</u>
Passed Through From:			
Texas Workforce Commission			
Adult Education - Basic Grants to States	84.002	0814ABE001	160,802
Texas Higher Education Coordinating Board			
Career and Technical Education - Basic Grants to States	84.048	134250	191,880
Statewide Data Systems	84.372	R372A090010	2,000
Total U. S. Department of Education			<u><u>9,455,174</u></u>
U.S. Department of Health and Human Services			
Passed Through From:			
East Texas Council of Governments			
Temporary Assistance for Needy Families	93.558	PC-TANF-PY13-01	38,991
Texas Workforce Commission			
Temporary Assistance for Needy Families	93.558	0814ABE001	8,415
Total U.S. Department of Health and Human Services			<u>47,406</u>
Total Federal Awards			<u><u>\$ 9,502,580</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, 2014

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Passed Through From:		
Texas Workforce Commission		
Adult Education GR-Adult Education	0814ABE001	43,117
Skills Development Grant		61,881
Temporary Assistance for Needy Families		4,429
Subtotal Texas Workforce Commission		<u>109,427</u>
Texas Higher Education Coordinating Board		
Texas Grant		69,026
Texas College Work-Study		12,206
Hazelwood Legacy		7,262
Subtotal Texas Higher Education Coordinating Board		<u>88,494</u>
Texas Comptroller		
Jet Grant		104,949
Trinity Valley Community College		
CABNET Grant		<u>4,000</u>
Total State Awards		<u><u>\$ 306,870</u></u>
State Grants and Revenues -Per Schedule A		<u><u>\$ 306,870</u></u>

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

PANOLA COLLEGE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED AUGUST 31, 2014

Note 1: Federal Awards Reconciliation:

Federal Grants and Contracts – Schedule A	\$ 402,088
Add: Federal Revenue, Non-Operating – Schedule C	<u>9,100,492</u>
Total Federal Awards	<u>\$ 9,502,580</u>

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 award period basis. The expenditures reported on pages 56 and 57 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.

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PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT



SINGLE AUDIT SECTION

Ted A. Lankford, CPA
Glenda J. Hiers, CPA
Richard A. Rudel, CPA

Wilbur E. Alexander, CPA
(1940 - 2009)

AL&H ALEXANDER LANKFORD & HIERS, INC.

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

Board of Trustees
Panola College
Carthage, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Panola College as of and for the year ended August 31, 2014, which collectively comprise Panola College's basic financial statements and have issued our report thereon dated November 21, 2014.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Public Funds Investment Act

We have performed tests designed to verify Panola College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2014, 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 21, 2014

Ted A. Lankford, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 - 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, 2014.

Report on Internal Control Over Compliance

Management of Panola College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Panola College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 - 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
November 21, 2014

**PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2014**

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 X No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X None 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 section 510(a) of Circular A-133 or TSAC? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program</u>
	Student Financial Aid Cluster:
84.007	Federal Supplemental Education Opportunity Grant
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

Dollar threshold used to distinguish between type A and type B programs: **\$300,000**

Auditee qualified as low-risk auditee? X Yes No

PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
AUGUST 31, 2014

B. Financial Statements Findings

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

None

C. Federal and State Awards Findings and Questioned Costs

Required to be reported in accordance with section 510(a) of Circular A-133 or TSAC:

None

PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT



STATISTICAL SUPPLEMENTS (UNAUDITED)

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Panola College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2005 to 2014
(unaudited)
(amounts expressed in thousands)

	For the Fiscal Year Ended August 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Investment in capital assets	\$ 12,311	\$ 10,086	\$ 7,818	\$ 6,553	\$ 6,039	\$ 5,898	\$ 4,886	\$ 5,280	\$ 4,788	\$ 4,252
Restricted - expendable	5,140	-	-	-	-	-	-	-	-	-
Restricted - nonexpendable	3,104	2,956	2,848	2,615	2,262	2,070	1,883	956	1,705	1,610
Unrestricted	10,833	13,041	13,104	12,068	10,082	8,700	8,096	6,797	5,668	5,646
Total primary government net position	\$ 31,388	\$ 26,083	\$ 23,770	\$ 21,236	\$ 18,383	\$ 16,668	\$ 14,865	\$ 13,033	\$ 12,161	\$ 11,508

Panola College
Statistical Supplement 2
Revenues by Source
Fiscal years 2005 to 2014
(unaudited)

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and Fees (Net of Discounts)	\$3,410	\$2,764	\$2,879	\$2,196	\$2,088	\$ 2,336	\$ 2,248	\$ 2,065	\$ 1,914	\$ 1,635
Governmental Grants and Contracts										
Federal Grants and Contracts	402	401	422	450	388	428	2,289	2,393	2,529	2,974
State Grants and Contracts	307	231	117	407	583	261	274	573	232	536
Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	2	2	1	4	4	1	1	5	20	28
Sales and services of educational activities	98	140	140	163	161	143	158	164	182	207
Auxiliary enterprises	1,118	886	981	1,006	1,168	1,400	1,161	1,158	1,088	917
Other Operating Revenues	257	250	256	240	322	304	371	251	310	268
Total Operating Revenues	5,594	4,674	4,796	4,466	4,714	4,873	6,502	6,609	6,275	6,565
State Appropriations	5,305	4,456	4,087	4,739	5,017	4,995	4,973	4,555	4,526	4,266
Ad Valorem Taxes	9,011	5,962	5,750	5,661	5,308	5,158	4,625	4,129	3,639	3,241
Federal Revenue, Non Operating	9,100	8,959	8,296	6,193	3,913	2,468	-	-	-	-
Gifts	165	241	266	416	207	666	721	304	162	128
Investment income	187	213	208	139	389	292	443	466	356	251
Gain(Loss) on Disposal of Capital Assets	(50)	1	2	32	-	-	-	-	-	-
Other non-operating revenues	32	31	51	74	31	47	59	56	70	65
Total Non-Operating Revenues	23,750	19,863	18,660	17,254	14,865	13,626	10,821	9,510	8,753	7,951
Total Revenues	\$ 29,344	\$ 24,537	\$ 23,456	\$ 21,720	\$ 19,579	\$ 18,499	\$ 17,323	\$ 16,119	\$ 15,028	\$ 14,516

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and fees (net of discounts)	11.62%	11.26%	12.27%	10.11%	10.66%	12.63%	12.98%	12.81%	12.74%	11.26%
Governmental grants and contracts										
Federal grants and contracts	1.37%	1.63%	1.80%	2.07%	1.98%	2.31%	13.21%	14.85%	16.83%	20.49%
State grants and contracts	1.05%	0.94%	0.50%	1.87%	2.98%	1.41%	1.58%	3.55%	1.54%	3.69%
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%	0.00%	0.02%	0.02%	0.01%	0.01%	0.03%	0.13%	0.19%
Sales and services of educational activities	0.33%	0.57%	0.60%	0.75%	0.82%	0.77%	0.91%	1.02%	1.21%	1.43%
Auxiliary enterprises	3.81%	3.61%	4.18%	4.63%	5.97%	7.57%	6.70%	7.18%	7.24%	6.32%
Other operating revenues	0.88%	1.02%	1.09%	1.10%	1.64%	1.64%	2.14%	1.56%	2.06%	1.85%
Total Operating Revenues	19.06%	19.05%	20.45%	20.56%	24.08%	26.34%	37.53%	41.00%	41.76%	45.23%
State appropriations	18.08%	18.16%	17.42%	21.82%	25.62%	27.00%	28.71%	28.26%	30.12%	29.39%
Ad valorem taxes	30.71%	24.30%	24.51%	26.06%	27.11%	27.88%	26.70%	25.62%	24.21%	22.33%
Non-Governmental Grants and Contracts	31.01%	36.51%	35.37%	28.51%	19.99%	13.34%	0.00%	0.00%	0.00%	0.00%
Gifts	0.56%	0.98%	1.13%	1.92%	1.06%	3.60%	4.16%	1.89%	1.08%	0.88%
Investment income	0.64%	0.87%	0.89%	0.64%	1.99%	1.58%	2.56%	2.89%	2.37%	1.73%
Gain on Disposal of Capital Assets	-0.17%	0.00%	0.01%	0.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other non-operating revenues	0.11%	0.13%	0.22%	0.34%	0.16%	0.25%	0.34%	0.35%	0.47%	0.45%
Total Non-Operating Revenues	80.94%	80.95%	79.55%	79.44%	75.92%	73.66%	62.47%	59.00%	58.24%	54.77%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Panola College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2005 to 2014
(unaudited)

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction	\$7,959	\$7,119	\$6,661	\$6,289	\$6,417	\$6,009	\$5,652	\$6,015	\$5,420	\$5,303
Research	-	-	-	-	-	-	-	-	-	-
Public service	291	369	339	355	356	300	408	259	323	369
Academic support	2,223	2,012	2,032	2,047	2,099	2,250	1,775	1,658	1,558	1,584
Student services	1,302	1,286	1,226	1,261	1,185	1,122	1,122	1,068	1,029	940
Institutional support	2,162	2,498	2,036	1,845	1,878	1,808	1,747	1,563	1,500	1,329
Operation and maintenance of plant	1,725	1,385	1,372	1,384	1,508	1,638	1,486	1,513	1,192	1,360
Scholarships and fellowships	4,293	4,277	4,026	2,601	1,359	963	736	840	1,030	1,196
Auxiliary enterprises	2,712	2,347	2,217	1,996	1,966	1,713	1,653	1,468	1,469	1,437
Depreciation	868	777	824	843	819	637	696	699	688	608
Total Operating Expenses	23,535	22,070	20,733	18,621	17,587	16,440	15,275	15,083	14,209	14,126
Interest on capital related debt	341	154	190	246	275	256	216	164	169	81
Bond issuance costs	163	-	-	-	-	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	14	-
Total Non-Operating Expenses	504	154	190	246	275	256	216	164	183	81
Total Expenses	\$ 24,039	\$ 22,224	\$ 20,923	\$ 18,867	\$ 17,862	\$ 16,696	\$ 15,491	\$ 15,247	\$ 14,392	\$ 14,207

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction	33.11%	32.03%	31.84%	33.33%	35.93%	35.99%	36.49%	39.45%	37.66%	37.33%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	1.21%	1.66%	1.62%	1.88%	1.99%	1.80%	2.63%	1.70%	2.24%	2.60%
Academic support	9.25%	9.05%	9.71%	10.85%	11.75%	13.48%	11.46%	10.87%	10.83%	11.15%
Student services	5.42%	5.79%	5.86%	6.68%	6.63%	6.72%	7.24%	7.00%	7.15%	6.62%
Institutional support	8.99%	11.24%	9.73%	9.78%	10.51%	10.83%	11.28%	10.25%	10.42%	9.35%
Operation and maintenance of plant	7.17%	6.23%	6.56%	7.34%	8.44%	9.81%	9.59%	9.92%	8.28%	9.57%
Scholarships and fellowships	17.86%	19.24%	19.24%	13.79%	7.61%	5.77%	4.75%	5.51%	7.16%	8.42%
Auxiliary enterprises	11.28%	10.56%	10.60%	10.58%	11.01%	10.26%	10.67%	9.63%	10.21%	10.11%
Depreciation	3.61%	3.50%	3.94%	4.47%	4.59%	3.82%	4.49%	4.58%	4.78%	4.28%
Total Operating Expenses	97.90%	99.31%	99.09%	98.70%	98.46%	98.47%	98.61%	98.92%	98.73%	99.43%
Interest on capital related debt	1.42%	0.69%	0.91%	1.30%	1.54%	1.53%	1.39%	1.08%	1.17%	0.57%
Bond issuance costs	0.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%
Total Non-Operating Expenses	2.10%	0.69%	0.91%	1.30%	1.54%	1.53%	1.39%	1.08%	1.27%	0.57%
Total Expenses	99.99%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Change in Net Position	\$ 5,305	\$ 2,313	\$ 2,533	\$ 2,853	\$ 1,717	\$ 1,803	\$ 1,832	\$ 872	\$ 636	\$ 309

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
2013	\$ 0	\$ 25	\$ 25	0
2012	0	25	25	0
2011	0	25	25	0
2010	0	25	25	0
2009	0	25	25	0
2008	0	23	23	0
2007	0	21	21	0
2006	0	21	21	0
2005	0	21	21	0
2004	0	21	21	0

Non-Resident Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees
2013	\$ 0	\$ 25	\$ 25	0
2012	0	25	25	0
2011	0	25	25	0
2010	0	25	25	0
2009	0	25	25	0
2008	0	23	23	0
2007	0	21	21	0
2006	0	21	21	0
2005	0	21	21	0
2004	0	21	21	0

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

	General Fees	Out-of-District Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
\$	45	\$ 43	\$ 840	\$ 1,356	4.48%	5.61%
	42	40	804	1,284	0.00%	0.00%
	42	40	804	1,284	9.84%	10.31%
	36	36	732	1,164	8.93%	11.49%
	31	31	672	1,044	3.70%	4.82%
	31	29	648	996	3.85%	5.06%
	31	27	624	948	6.12%	6.76%
	28	25	588	888	8.89%	8.82%
	24	23	540	816	7.69%	4.62%
	21	23	504	780	7.69%	4.84%

	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
\$	45	\$ 73	\$ 1,716	\$ 1,716	5.93%	5.93%
	42	68	1,620	1,620	0.00%	0.00%
	42	68	1,620	1,620	9.76%	9.76%
	36	62	1,476	1,476	8.85%	8.85%
	31	57	1,356	1,356	5.61%	5.61%
	31	53	1,284	1,284	5.94%	5.94%
	31	49	1,212	1,212	7.45%	7.45%
	28	45	1,128	1,128	16.05%	16.05%
	24	36	972	972	3.85%	3.85%
	21	36	936	936	4.00%	4.00%

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

(amounts expressed in thousands)

Fiscal Year	Residential Property	Commercial Property	Personal Property	Mineral	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value
2013-14	\$ 1,621,302	\$ 300,582	\$ 76,670	\$ 3,090,417	\$ 1,138,763	\$ 3,950,208	77.62%
2012-13	1,589,713	303,647	68,638	3,223,946	1,073,371	4,112,573	79.30%
2011-12	1,532,863	291,863	63,206	3,593,438	1,107,280	4,374,090	79.80%
2010-11	1,519,420	257,371	62,771	4,082,132	1,067,043	4,854,651	81.98%
2009-10	1,304,979	236,802	70,538	4,306,204	867,770	5,050,753	85.34%
2008-09	1,241,281	201,772	66,118	4,679,892	822,942	5,366,121	86.70%
2007-08	1,073,341	190,800	61,946	3,770,106	688,521	4,407,672	86.49%
2006-07	964,014	175,663	60,713	3,740,767	625,236	4,315,921	87.35%
2005-06	791,870	144,294	49,871	3,072,773	604,286	3,454,522	85.11%
2004-05	906,194	174,761	48,629	2,290,650	580,049	2,840,185	83.04%

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Direct Rate		
Maintenance & Operations (a)	Debt Service (a)	Total (a)
0.154830	0.060000	0.214830
0.145190	0.000000	0.145190
0.134070	0.000000	0.134070
0.118130	0.000000	0.118130
0.105790	0.000000	0.105790
0.095930	0.000000	0.095930
0.104770	0.000000	0.104770
0.094320	0.000000	0.094320
0.108500	0.000000	0.108500
0.117170	0.000000	0.117170

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

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2013-14	\$4,315,726	1,932	2,234	732,752	588,286	1,321,038	\$3.27
2012-13	3,722,735	1,860	2,001	700,368	559,283	1,259,651	\$2.96
2011-12	3,381,641	1,804	1,875	729,184	491,800	1,220,984	\$2.77
2010-11	3,428,604	1,617	2,120	667,008	478,359	1,145,367	\$2.99
2009-10	3,686,559	1,552	2,375	607,664	481,322	1,088,986	\$3.39
2008-09	3,643,562	1,475	2,470	551,088	461,097	1,012,185	\$3.60
2007-08	3,643,558	1,388	2,625	538,528	422,646	961,174	\$3.79
2006-07	3,300,206	1,383	2,386	546,016	408,684	954,700	\$3.46
2005-06	3,300,206	1,428	2,311	581,632	403,276	984,908	\$3.35
2004-05	3,208,094	1,426	2,250	558,368	383,456	941,824	\$3.41

Notes:

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

(a) Source THECB Report CBM001

(b) Source THECB Report CBM00A

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

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

Taxpayer	Type of Business	2013	2012	2011	2010	2009	2008
Devon Energy (Pennzenergy)	Petroleum	\$ 328,213	\$ 379,823	\$ 460,033	\$ 669,158	\$ 705,899	\$ 798,440
Anadarko E & P Company LP	Petroleum	256,522	253,302	334,472	400,768	422,063	450,657
MarkWest Eastern TX Gas Co LP	Petroleum	153,956	146,575	137,866	134,438	117,310	83,134
DCP Midstream LP	Petroleum	136,948	144,307	128,525	117,969	97,956	-
XTO Energy	Petroleum	112,289	110,701	114,211	150,928	123,161	158,149
MarkWest Carthage Plant & East	Petroleum	78,246	-	70,132	-	-	-
ETC Tiger Pipeline	Petroleum	77,288	82,904	71,791	-	-	-
Chevron USA Inc.	Petroleum	69,830	84,022	135,824	193,937	225,486	310,145
Lacy Operations Ltd.	Petroleum	66,241	71,399	94,102	124,911	129,763	159,545
Exxon Mobile Corp.	Petroleum	62,964	72,677	87,985	127,263	129,656	161,489
Luminant	Coal Mining	-	61,504	-	-	-	-
EOG Resources Inc.	Petroleum	-	-	-	99,708	115,854	140,599
BP America Production	Petroleum	-	-	-	86,788	115,563	154,171
Conoco Phillips Co	Petroleum	-	-	-	-	-	81,182
Samson Lone Star LP	Petroleum	-	-	-	-	-	-
Devon Louisiana Corporation	Petroleum	-	-	-	-	-	-
Duke Energy Field Svcs	Petroleum	-	-	-	-	-	-
Louisiana Pacific	Timber	-	-	-	-	-	-
Ocean Energy	Petroleum	-	-	-	-	-	-
RME Petroleum Company	Petroleum	-	-	-	-	-	-
Texaco E & P Inc.	Petroleum	-	-	-	-	-	-
Union Pacific Resources	Petroleum	-	-	-	-	-	-
Vastar Resources Inc.	Petroleum	-	-	-	-	-	-
Amoco Production Company	Petroleum	-	-	-	-	-	-
Totals		\$ 1,342,497	\$ 1,407,214	\$ 1,634,941	\$ 2,105,868	\$ 2,182,711	\$ 2,497,511
Total Taxable Assessed Value		\$ 5,971,045	\$ 5,864,343	\$ 5,734,799	\$ 5,343,192	\$ 5,147,720	\$ 4,407,672

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2013	2012	2011	2010	2009	2008
Devon Energy (Pennzenergy)	Petroleum	5.50%	6.48%	8.02%	12.52%	13.71%	18.11%
Anadarko E & P Company LP	Petroleum	4.30%	4.32%	5.83%	7.50%	8.20%	10.22%
MarkWest Eastern TX Gas Co LP	Petroleum	2.58%	2.50%	2.40%	2.52%	2.28%	1.89%
DCP Midstream LP	Petroleum	2.29%	2.46%	2.24%	2.21%	1.90%	0.00%
XTO Energy	Petroleum	1.88%	1.89%	1.99%	2.82%	2.39%	3.59%
MarkWest Carthage Plant & East	Petroleum	1.31%	0.00%	1.22%	0.00%	0.00%	0.00%
ETC Tiger Pipeline	Petroleum	1.29%	1.41%	1.25%	0.00%	0.00%	0.00%
Chevron USA Inc.	Petroleum	1.17%	1.43%	2.37%	3.63%	4.38%	7.04%
Lacy Operations Ltd.	Petroleum	1.11%	1.22%	1.64%	2.34%	2.52%	3.62%
Exxon Mobile Corp.	Petroleum	1.05%	1.24%	1.53%	2.38%	2.52%	3.66%
Luminant	Coal Mining	0.00%	1.05%	0.00%	0.00%	0.00%	0.00%
EOG Resources Inc.	Petroleum	0.00%	0.00%	0.00%	1.87%	2.25%	3.19%
BP America Production	Petroleum	0.00%	0.00%	0.00%	1.62%	2.24%	3.50%
Conoco Phillips Co	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	1.84%
Samson Lone Star LP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Devon Louisiana Corporation	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Field Svcs	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Louisiana Pacific	Timber	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ocean Energy	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RME Petroleum Company	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texaco E & P Inc.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Union Pacific Resources	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Vastar Resources Inc.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amoco Production Company	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		22.48%	24.00%	28.51%	39.41%	42.40%	56.66%

Source: Local County Appraisal District

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
2014	\$ 8,483	\$ 813	\$ 9,296	\$ 9,136	98.28%	\$ -	\$ -	9136	98.28%
2013	\$ 5,971	\$ 69	\$ 6,040	\$ 5,881	97.37%	0	102	5983	99.06%
2012	5,864	105	5,969	5,833	97.72%	86	22	5941	99.53%
2011	5,735	157	5,892	5,765	97.84%	103	9	5877	99.75%
2010	5,343	134	5,477	5,308	96.91%	149	4	5461	99.71%
2009	5,147	223	5,370	5,250	97.77%	109	2	5361	99.83%
2008	4,618	165	4,783	4,702	98.31%	74	1	4777	99.87%
2007	4,071	184	4,255	4,184	98.33%	64	1	4249	99.86%
2006	3,753	(3)	3,750	3,705	98.80%	40	1	3746	99.89%
2005	3,328	2	3,330	3,272	98.26%	54	0	3326	99.88%

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)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Bonded Debt										
General obligation bonds	\$ 7,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ 7,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Debt										
Revenue bonds	\$ 3,575	\$ 4,346	\$ 5,110	\$ 5,868	\$ 6,620	\$ 7,366	\$ 8,107	\$ 2,374	\$ 2,500	\$ -
Notes	-	-	-	895	1,035	1,169	1,297	1,536	1,647	1,754
Capital lease obligations	-	-	-	-	-	-	13	100	8	52
Total Outstanding Debt	\$ 3,575	\$ 4,346	\$ 5,110	\$ 6,763	\$ 7,655	\$ 8,535	\$ 9,417	\$ 4,010	\$ 4,155	\$ 1,806
General Bonded Debt Ratios										
Per Capita	\$ 0.31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	4	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per Capita	\$ 0.15	\$ 0.18	\$ 0.21	\$ 0.29	\$ 0.34	\$ 0.37	\$ 0.41	\$ 0.17	\$ 0.18	\$ 0.08
Per FTSE	2	2	3	4	5	6	7	3	3	1
As a percentage of Taxable Assessed Value	0.09%	0.11%	0.12%	0.14%	0.15%	0.16%	0.21%	0.09%	0.12%	0.06%

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 (amount expressed in thousands)

	2014	2013	2012
Taxable Assessed Value	\$ 3,950,208	\$ 4,112,573	\$ 4,374,091
General Obligation Bonds			
Statutory Tax Levy Limit for Debt Service	1,975,104	2,056,287	2,187,046
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-
Total Net General Obligation Debt	1,975,104	2,056,287	2,187,046
Current Year Debt Service Requirements	1,965,000	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 10,104	\$ 2,056,287	\$ 2,187,046
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%

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.

2011	2010	2009	2008	2007	2006	2005
\$ 4,854,651	\$ 5,050,753	\$ 5,366,121	\$ 4,407,672	\$ 4,315,921	\$ 3,454,522	\$ 2,840,185
2,427,326	2,525,377	2,683,061	2,203,836	2,157,961	1,727,261	1,420,093
-	-	-	-	-	-	-
2,427,326	2,525,377	2,683,061	2,203,836	2,157,961	1,727,261	1,420,093
-	-	-	-	-	-	-
\$ 2,427,326	\$ 2,525,377	\$ 2,683,061	\$ 2,203,836	\$ 2,157,961	\$ 1,727,261	\$ 1,420,093
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)					
	Tuition	Fee	General			Total
			Operating Revenues	Auxilliary Revenues	Investment Income	
2014	\$ 2,123	\$ 5,613	\$ 257	\$ 3,077	\$ 127	\$ 11,197
2013	1,952	5,086	250	2,690	152	10,130
2012	1,905	4,853	256	2,620	151	9,785
2011	1,636	3,980	240	2,411	89	8,356
2010	1,585	3,016	322	2,305	329	7,557
2009	1,386	2,717	304	2,278	221	6,906
2008	1,144	2,544	371	1,868	332	6,259
2007	1,160	2,281	251	1,794	347	5,833
2006	1,101	1,980	310	1,737	272	5,400
2005	-	-	-	-	-	-

The Series 2005 and Series 2008 Revenue Bonds requires 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
\$ 771	\$ 139	\$ 910	12.30
764	163	927	10.93
758	187	945	10.35
752	210	962	8.69
746	233	979	7.72
741	259	1,000	6.91
136	88	224	27.94
131	94	225	25.92
126	99	225	24.00
-	-	-	-

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
2013	23,870	\$ 1,070,065	\$ 44,549	5.1%
2012	24,020	1,000,264	40,962	5.6%
2011	24,058	953,996	39,654	6.7%
2010	23,826	883,668	37,089	7.3%
2009	23,678	799,987	33,786	7.3%
2008	23,537	871,091	37,009	4.0%
2007	23,351	751,002	32,161	3.9%
2006	23,456	662,733	28,254	4.4%
2005	23,140	609,972	26,360	4.9%
2004	22,892	579,763	25,326	5.7%

Sources:

Population from U.S. Bureau of the Census.
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	1,407	13.25%
Construction	2,078	19.72%
Manufacturing	865	8.49%
Trade, Transportation, Utilities	2,254	20.06%
Information	60	0.59%
Financial Activities	248	2.13%
Professional Business Services	697	6.77%
Education Health Services	830	8.20%
Leisure Hospitality	398	4.18%
Other Services	267	2.30%
Federal	73	0.76%
State	61	0.57%
Local	1,247	12.98%
Total	10,485	100.00%

Source:

East Texas Council of Governments: Sites on Texas;
Texas Metropolitan Statistical Area Data

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Faculty										
Full-Time	69	65	63	61	63	64	61	61	61	61
Part-Time	76	74	78	71	60	54	56	54	46	48
Total	145	139	141	132	123	118	117	115	107	109
Percent										
Full-Time	47.6%	46.8%	44.7%	46.2%	51.2%	54.2%	52.1%	53.0%	57.0%	56.0%
Part-Time	52.4%	53.2%	55.3%	53.8%	48.8%	45.8%	47.9%	47.0%	43.0%	44.0%
Staff and Administrators										
Full-Time	77	75	74	72	73	72	69	68	67	66
Part-Time	62	62	68	68	65	67	62	56	70	68
Total	139	137	142	140	138	139	131	124	137	134
Percent										
Full-Time	55.4%	54.7%	52.1%	51.4%	52.9%	51.8%	52.7%	54.8%	48.9%	49.3%
Part-Time	44.6%	45.3%	47.9%	48.6%	47.1%	48.2%	47.3%	45.2%	51.1%	50.7%
FTSE per Full-time Faculty	28.0	28.6	28.6	26.5	24.6	23.0	22.6	22.7	23.4	23.4
FTSE per Full-Time Staff Member	25.1	24.8	23.1	22.5	21.3	22.0	20.1	20.3	21.3	21.6
Average Annual Faculty Salary	\$54,794	\$50,215	\$49,218	\$48,558	\$50,562	\$46,602	\$45,801	\$44,746	\$43,489	\$43,362

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

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	2,701	100.00%	2,584	100.00%	2,562	100.00%	2,322	100.00%	2,111	100.00%

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	2,701	100.00%	2,584	100.00%	2,562	100.00%	2,322	100.00%	2,111	100.00%

Average course load 10.0 9.5 9.5 8.6 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	62.81%
Non-Resident Tuition	273	10.11%	229	8.86%	251	9.80%	244	10.51%	228	10.80%
Total	2,701	100.00%	2,584	100.00%	2,562	100.00%	2,322	100.00%	2,111	100.00%

Student Classification	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1,467	74.05%	1,374	72.85%	1,379	73.70%	1,492	77.63%	1,310	73.84%
31-60 hours	373	18.83%	404	21.42%	368	19.67%	346	18.00%	356	20.07%
> 60 hours	141	7.12%	108	5.73%	124	6.63%	84	4.37%	108	6.09%
Total	1,981	100.00%	1,886	100.00%	1,871	100.00%	1,922	100.00%	1,774	100.00%

Semester Hour Load	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	44	2.22%	11	0.58%	21	1.12%	28	1.46%	11	0.62%
3-5 semester hours	404	20.39%	449	23.81%	442	23.62%	439	22.84%	328	18.49%
6-8 Semester hours	380	19.18%	336	17.82%	319	17.05%	317	16.49%	294	16.57%
9-11 semester hours	213	10.75%	223	11.82%	227	12.13%	200	10.41%	199	11.22%
12-14 semester hours	474	23.93%	459	24.34%	484	25.87%	568	29.55%	542	30.55%
15-17 semester hours	373	18.83%	319	16.91%	303	16.19%	310	16.13%	316	17.81%
18 & over	93	4.69%	89	4.72%	75	4.01%	60	3.12%	84	4.74%
Total	1,981	100.00%	1,886	100.00%	1,871	100.00%	1,922	100.00%	1,774	100.00%

Average course load 7.7 8.4 9.7 9.7 9.7

Tuition Status	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	530	26.75%	501	26.56%	521	27.85%	582	30.28%	555	31.29%
Texas Resident (out-of-District)	1,265	63.86%	1,234	65.43%	1,166	62.32%	1,317	68.52%	1,197	67.47%
Non-Resident Tuition	186	9.39%	151	8.01%	184	9.83%	23	1.20%	22	1.24%
Total	1,981	100.00%	1,886	100.00%	1,871	100.00%	1,922	100.00%	1,774	100.00%

Panola College
Statistical Supplement 17
Transfers to Senior Institutions
2012 Fall Students as of Fall 2013
(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	5	1		6	2.54%
3 Midwestern State University	1			1	0.42%
4 Prairie View A & M University	1			1	0.42%
5 Sam Houston State University	7			7	2.97%
6 Southwest Texas State University				0	0.00%
7 Stephen F Austin State University	80	16	2	98	41.53%
8 Sul Ross State University				0	0.00%
9 Tarleton State University	5			5	2.12%
10 Texas A & M International University				0	0.00%
11 Texas A & M University	26	4		30	12.71%
12 Texas A & M University at Commerce	2			2	0.85%
13 Texas A & M University at Corpus Christi	1			1	0.42%
14 Texas A & M University at Galveston				0	0.00%
15 Texas A & M University at Kingsville				0	0.00%
16 Texas A & M University at Texarkana	6	1		7	2.97%
17 Texas Southern University				0	0.00%
18 Texas State University - San Marcos	2			2	0.85%
19 Texas Tech University	2	1		3	1.27%
20 Texas Tech University Health Sciences Center	1	1		2	0.85%
21 Texas Women's University	3			3	1.27%
22 The University of Texas at Arlington	10	2		12	5.08%
23 The University of Texas at Austin	5			5	2.12%
24 The University of Texas at El Paso	1			1	0.42%
25 The University of Texas at Dallas				0	0.00%
26 The University of Texas Medical Branch at Galveston				0	0.00%
27 The University of Texas at HSC San Antonio	1			1	0.42%
28 The University of Texas at Tyler	28	7	1	36	15.25%
29 The University of Texas at Pan American	1			1	0.42%
30 The University of Texas at Brownsville	1			1	0.42%
31 University of Houston	3			3	1.27%
32 University of Houston - Downtown				0	0.00%
33 University of Houston at Victoria				0	0.00%
34 University of North Texas	8			8	3.39%
35 West Texas A & M University				0	0.00%
Totals	200	33	3	236	100.00%

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

Panola College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2005 to 2014
(unaudited)

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Academic buildings	9	9	9	9	9	9	9	9	8	8
Square footage (in thousands)	146	146	146	146	146	146	146	146	132	132
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	32	32	32	32	32	17	17	17	17	17
Number of Volumes (in thousands)	120	120	120	104	87	83	81	117	104	86
Administrative and support buildings	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	25	25	25	25	25	25	25	25	25	25
Dormitories	1	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	20	26	26	26	26	26	26	26	26	39
Number of Beds	94	120	120	120	120	120	120	120	120	189
Apartments	4	3	3	3	3	3	3	3	3	0
Square footage (in thousands)	29	29	18	18	18	18	18	18	18	0
Number of beds	160	160	96	96	96	96	96	96	96	0
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	105	105	105	105	105	105	105	105	105	102
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	37	37	37	37	37	37	37	37	37	37
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	17	17	17	17	17	17	17	17	17	17
Transportation										
Cars	-	-	1	1	1	1	2	2	2	2
Light Trucks/Vans	9	9	9	10	10	9	11	10	9	8
Buses	2	2	2	2	2	2	2	2	2	2