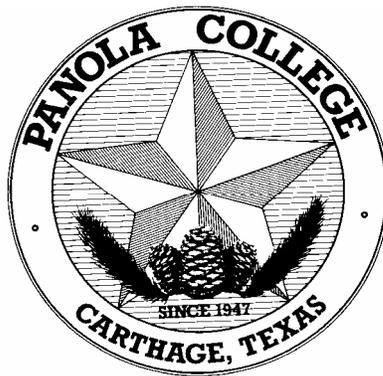


**PANOLA COLLEGE**  
**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**AUGUST 31, 2006**



***PREPARED BY:***  
***FISCAL SERVICES DEPARTMENT***  
***PANOLA COLLEGE***

**PANOLA COLLEGE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**PANOLA COLLEGE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**PANOLA COLLEGE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**INTRODUCTORY SECTION**



November 16, 2006

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

The comprehensive annual financial report of Panola County Junior College District (Panola College) for the fiscal year ended August 31, 2006, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with 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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the College's organizational chart, and a list of principal officials. The financial section includes the Management's Discussion and Analysis, financial statements, notes to the financial statements, and the independent auditor's report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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. Information related to this single audit, including the schedule of expenditures of federal awards and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in this report.

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.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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 compliment MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

#### ORGANIZATION OF COLLEGE

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 record keeping 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.

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.

## **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. In October 2005 natural gas prices reached an all-time high of \$10.97 per MMBtu (one million British thermal units). 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. The rising price of crude oil and natural gas during the year was the primary reason property tax values increased 29.5% this year.

Community colleges in Texas receive state appropriations based upon a contact hour formula that was originally intended to cover the institutions instructional and administrative costs with the local taxpayers and tuition and fee revenues to pay for facilities. This year the state appropriation funded only 40% of the budgeted instructional and administrative costs. There has been a trend in recent years of increased enrollment coupled with reductions in appropriations. The Governor mandated for the biennium beginning September 1, 2007, that all colleges, universities, and state agencies submit appropriations requests that reflect a 10% reduction. The Texas Association of Community Colleges believes that the reduction will be restored for community colleges and the additional funding may be available. In recent years, however, it was necessary to increase local taxes and tuition and fees to help meet the reductions in state funding.

## **MAJOR INITIATIVES**

Last year the College built three new student apartments with a total of 96 beds. This year construction began on the renovation and conversion of one of our old residence halls to office and classroom space. Renovation was delayed when the College opened the residence hall to Hurricane Rita evacuees. Construction was also delayed due to asbestos abatement. Completion is scheduled for the spring 2007 and should provide six new classrooms and one computer lab as well as areas for Cosmetology and Workforce/Continuing Education.

Working in conjunction with the City of Carthage and Carthage High School, the College moved the baseball program to the city field. A new dugout/office, fence, bullpen and batting cage were built. The old baseball field is now available for intramural sports. The long range master plan will utilize the area for building expansion.

Efforts to improve the campus' appearance continued with the construction of a fountain and flower beds. The rock fountain was prepared to display a one and one-half size bronzed sculpture of a horse. Donations were received to make this project possible.

The College has committed to the renovation and expansion of the library. The architectural firm of Corgan Associates was hired to update the College's Master Plan which has been completed. Construction on the library should begin in summer 2007 and completion prior to the fall 2008 semester.

The board approved the purchase of two houses adjacent to the College. The houses will be moved and the property used for future parking lots or expansion.

## FINANCIAL INFORMATION

The administration of the College is responsible for establishing and maintaining an internal control structure 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 are 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.

As part of the College's Long Term Financial Plan, the College maintains reserves sufficient to operate the college for between 3.6 and 6 months. The plan also calls for the acquisition of property contiguous to the campus as it becomes available, the management of college timber, and the financing of the library renovation and expansion.

## SINGLE AUDIT

As a recipient of federal and state financial assistance, the College also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by administration and the independent auditors of the College.

As a part of the College's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including the portion related to federal financial assistance programs, as well as to determine that the College has complied with applicable laws and regulations. The results of the College's single audit for the fiscal year ended August 31, 2006, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

## BUDGETING CONTROLS

In addition, the College maintains budgetary controls. 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.

## CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits, repurchase agreements, certificates of deposit, and the Lone Star Investment Pool. The Lone Star Investment Pool is a public funds investment pool administered by the Texas Association of School Boards. Total cash, deposits and investments at August 31, 2006 was \$8,831,261. The average yield on investments at year end was 4.75%.

The College's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. A financial institution's trust department in the College's name held all collateral on deposits. The Lone Star Investment Pool invests solely in obligations issued or secured by the U. S. Government and its agencies and instrumentalities. All of the investments held by the College during the year and on August 31, 2006, are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

## RISK MANAGEMENT

The College has developed a complete insurance program to protect against the risk inherent with the operation of a college and a public entity. This includes various policies protecting public officials, administrators, instructional personnel, law enforcement personnel, automobile liability, building and content liability, umbrella liability, and other policies. These policies are underwritten by nationally known and rated insurers. Efforts are routinely made to make all employees aware of policies, regulations, and matters related to safety to help minimize exposure to the risks associated with College operations.

## INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson & Williams, P.L.L.C. was selected by the College's Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act and related OMB Circular A-133.

## 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, 2005 to Panola College for its comprehensive annual financial reports. This was the twelfth 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.

Claims Administrative Services, the College's worker's compensation carrier, awarded the College the prestigious Billy Hibbs Safety Award for Exemplary Safety Practices resulting in the most improved loss ratio in 2004-2005.

## 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 Robinson & Williams, P.L.L.C. for their assistance and timely completion of the audit.

Sincerely,



Louis A. Johnagin  
Vice President of Fiscal Services

# 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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

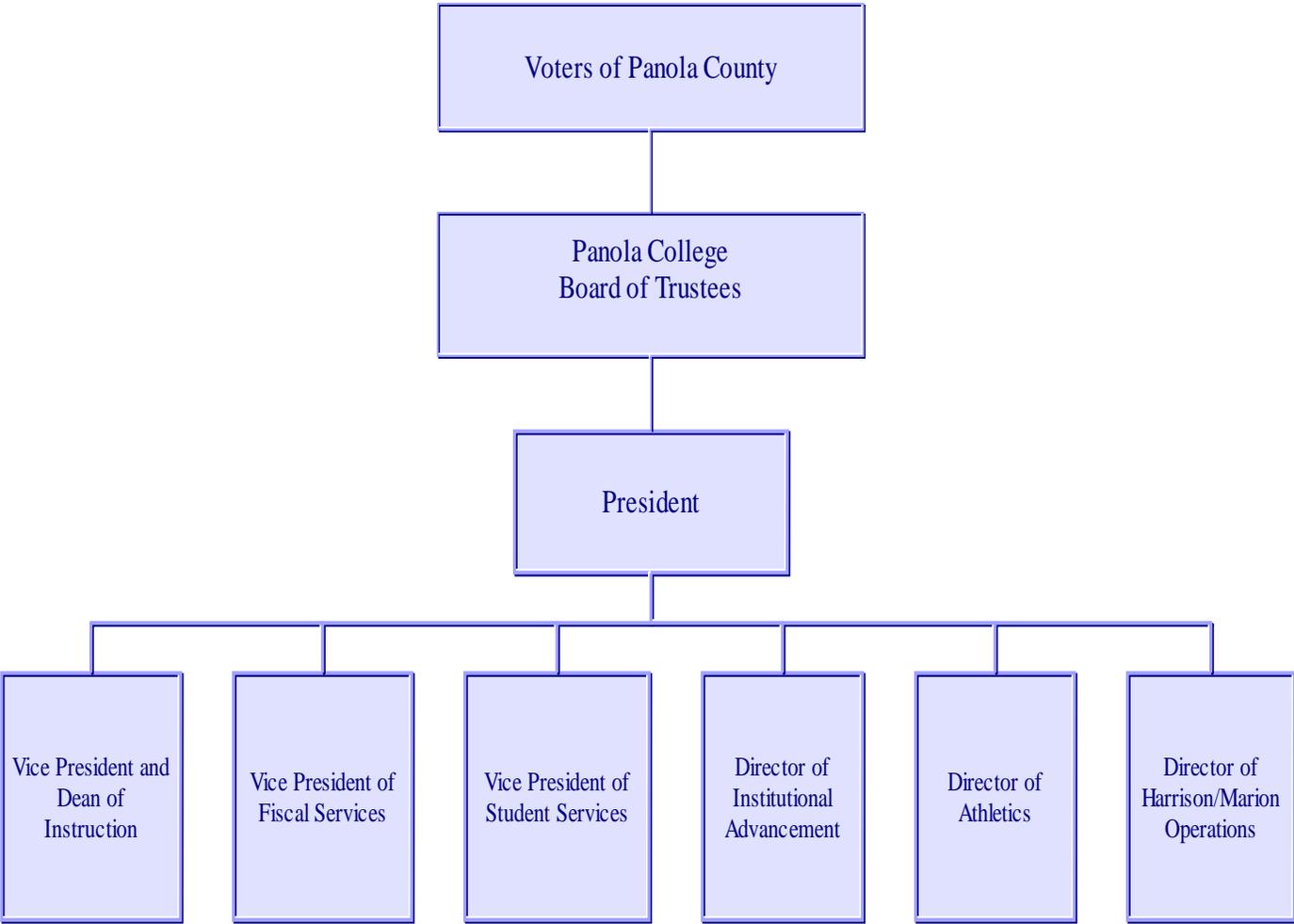
*Jeffrey R. Emmer*

Executive Director

# ORGANIZATIONAL CHART

## PANOLA COLLEGE

Carthage, Texas



**PANOLA COLLEGE  
PRINCIPAL OFFICIALS  
AUGUST 31, 2006**

**BOARD OF TRUSTEES**

**OFFICERS**

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

**Chair  
Vice-Chair  
Secretary**

**MEMBERS**

**Mr. Hal Palmer  
Mrs. Glendell Chadwick  
Dr. Dennis Golden  
Mr. William Goolsby  
Mr. Bobby Phillips  
Mrs. Evelyn Sharp  
Mr. Richard Thomas**

**Term Expires  
May 31**

**2008  
2008  
2010  
2010  
2010  
2012  
2012**

**ADMINISTRATION**

**Dr. Gregory Powell**

**President**

**Dr. Lillian Cook**

**Vice President and Dean of  
Instruction**

**Mr. Louis Johnagin, CPA**

**Vice President of Fiscal  
Services**

**Dr. G. Erik Zoellner**

**Vice President of Student  
Services**

**Mr. Van Patterson**

**Director of Institutional  
Advancement**

**Mr. Don Clinton**

**Director of Athletics**

**Dr. Jeanne Scott**

**Director of Harrison/Marion  
Operations**

# **PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **FINANCIAL SECTION**

# ROBINSON & WILLIAMS, P.L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS  
416 WEST PANOLA  
CARTHAGE, TEXAS 75633

MEMBERS OF  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE  
(903) 693-8522

Board of Trustees  
Panola College  
1109 West Panola  
Carthage, TX 75633

## INDEPENDENT AUDITOR'S REPORT

### Members of the Board:

We have audited the accompanying statement of net assets, statement of financial position – affiliated organization and the related statement of revenues, expenses, and changes in net assets, and statement of activities – affiliated organization and statement of cash flows of Panola College and the affiliated organization as of and for the years ended August 31, 2006 and 2005, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's administrators. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panola College as of August 31, 2006 and 2005, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2006 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional financial information presented as supplementary schedules A through D are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Panola College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Schedule E) and the Schedule of Expenditures of State Awards (Schedule F) as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas *Single Audit Circular*, respectively, are presented for purposes of additional analysis. These statements are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, the statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statistical section on pages 55 to 77 is presented for purposes of additional analysis and is not a required part of the financial statements. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.

*Robinson & Williams*

Robinson & Williams, P.L.L.C.  
Certified Public Accountants

November 6, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Panola County Junior College District (Panola 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, 2006. 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 District'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, 2006 by \$12,161,584 (net assets). Of this amount, \$5,668,420 (unrestricted net assets) may be used to meet the College's ongoing obligations.
- Revenue exceeded expenses by \$653,757, or 4.4%, for the current fiscal year end.
- The College started the renovation of a residence hall and its conversion to office and classroom space. The project is partially funded by reserves and partially by a \$2.5 million dollar revenue bond secured last year for the construction of three student apartments with a total of 96 beds, additional parking lots, and other improvements.
- The College built a fountain at the front of the campus to display a bronze sculpture of a horse. The sculpture was donated to the College through the efforts of the Panola College Foundation.

### 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 require 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 Assets*, 2) the *Statement of Revenues, Expenses, and Changes in Net Assets*, and 3) *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 Assets.* The Statement of Net Assets presents all of the College's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 Assets.* The Statement of Revenues, Expenses, and Changes in Net Assets 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 (GASB34, 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 district meets the principal criteria for BTA reporting (GASB34, Par. 67 & GASB35 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 Assets and The Statement of Revenues, Expenses, and Changes in Net Assets, 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.**

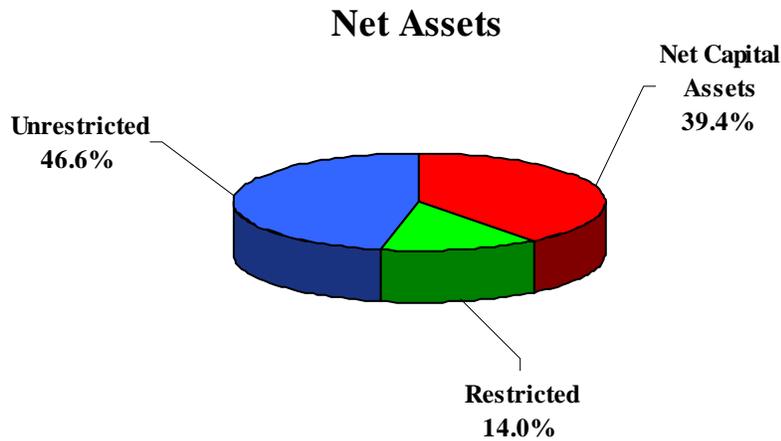
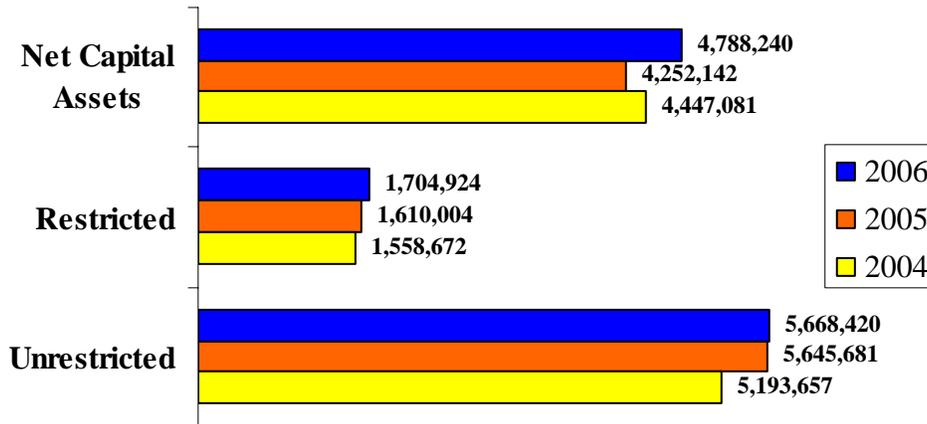
The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the basic financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**ANALYSIS OF BASIC FINANCIAL STATEMENTS**

**Condensed Statement of Net Assets  
as of August 31, 2006, 2005 and 2004**

	<b>2006</b>	<b>% of Total</b>	<b>Increase (Decrease)</b>	<b>% of Change</b>	<b>2005</b>	<b>2004</b>
<b>Current assets</b>	<b>\$8,697,311</b>	<b>44.5%</b>	<b>(\$177,782)</b>	<b>-2.0%</b>	<b>\$8,875,093</b>	<b>\$7,671,652</b>
<b>Non-current assets:</b>						
<b>Capital assets, net</b>	<b>8,806,698</b>	<b>45.1%</b>	<b>398,496</b>	<b>4.7%</b>	<b>8,408,202</b>	<b>6,252,406</b>
<b>Other</b>	<b><u>2,035,015</u></b>	<b><u>10.4%</u></b>	<b><u>190,138</u></b>	<b><u>10.3%</u></b>	<b><u>1,844,877</u></b>	<b><u>1,510,879</u></b>
<b>Total Assets</b>	<b><u>\$19,539,024</u></b>	<b><u>100.0%</u></b>	<b><u>\$410,852</u></b>	<b><u>2.1%</u></b>	<b><u>\$19,128,172</u></b>	<b><u>\$15,434,937</u></b>
<b>Current liabilities</b>	<b>\$3,599,851</b>	<b>48.8%</b>	<b>(\$76,019)</b>	<b>-2.1%</b>	<b>\$3,675,870</b>	<b>\$2,549,137</b>
<b>Non-current liabilities</b>	<b><u>3,777,589</u></b>	<b><u>51.2%</u></b>	<b><u>(166,886)</u></b>	<b><u>-4.2%</u></b>	<b><u>3,944,475</u></b>	<b><u>1,686,390</u></b>
<b>Total Liabilities</b>	<b><u>\$7,377,440</u></b>	<b><u>100.0%</u></b>	<b><u>(\$242,905)</u></b>	<b><u>-3.2%</u></b>	<b><u>\$7,620,345</u></b>	<b><u>\$4,235,527</u></b>
<b>Net Assets:</b>						
<b>Invested in capital assets, net of related debt</b>	<b>\$4,788,240</b>	<b>39.4%</b>	<b>\$536,098</b>	<b>12.6%</b>	<b>\$4,252,142</b>	<b>\$4,447,081</b>
<b>Restricted</b>	<b>1,704,924</b>	<b>14.0%</b>	<b>94,920</b>	<b>5.9%</b>	<b>1,610,004</b>	<b>1,558,672</b>
<b>Unrestricted</b>	<b><u>5,668,420</u></b>	<b><u>46.6%</u></b>	<b><u>22,739</u></b>	<b><u>0.4%</u></b>	<b><u>5,645,681</u></b>	<b><u>5,193,657</u></b>
<b>Total Net Assets</b>	<b><u>\$12,161,584</u></b>	<b><u>100.0%</u></b>	<b><u>\$653,757</u></b>	<b><u>5.7%</u></b>	<b><u>\$11,507,827</u></b>	<b><u>\$11,199,410</u></b>

**Net Assets**  
As of August 31, 2006, 2005, and 2004

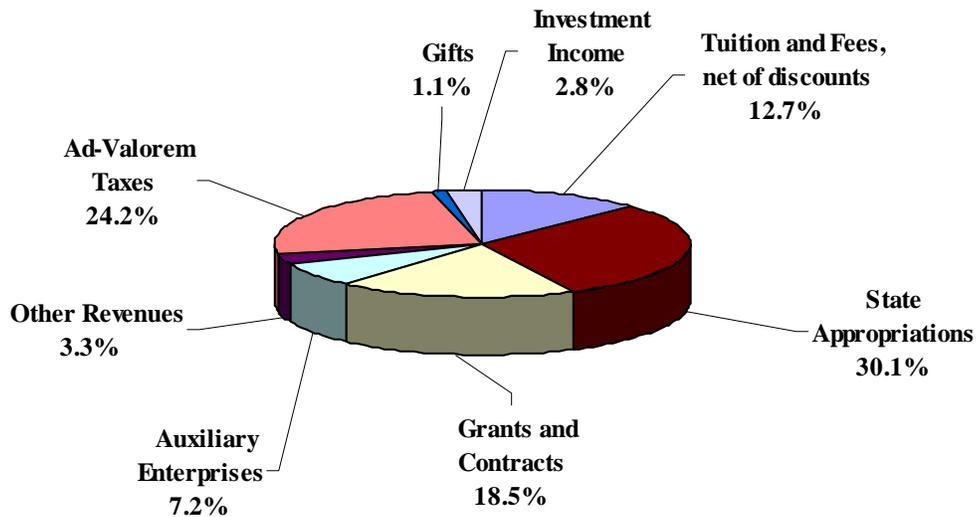


The College's assets exceeded liabilities by \$12,161,584 as of August 31, 2006. Assets amounted to \$19,539,024 with investment in capital assets comprising \$8,806,698 of that total. Capital assets include land, library books, buildings and improvements, construction in progress, vehicles, furniture, and equipment. The increase in capital assets is primarily due to the construction in progress on the renovation and conversion of a residence hall to classroom and office space, the acquisition of property, and construction of baseball facilities and fountain. The College uses these capital assets to provide services to students and, consequently, these assets are not available for future spending. The College's investment in capital assets, reported net of related debt, is 39.4% of total net assets. It should be noted that the capital assets themselves may not be used to liquidate these liabilities. Additionally \$1,704,924, or 14.0%, of total net assets is externally restricted. The remaining balance of \$5,668,420 represents unrestricted net assets that may be used to meet the College's ongoing obligations. Debt related to capital assets was \$4,788,240. Total liabilities amounted to \$7,377,440, of which \$3,599,851 is due next year.

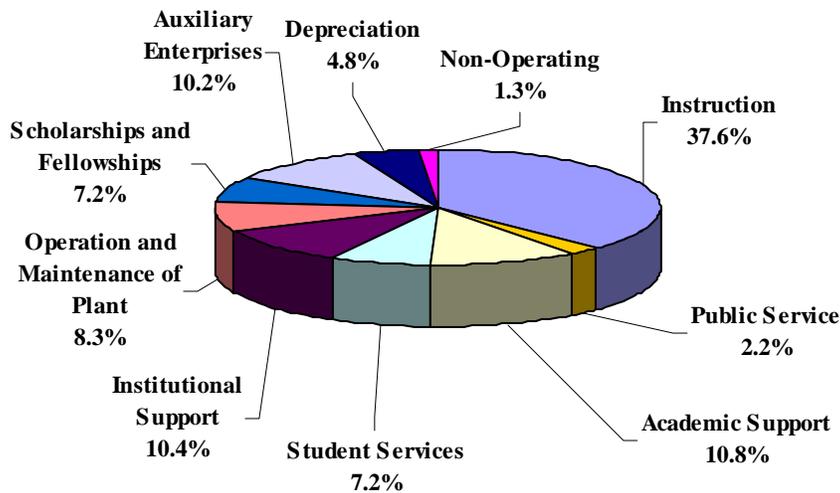
**Condensed Statement of Revenues,  
Expenses, and Changes in Net Assets  
For the Years Ended August 31, 2006, 2005 and 2004**

	2006	% of Total	Increase (Decrease)	% of Change	2005	2004
<b>Operating Revenues</b>						
Tuition and Fees, net of Discounts	\$1,913,953	12.7%	\$279,165	17.1%	\$1,634,788	\$1,476,788
Grants and Contracts	2,780,634	18.5%	(757,253)	-21.4%	3,537,887	3,037,031
Auxiliary Enterprises	1,088,135	7.2%	171,028	18.6%	917,107	850,084
Other Revenues	<u>492,586</u>	<u>3.3%</u>	<u>16,984</u>	<u>3.6%</u>	<u>475,602</u>	<u>505,118</u>
<b>Total Operating Revenues</b>	<u>\$6,275,308</u>	<u>41.8%</u>	<u>(\$290,076)</u>	<u>-4.4%</u>	<u>\$6,565,384</u>	<u>\$5,869,021</u>
<b>Non-Operating Revenues</b>						
State Appropriations	\$4,526,107	30.1%	\$260,454	6.1%	\$4,265,653	\$4,250,209
Ad-Valorem Taxes	3,638,548	24.2%	398,044	12.3%	3,240,504	3,063,426
Gifts	162,534	1.1%	34,569	27.0%	127,965	104,373
Investment Income	<u>426,293</u>	<u>2.8%</u>	<u>110,173</u>	<u>34.9%</u>	<u>316,120</u>	<u>315,266</u>
<b>Total Non-Operating Revenues</b>	<u>\$8,753,482</u>	<u>58.2%</u>	<u>\$803,240</u>	<u>10.1%</u>	<u>\$7,950,242</u>	<u>\$7,733,274</u>
<b>Total Revenues</b>	<u>\$15,028,790</u>	<u>100.0%</u>	<u>\$513,164</u>	<u>3.5%</u>	<u>\$14,515,626</u>	<u>\$13,602,295</u>
<b>Operating Expenses</b>						
Instruction	\$5,402,336	37.6%	\$99,693	1.9%	\$5,302,643	\$5,164,783
Public Service	323,395	2.2%	(45,124)	-12.2%	368,519	316,880
Academic Support	1,558,138	10.8%	(25,507)	-1.6%	1,583,645	1,383,067
Student Services	1,028,438	7.2%	88,294	9.4%	940,144	860,661
Institutional Support	1,500,194	10.4%	170,783	12.8%	1,329,411	1,490,078
Operation and Maintenance of Plant	1,192,317	8.3%	(168,257)	-12.4%	1,360,574	1,094,641
Scholarships and Fellowships	1,030,139	7.2%	(166,363)	-13.9%	1,196,502	881,676
Auxiliary Enterprises	1,468,840	10.2%	32,015	2.2%	1,436,825	1,343,623
Depreciation	<u>688,122</u>	<u>4.8%</u>	<u>80,037</u>	<u>13.2%</u>	<u>608,085</u>	<u>584,957</u>
<b>Total Operating Expenses</b>	<u>\$14,191,919</u>	<u>98.7%</u>	<u>\$65,571</u>	<u>0.5%</u>	<u>\$14,126,348</u>	<u>\$13,120,366</u>
<b>Non-Operating Expenses</b>	<u>183,114</u>	<u>1.3%</u>	<u>102,253</u>	<u>126.5%</u>	<u>80,861</u>	<u>88,478</u>
<b>Total Expenses</b>	<u>\$14,375,033</u>	<u>100.0%</u>	<u>\$167,824</u>	<u>1.2%</u>	<u>\$14,207,209</u>	<u>\$13,208,844</u>
<b>Changes in Net Assets</b>	\$653,757	5.4%	\$345,340	112.0%	\$308,417	\$393,451
<b>Beginning Net Assets</b>	<u>11,507,827</u>	<u>94.6%</u>	<u>308,417</u>	<u>2.8%</u>	<u>11,199,410</u>	<u>10,805,959</u>
<b>Ending Net Assets</b>	<u>\$12,161,584</u>	<u>100.0%</u>	<u>\$653,757</u>	<u>5.7%</u>	<u>\$11,507,827</u>	<u>\$11,199,410</u>

**Revenue by Source  
For Year Ending August 31,2006**



**Expenses by Function  
For Year Ending August 31, 2006**

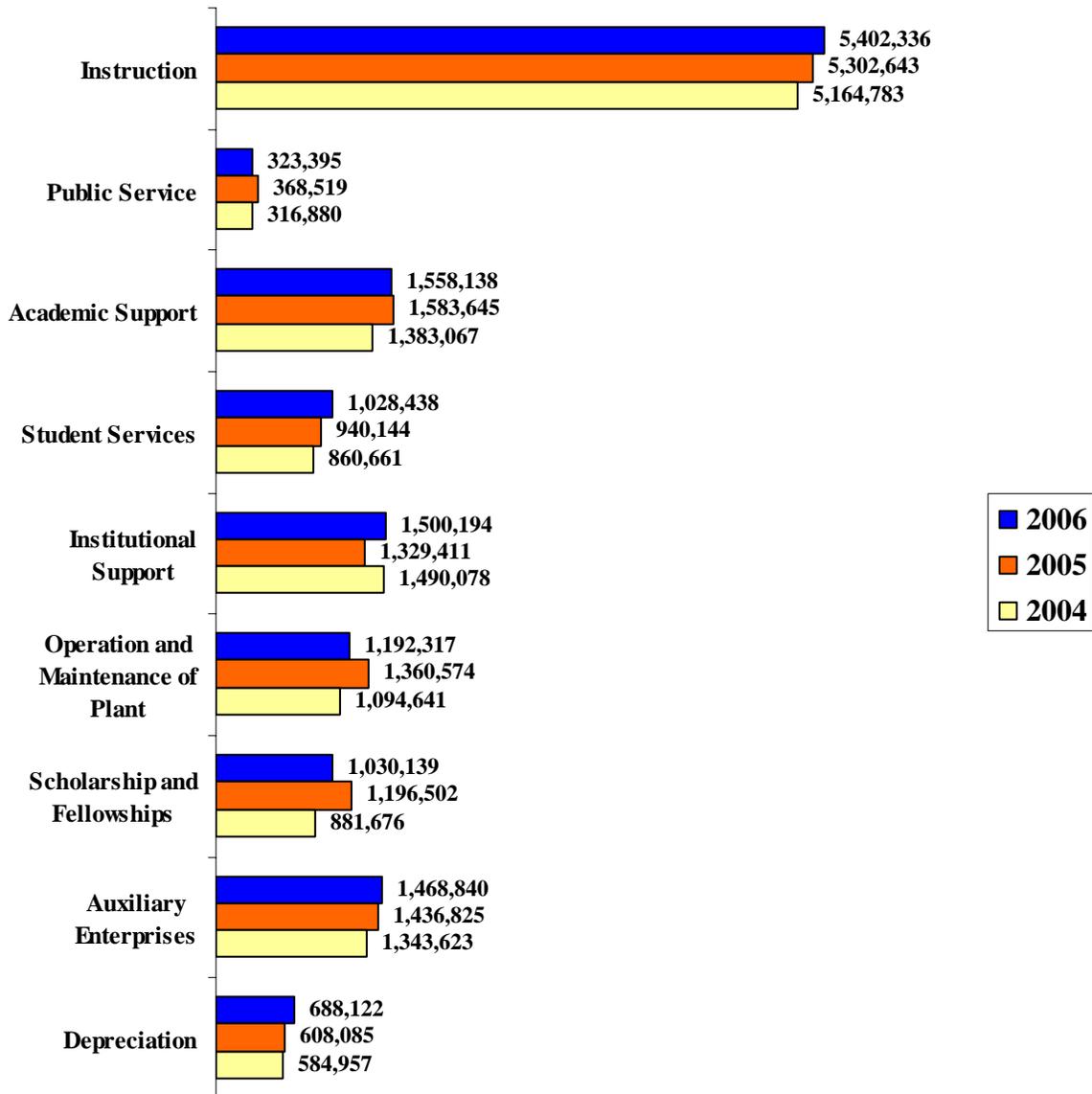


Operating revenues amounted to \$6,275,308 and non-operating revenues \$8,753,482 for a total of \$15,028,790. Major operating revenues include \$1,913,953 in tuition and fees, \$2,780,634 in grants and contracts, and \$1,088,135 in auxiliary enterprises. Tuition and fees are up 17.1% this year due to fee and enrollment increases. Auxiliary Enterprise income was up 18.6% due to an increase in residence hall room and board fees. Grants from the U.S. Department of Education are reported here and amounted to \$2,251,001. The College did not receive a Skills Development Grant this year which was the major reason for the 21.4% decline in the grants and contracts revenue. Two new Skills Development Grants were received that begin September 1, 2006. The Federal Pell Grant Program is the largest of these grants and amounts to \$1,649,790. Pell awards

also declined this year in part due to new qualification rules. More detail is provided on federal awards in Schedule E (page 45) and state awards in Schedule F (page 46).

Major non-operating revenues include \$4,526,107 in state appropriations, and \$3,638,548 in ad-valorem taxes. State appropriations include \$1,225,901 for employee benefits (\$335,323 for retirement benefits and \$890,578 for health and life insurance coverage). Additional information is available in footnotes 13, 16, and 17 found on pages 33-37.

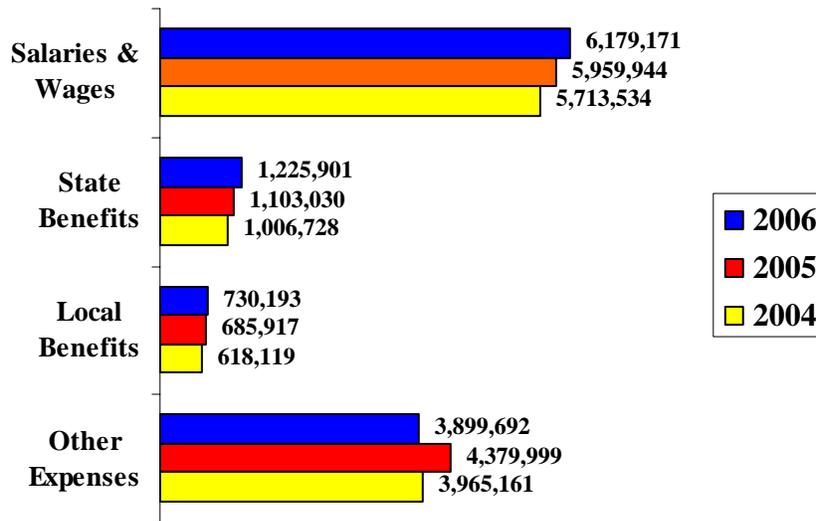
### Operating Expense Comparison For Years Ended August 31, 2006, 2005, and 2004



Operating Expenses totaled \$14,191,919 and non-operating expenses \$183,114 for total expenses of \$14,375,033. Instruction at \$5.4 million is the largest operating expense. It includes expenditures for all activities that are part of the institution's instruction program. These activities include credit and noncredit courses for academic, vocational, and developmental and tutorial instruction. Public Service decreased

12.2% due to a decline in grant activity. 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 \$1.6 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, \$1.0 million, include expenses for offices of records and admissions and student activities. Institutional support, \$1.5 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, \$1.2 million, are expenditures for the operation and maintenance of the physical plant. Scholarships and fellowships, \$1.0 million, includes scholarships and fellowships including tuition remissions and exemptions. Scholarships and Fellowships decreased 13.9% primarily due to the decline in Pell awards. Auxiliary enterprises, \$1.5 million, include expenditures for the college store, food service, residence halls, and athletic programs.

**Educational Activities Operating Expenses  
For Years Ended August 31, 2006, 2005, and 2004**



Operating expenses for educational activities amounted to \$12.0 million; \$3.0 million (24.7%) were restricted. Employee related expenses amounted to \$8.1 million, or 67.6%, of educational activities expenses.

**Condensed Statement of Cash Flows**  
**For the Years Ended August 31, 2006, 2005 and 2004**

	2006	Increase (Decrease)	2005	2004
<b>Cash provided by/(used) in:</b>				
Operating Activities	(\$5,917,267)	(\$241,040)	(\$5,676,227)	(\$5,798,816)
Non-capital Financing Activities	7,177,694	282,271	6,895,423	6,439,954
Capital and Related Financing Activities	(1,597,968)	(1,471,276)	(126,692)	(289,903)
Investing Activities	<u>479,667</u>	<u>1,348,142</u>	<u>(868,475)</u>	<u>(844,130)</u>
Net Increase (decrease) in Cash and Cash Equivalents	\$142,126	(\$81,903)	\$224,029	(\$492,895)
Cash and cash equivalents – September 1	<u>1,418,190</u>	<u>224,029</u>	<u>1,194,161</u>	<u>1,687,056</u>
Cash and cash equivalents - August 31	<u>\$1,560,316</u>	<u>\$142,126</u>	<u>\$1,418,190</u>	<u>\$1,194,161</u>

Cash and cash equivalents at August 31, 2006 was \$1,560,316, which is an increase of \$142,126 or 10.0%.

**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION**

As mentioned earlier, revenues exceeded expenses by \$653,757 for the year ended August 31, 2006. The College's financial position remains strong, with unrestricted net assets representing approximately six months of operating reserves, which is well 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, 2006, amounts to \$8,806,697 (net of accumulated depreciation) and represents a 4.7% increase from last year as a result of construction in progress. This investment includes land, library books, buildings and improvements, and furniture and equipment.

	Capital Assets (net of depreciation) as of August 31, 2006, 2005 and 2004				
	2006	Increase (Decrease)	% of Change	2005	2004
Land	\$1,147,656	\$44,113	4.0%	\$1,103,543	\$968,460
Library Books	323,579	(15,582)	-4.6%	339,161	351,513
Buildings and Improvements	6,015,975	(199,969)	-3.2%	6,215,944	4,180,317
Construction in Progress	512,741	512,741		0	40,098
Furniture and Equipment	<u>806,746</u>	<u>57,192</u>	<u>7.6%</u>	<u>749,554</u>	<u>712,018</u>
Total at historical cost	<u>\$8,806,697</u>	<u>\$398,495</u>	<u>4.7%</u>	<u>\$8,408,202</u>	<u>\$6,252,406</u>

Please refer to footnote number 7 on page 26 for additional information on capital assets.

### Long-term Debt

The College issued a \$2.5 million, 15 year revenue bond in March 2005. The principal balance at August 31, 2006 was \$2,374,000. In December 2001 the College received a 15 year Maintenance Tax Note. The note is secured with proceeds from the college's maintenance and operations tax. The principal balance at August 31, 2006 was \$1,535,670.

The only other debt the College has is in the form of capital leases. The College entered into a \$142,735 five year lease of copying machines. The principal balance on the leases at August 31, 2006 was \$108,787.

	Long-term Liabilities as of August 31, 2006, 2005 and 2004				
	2006	Increase (Decrease)	% of Change	2005	2004
Lease Purchase Agreements	\$108,787	\$99,944	1130.2%	\$8,843	\$51,521
Maintenance Notes Payable	1,535,670	(111,547)	-6.8%	1,647,217	1,753,805
Revenue Bonds Payable	<u>2,374,000</u>	<u>(126,000)</u>	<u>-5.0%</u>	<u>2,500,000</u>	<u>0</u>
Total Long-term Liabilities	<u>\$4,018,457</u>	<u>(\$137,603)</u>	<u>-3.3%</u>	<u>\$4,156,060</u>	<u>\$1,805,326</u>

Additional information on the College's long-term debt can be found in footnote number 8 on page 27 of this report.

### ECONOMIC FACTORS

The Texas Legislature convened in January 2005 and set appropriation amounts for the fifty state community colleges for the biennium that began September 1, 2005. They will convene again in 2007 to set the appropriations for the next biennium that begins on September 1, 2007.

This year's high natural gas prices have helped increase the appraised tax value of property in the taxing district by 29.5%. The increase has allowed the College to increase the effective tax rate by 7.9% while decreasing the actual tax rate by 13.1%.

### 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.

# BASIC FINANCIAL STATEMENTS



**PANOLA COLLEGE**  
**EXHIBIT 1**  
**STATEMENT OF NET ASSETS**  
**For the Years Ended August 31, 2006 and 2005**

	<u>2006</u> <u>Primary</u> <u>Institution</u>	<u>2005</u> <u>Primary</u> <u>Institution</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,560,316	\$ 1,418,190
Short-term investments	5,235,930	5,532,679
Accounts receivable (net)	1,272,380	1,372,548
Inventories	165,343	136,785
Other assets	463,342	414,891
<b>Total Current Assets</b>	<u>8,697,311</u>	<u>8,875,093</u>
<b>Noncurrent Assets</b>		
Endowment and other short-term investments	2,035,015	1,844,877
Capital assets, (net) (See note)	8,806,698	8,408,202
<b>Total Noncurrent Assets</b>	<u>10,841,713</u>	<u>10,253,079</u>
<b>Total Assets</b>	<u>\$ 19,539,024</u>	<u>\$ 19,128,172</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 388,276	\$ 743,681
Accrued liabilities	332,789	308,090
Funds held for others	129,978	152,472
Payable to Affiliated Organization	441,615	322,447
Deferred revenues	2,012,425	1,902,790
Capital Leases Payable - current portion	47,031	8,843
Revenue Bonds Payable - current portion	131,000	126,000
Notes Payable - current portion	116,737	111,547
<b>Total Current Liabilities</b>	<u>3,599,851</u>	<u>3,675,870</u>
<b>Noncurrent Liabilities</b>		
Deposits	53,900	34,805
Capital Leases Payable	61,756	-
Revenue Bonds Payable	2,243,000	2,374,000
Notes Payable	1,418,933	1,535,670
<b>Total Noncurrent Liabilities</b>	<u>3,777,589</u>	<u>3,944,475</u>
<b>Total Liabilities</b>	<u>\$ 7,377,440</u>	<u>\$ 7,620,345</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 4,788,240	\$ 4,252,142
<b>Restricted for</b>		
<b>Nonexpendable</b>		
Student Aid	1,704,924	1,610,004
<b>Unrestricted</b>		
<b>Total Net Assets</b>	<u>\$ 5,668,420</u> <u>\$ 12,161,584</u>	<u>\$ 5,645,681</u> <u>\$ 11,507,827</u>

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

**PANOLA COLLEGE  
EXHIBIT 1-A  
AFFILIATED ORGANIZATION  
STATEMENT OF FINANCIAL POSITION  
For the Years Ended August 31, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
	<b>Panola College Foundation</b>	<b>Panola College Foundation</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and cash equivalents	\$ 55,329	\$ 30,243
Short Term Certificates of Deposit	58,498	60,601
Mutual Fund Investments	29,365	25,933
Annuity Contracts	484,558	473,280
Receivable from Panola College	441,615	322,447
<b>Total Assets</b>	<u><u>\$ 1,069,365</u></u>	<u><u>\$ 912,504</u></u>
 <b>Liabilities</b>		
Accounts payable	\$ -	\$ -
Accrued liabilities	-	-
<b>Total Liabilities</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 <b>Net Assets</b>		
Unrestricted	\$ 19,078	\$ 17,113
Permanently Restricted	1,050,287	895,391
<b>Total Net Assets</b>	<u><u>\$ 1,069,365</u></u>	<u><u>\$ 912,504</u></u>

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

**PANOLA COLLEGE**  
**EXHIBIT 2**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Years Ended August 31, 2006 and 2005**

	<u>2006</u> <u>Primary</u> <u>Institution</u>	<u>2005</u> <u>Primary</u> <u>Institution</u>
<b>Operating Revenues</b>		
Tuition and Fees (Net of Discounts of \$1,168,473 for 2006 and \$1,259,071 for 2005)	\$ 1,913,953	\$ 1,634,788
Federal Grants and Contracts	2,528,736	2,973,806
State Grants and Contracts	231,552	535,939
Non-Governmental Grants and Contracts	20,346	28,142
Sales and Services of Educational Activities	181,842	207,039
Auxiliary Enterprises (Net of Discounts of \$649,298 for 2006 and \$680,439 for 2005)	1,088,135	917,107
Other Operating Revenues (Net of Discounts of \$-0-)	310,744	268,563
<b>Total Operating Revenues (Schedule A)</b>	<u>6,275,308</u>	<u>6,565,384</u>
<b>Operating Expenses</b>		
Instruction	5,402,336	5,302,643
Public Service	323,395	368,519
Academic Support	1,558,138	1,583,645
Student Services	1,028,438	940,144
Institutional Support	1,500,194	1,329,411
Operation and Maintenance of Plant	1,192,317	1,360,574
Scholarships and Fellowships	1,030,139	1,196,502
Auxiliary Enterprises	1,468,840	1,436,825
Depreciation	688,122	608,085
<b>Total Operating Expenses (Schedule B)</b>	<u>14,191,919</u>	<u>14,126,348</u>
<b>Operating Loss</b>	<u>(7,916,611)</u>	<u>(7,560,964)</u>
<b>Non-Operating Revenues (Expenses)</b>		
State Appropriations	4,526,107	4,265,653
Ad-Valorem Taxes for Maintenance & Operations	3,638,548	3,240,504
Gifts	162,534	127,965
Investment Income (Net of Investment Expenses)	355,636	250,680
Royalty income	70,657	65,440
Interest on Capital Related Debt	(168,675)	(80,861)
Loss on disposition of capital assets	(14,439)	-
<b>Net Non-Operating Revenues (Schedule C)</b>	<u>8,570,368</u>	<u>7,869,381</u>
<b>Increase in Net Assets</b>	653,757	308,417
<b>NET ASSETS</b>		
Net Assets - Beginning of Year	11,507,827	11,199,410
Net Assets - End of Year	<u>\$ 12,161,584</u>	<u>\$ 11,507,827</u>

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

**PANOLA COLLEGE**  
**EXHIBIT 2-A**  
**AFFILIATED ORGANIZATION**  
**STATEMENT OF ACTIVITIES**  
For the Years Ended August 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
	<b>Panola College Foundation</b>	<b>Panola College Foundation</b>
	<u>                    </u>	<u>                    </u>
<b>Revenue</b>		
Investment income	\$ 19,715	\$ 1,231
Unrealized Investment Income	38,387	63,078
Gifts	<u>142,792</u>	<u>330,447</u>
<b>Total Revenue</b>	<u><u>200,894</u></u>	<u><u>394,756</u></u>
<b>Expenses</b>		
Scholarships and support	<u>44,033</u>	<u>50,490</u>
<b>Total Expenses</b>	<u><u>44,033</u></u>	<u><u>50,490</u></u>
Change in net assets	156,861	344,266
Net Assets at beginning of year	<u>912,504</u>	<u>568,238</u>
Net Assets at end of year	<u><u>\$ 1,069,365</u></u>	<u><u>\$ 912,504</u></u>

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

**PANOLA COLLEGE**  
**EXHIBIT 3**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended August 31, 2006 and 2005

	<u>2006</u> <u>Primary</u> <u>Institution</u>	<u>2005</u> <u>Primary</u> <u>Institution</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 3,411,260	\$ 2,915,247
Receipts from grants, and contracts	2,916,243	3,462,061
Payments to or on behalf of employees	(7,106,370)	(7,028,720)
Payments to suppliers for goods or services	(4,108,261)	(3,828,313)
Payments of scholarships	(1,030,139)	(1,196,502)
Net cash used for operating activities	<u>(5,917,267)</u>	<u>(5,676,227)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	3,300,206	3,208,094
Ad valorem tax revenues	3,633,387	3,252,318
Gifts and grants (other than capital)	121,521	77,475
Student organization and other agency transactions	122,580	357,536
Net cash provided by non-capital financing activities	<u>7,177,694</u>	<u>6,895,423</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance of revenue bonds	-	2,500,000
Proceeds from capital lease issue	142,735	-
Purchases of capital assets	(1,283,042)	(2,395,571)
Interest expense paid	(177,323)	(81,855)
Payments on capital debt and leases	(280,338)	(149,266)
Net cash used for capital and related financing activities	<u>(1,597,968)</u>	<u>(126,692)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of investments	7,324,856	6,263,355
Investment earnings	366,357	197,026
Purchases of investments	(7,211,546)	(7,328,856)
Net cash provided by (used for) investing activities	<u>479,667</u>	<u>(868,475)</u>
Increase in cash and cash equivalents	142,126	224,029
Cash and cash equivalents - Beginning	<u>1,418,190</u>	<u>1,194,161</u>
Cash and cash equivalents - Ending	<u>\$ 1,560,316</u>	<u>\$ 1,418,190</u>
<b>Noncash investing, capital, and financing activities:</b>		
Capital assets purchased	\$ 1,101,056	\$ 2,803,978
Less assets donated	(41,013)	(50,490)
Less accounts payable	(134,918)	(357,917)
Payment of prior year accounts payable	357,917	-
Cash paid for capital assets	<u>\$ 1,283,042</u>	<u>\$ 2,395,571</u>
Increase in fair value of investments	<u>\$ 6,270</u>	<u>\$ 6,699</u>

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

**PANOLA COLLEGE**  
**EXHIBIT 3 (Continued)**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended August 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
	<b>Primary</b>	<b>Primary</b>
	<b>Institution</b>	<b>Institution</b>
	<hr/>	<hr/>
<b>Reconciliation of operating loss to net cash used for operating activities</b>		
Operating loss	\$ (7,916,611)	\$ (7,560,964)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation expense	688,122	608,085
On-behalf state appropriations	1,225,901	1,057,559
<b>Changes in assets and liabilities</b>		
(Increase) Decrease in Receivables, net	158,848	(134,028)
(Increase) Decrease in Inventories	(28,558)	(34,592)
(Increase) Decrease in Prepaid expenses	6,385	(482)
(Increase) Decrease in Deferred expenses	(54,836)	28,700
Increase (Decrease) in Deferred credits student related	106,694	175,425
Increase (Decrease) in Deferred credits other	2,940	(1,826)
Increase (Decrease) in Accounts payable	(139,499)	162,133
Increase (Decrease) in Accrued liabilities-payroll related	10,317	13,683
Increase (Decrease) in Compensated absences	23,030	10,080
<b>Total Adjustments</b>	<hr/> <b>1,999,344</b>	<hr/> <b>1,884,737</b>
<b>Net cash used by operating activities</b>	<hr/> <b>\$ (5,917,267)</b>	<hr/> <b>\$ (5,676,227)</b>

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

**PANOLA COLLEGE  
EXHIBIT 3-A  
AFFILIATED ORGANIZATION  
STATEMENT OF CASH FLOWS  
For the Years Ended August 31, 2006 and 2005**

	<b>2006 Panola College Foundation</b>	<b>2005 Panola College Foundation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from donors	\$ 40,670	\$ 42,950
Payments for scholarships and support	(44,033)	(38,882)
Investment receipts	2,670	1,231
Net cash provided by (used for) operating activities	<u>(693)</u>	<u>5,299</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturities and liquidation of investments	29,900	0
Purchase of investments and annuities	(4,121)	(2,063)
Net cash provided by (used for) investing activities	<u>25,779</u>	<u>(2,063)</u>
<b>Increase in cash and cash equivalents</b>	<b>25,086</b>	<b>3,236</b>
<b>Cash and cash equivalents-beginning</b>	<b>30,243</b>	<b>27,007</b>
<b>Cash and cash equivalents-ending</b>	<u><u>\$ 55,329</u></u>	<u><u>\$ 30,243</u></u>
<b>Reconciliation of change in net assets to net cash used for operating activities</b>		
Change in net assets	\$ 156,861	\$ 344,266
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
(Increase) Decrease in fair value of investments	(38,387)	(63,078)
<b>Changes in assets and liabilities</b>		
Increase in gifts receivable	(119,167)	(287,497)
Decrease in accounts payable	-	(34,950)
Decrease in construction in progress	-	50,490
Decrease in accrued liabilities	-	(3,932)
Total Adjustments	<u>(157,554)</u>	<u>(338,967)</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ (693)</u></u>	<u><u>\$ 5,299</u></u>

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

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting

*Texas Public Education Grants*

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. 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.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

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 subsequent year's budget are reported as unrestricted net assets 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 District'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.

**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 \$59,707 and \$57,146 at August 31, 2006 and 2005, 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.

**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

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

Collections

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

Deferred Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2006 and 2005 have been deferred.

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 assets 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). Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Non-operating expenses is comprised of interest on long-term debt.

Net Assets

The College reports its net assets in three components. Net assets invested in capital assets are equal to amounts reported for capital assets net of accumulated depreciation and net of related debt. Restricted net assets are 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 assets are all other College net assets that do not meet the definitions of invested in capital assets or restricted.

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 discreetly 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, 2006 and 2005 amounted to approximately \$44,033 and \$50,490, respectively. In addition, the Foundation is presently conducting a capital campaign for the purpose of raising funds to assist the College in the construction of a planned library project.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

**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 2006 and 2005 fiscal years all 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 (Liquidity Plus) and Lincoln Financial Advisors. The Lonestar Investment Pool is a public funds investment pool created to provide a safe environment for the placement of local government funds in short-term investments. The Liquidity Plus Fund is regulated by the Securities and Exchange Act and seeks to maintain a net asset value of 50 cents, and its dollar weighted average maturity is 120 days or fewer. Lonestar Investment Pool is administered by the Texas Association of School Boards, in Austin, Texas. Lonestar Investment Pool has a rating of AA+ by Standard & Poor's.

The fair value of the investment in Lonestar Investment Pool was the same as its carrying value of \$59,707 and \$57,146 for the years ending August 31, 2006 and 2005, 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 \$64,170 and \$52,700 for the years ending August 31, 2006 and 2005, respectively.

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

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 2006 AND 2005**

**Composition of Cash, Deposits and Investments**

	August 31 2006	August 31 2005
<b>Cash and Deposits</b>		
<b>Cash in Banks:</b>		
Demand Deposits	\$ 1,497,009	1,207,354
Time Deposits	7,206,775	7,474,856
Petty Cash on Hand	3,600	3,690
<b>Total Cash and Deposits</b>	8,707,384	8,685,900
<b>Investments</b>		
<b>Short-Term Investments</b>		
Lonestar Investment Pool		
Liquidity Plus Fund	59,707	57,146
Mutual Fund Investments	64,170	52,700
<b>Total Investments</b>	123,877	109,846
<b>Total Deposits and Investments</b>	\$ 8,831,261	\$ 8,795,746

**Classification in Statement of Net Assets, Exhibit 1**

	August 31 2006	August 31 2005
<b>Cash and Cash Equivalents</b>		
<b>Cash in Banks:</b>		
Demand Deposits	\$ 1,497,009	\$ 1,207,354
Time Deposits	-	150,000
<b>Short-Term Investments</b>		
Lonestar Investment Pool		
Liquidity Plus Fund	59,707	57,146
Petty Cash on Hand	3,600	3,690
<b>Total Cash and Cash Equivalents</b>	1,560,316	1,418,190
<b>Short-Term Investments</b>		
Cash in Banks – Time Deposits	5,235,930	5,532,679
<b>Endowment and Other Short-Term Investments</b>		
Cash in Banks – Time Deposits	1,970,845	1,792,177
Mutual Fund Investments	64,170	52,700
<b>Total Short-Term Investments</b>	2,035,015	1,844,877
<b>Total Cash, Deposits and Investments</b>	\$ 8,831,261	\$ 8,795,746

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 2006 AND 2005**

**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.

**Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the government'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, 2006 and 2005, the College's bank deposits (balance per financial institution) were approximately \$8,991,787 and \$9,031,198, respectively. Of these amounts, the deposits were insured by federal depository (FDIC) insurance in the amounts of \$217,660 and \$192,694 respectively. The remaining balances of \$8,774,127 (2006) and \$8,838,504 (2005) were covered by pledged collateral held by the agent of the financial institution in the name of the College. The College was therefore not exposed to custodial credit risk during the year as its deposits were covered as described above.

- a. **Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investments in the investment pools and mutual funds (described above) are not included in this type of custodial credit risk. During the year, the College was not exposed to custodial credit risk for investments.
- b. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College has no specific policy regarding concentration of credit risk. During the year, the College was not exposed to concentration of credit risk.
- c. **Interest Rate Risk:** Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The College does not have a specific policy regarding interest rate risk, as it does not contemplate the investment of funds in such instruments. During the year, the College was not exposed to interest rate risk.

**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.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 2006 AND 2005**

**7. CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2006 was as follows:

<u>Description</u>	<u>Balance September 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2006</u>
<b>Capital assets not being Depreciated:</b>				
Land	\$ 1,103,543	\$ 44,113	\$ -	\$ 1,147,656
<b>Total capital assets not being Depreciated</b>	<b>1,103,543</b>	<b>44,113</b>	<b>-</b>	<b>1,147,656</b>
<b>Capital assets, being depreciated:</b>				
Buildings and Improvements	14,222,199	201,475	-	14,423,674
Construction in progress	-	512,741	-	512,741
Equipment under Capital Lease - Copy Machines	152,078	142,735	152,078	142,735
Furniture, Fixtures, Machinery & Equipment and Other Equipment	2,436,687	172,588	15,035	2,594,240
Library Books	617,385	27,404	16,384	628,405
<b>Total capital assets, being depreciated</b>	<b>17,428,349</b>	<b>1,056,943</b>	<b>183,497</b>	<b>18,301,795</b>
<b>Less accumulated depreciation for:</b>				
Building and Improvements	(8,006,255)	(401,444)	-	(8,407,699)
Equipment Under Capital Lease	(139,788)	(24,681)	(140,680)	(23,789)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(1,699,423)	(219,011)	(11,994)	(1,906,440)
Library Books	(278,224)	(42,986)	(16,384)	(304,826)
<b>Total accumulated depreciation</b>	<b>(10,123,690)</b>	<b>(688,122)</b>	<b>(169,058)</b>	<b>(10,642,754)</b>
<b>Total capital assets, being depreciated, net</b>	<b>7,304,659</b>	<b>368,821</b>	<b>14,439</b>	<b>7,659,041</b>
<b>Net Capital Assets</b>	<b>\$ 8,408,202</b>	<b>\$ 412,934</b>	<b>\$ 14,439</b>	<b>\$ 8,806,697</b>

**PANOLA COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

Capital assets activity for the year ended August 31, 2005 was as follows:

Description	Balance September 1, 2004	Increases	Decreases	Balance August 31, 2005
<b>Capital assets not being Depreciated:</b>				
Land	\$ 968,460	\$ 135,083	\$ -	\$ 1,103,543
<b>Total capital assets not being Depreciated</b>	<b>968,460</b>	<b>135,083</b>	<b>-</b>	<b>1,103,543</b>
<b>Capital assets, being depreciated:</b>				
Buildings and Improvements	11,851,652	2,370,547	-	14,222,199
Construction in progress	40,098	-	40,098	-
Equipment under Capital Lease - Copy Machines	152,078	-	-	152,078
Furniture, Fixtures, Machinery & Equipment and Other Equipment	2,167,022	269,665	-	2,436,687
Library Books	619,845	28,684	31,144	617,385
<b>Total capital assets, being depreciated</b>	<b>14,830,695</b>	<b>2,668,896</b>	<b>71,242</b>	<b>17,428,349</b>
<b>Less accumulated depreciation for:</b>				
Building and Improvements	(7,671,335)	(334,920)	-	(8,006,255)
Equipment Under Capital Lease	(109,372)	(30,416)	-	(139,788)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(1,497,710)	(201,713)	-	(1,699,423)
Library Books	(268,332)	(41,036)	(31,144)	(278,224)
<b>Total accumulated depreciation</b>	<b>(9,546,749)</b>	<b>(608,085)</b>	<b>(31,144)</b>	<b>(10,123,690)</b>
<b>Total capital assets, being depreciated, net</b>	<b>5,283,946</b>	<b>2,060,811</b>	<b>40,098</b>	<b>7,304,659</b>
<b>Net Capital Assets</b>	<b>\$ 6,252,406</b>	<b>\$ 2,195,894</b>	<b>\$ 40,098</b>	<b>\$ 8,408,202</b>

**8. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended August 31, 2006 was as follows:

	Balance September 1, 2005	Additions	Reductions	Balance August 31, 2006	Current Portion
<b><u>Leases and Notes</u></b>					
Capital Leases	\$ 8,843	\$ 142,735	\$ 42,791	\$ 108,787	\$ 47,031
Maintenance Notes Payable	1,647,217	-	111,547	1,535,670	116,737
Revenue Bonds Payable	2,500,000	-	126,000	2,374,000	131,000
<b>Total Long-Term Liabilities</b>	<b>\$ 4,156,060</b>	<b>\$ 142,735</b>	<b>\$ 280,338</b>	<b>\$ 4,018,457</b>	<b>\$ 294,768</b>

**PANOLA COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

Compensated absences consist of accrued vacations. Such liabilities are considered to be current liabilities and are not included in long-term liabilities.

Long-term liability activity for the year ended August 31, 2005 was as follows:

	Balance September 1, 2004	Additions	Reductions	Balance August 31, 2005	Current Portion
<b><u>Leases and Notes</u></b>					
Capital Leases	\$ 51,521	\$ -	\$ 42,678	\$ 8,843	\$ 8,843
Maintenance Notes Payable	1,753,805	-	106,588	1,647,217	111,547
Revenue Bonds Payable	-	2,500,000	-	2,500,000	126,000
<b>Total Long-Term Liabilities</b>	<b>\$ 1,805,326</b>	<b>\$ 2,500,000</b>	<b>\$ 149,266</b>	<b>\$ 4,156,060</b>	<b>\$ 246,390</b>

**Lease Purchase Agreements Payable**

In prior years, the College entered into capital lease commitments for copy equipment. The leases were for twenty-four copiers and related attachments. The arrangements required the College to make payments in monthly installments of \$3,756 ranging from 30 to 60 months. The capital leases expired in the current fiscal year and the College did not exercise its option for purchase of the copiers. Imputed interest assumed in the leases ranged from 5% to 8%. The interest portion of current year payments amounted to \$104 and \$2,393 for the years ended August 31, 2006 and 2005 respectively.

A new capital lease was entered into for nineteen copiers and related attachments. The new lease agreement is for a term of 36 months with monthly payments of \$4,238. The new lease agreement assumes an interest rate of 4.38%. The interest portion of current year payments on the new lease amounted to approximately \$4,196.

Summarized below are annual lease requirements associated with the commitments:

Year Ending August 31,	2006			2005		
	Interest	Principal	Total Requirement	Interest	Principal	Total Requirement
2006	\$ -	\$ -	\$ -	\$ 104	\$ 8,843	\$ 8,947
2007	3,828	47,031	50,859			
2008	1,726	49,133	50,589			
2009	92	12,623	12,715	-	-	-
<b>Total</b>	<b>\$ 5,646</b>	<b>\$ 108,787</b>	<b>\$ 114,433</b>	<b>\$ 104</b>	<b>\$ 8,843</b>	<b>\$ 8,947</b>

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

**Maintenance Notes Payable**

On December 15, 2001, the College issued Maintenance Tax Notes, Series 2001 in the amount of \$2,000,000. The maintenance notes carry an interest rate of 4.6% payable in thirty semi-annual installments of \$93,025 each.

The notes were issued to finance facility improvements related to an energy management project. In addition to the note proceeds being used for upgrades and replacements to lighting and HVAC equipment, the notes were also used for roofing projects and other maintenance projects to the physical plant.

In accordance with Section 45.108 of the Texas Education Code, all available funds of the College are pledged to the payment of principal and interest on the notes. In the event such available funds are insufficient to meet the obligations, the College has the authority to assess a separate maintenance tax levy in addition to the regular maintenance and operations tax levy to insure the funds are available to meet the scheduled obligations.

Assessment of a separate maintenance tax levy is not anticipated and payment of the obligations due in the fiscal year ending August 31, 2006 has been provided for in the budget.

The first of the thirty semi-annual installments was made on June 19, 2002. Interest expense on the note amounted to \$74,504 and \$79,462 for the years ended August 31, 2006 and 2005, respectively. Accrued interest on the note at August 31, 2006 and 2005 amounted to approximately \$14,324 and \$15,365 respectively, and is included in the financial statements.

Annual debt service requirements associated with the notes are summarized below.

Year Ending August 31,	2006			2005		
	Interest	Principal	Total Requirement	Interest	Principal	Total Requirement
2006	\$ 0	\$ 0	\$ 0	\$ 74,503	\$ 111,547	\$ 186,050
2007	69,313	116,737	186,050	69,313	116,737	186,050
2008	63,881	122,169	186,050	63,881	122,169	186,050
2009	58,198	127,852	186,050	58,198	127,852	186,050
2010	52,248	133,802	186,050	52,248	133,802	186,050
2011	46,023	140,028	186,051	46,023	140,028	186,051
2012-2016	126,106	804,148	930,254	126,106	804,148	930,254
2017	2,098	90,934	93,032	2,098	90,934	93,032
<b>Total</b>	<b>\$417,867</b>	<b>\$1,535,670</b>	<b>\$ 1,953,537</b>	<b>\$492,370</b>	<b>\$1,647,217</b>	<b>\$ 2,139,587</b>

**Revenue Bond Payable**

On March 28, 2005, the College issued Revenue Bonds, Series 2005 in the amount of \$2,500,000. The revenue bonds carry an interest rate of 3.94% payable in thirty semi-annual installments. Principal on the bonds is due in 15 annual installments beginning on April 18, 2006, and the final payment is due on April 18, 2020.

The bonds were issued to finance construction of student housing apartment complexes and additional improvements to the physical plant.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

In accordance with Section 130.123 of the Texas Education Code, the revenue bonds are to be paid by the assessment of a building use (dorm) fee to all students occupying dorms at the College. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient to the payment of principal and interest on the bonds.

Interest expense on the bonds amounted to \$98,500 and \$42,683 for the years ended August 31, 2006 and 2005, respectively.

Accrued interest on the bonds at August 31, 2006 and 2005 amounted to approximately \$ 35,076 and \$42,683 respectively, and is included in the financial statements.

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

Year Ending August 31,	2006			2005		
	Interest	Principal	Total Requirement	Interest	Principal	Total Requirement
2006	\$ 0	\$ 0	\$ 0	\$ 98,500	\$ 126,000	\$ 224,500
2007	93,536	131,000	224,536	93,536	131,000	224,536
2008	88,374	136,000	224,374	88,374	136,000	224,374
2009	83,016	141,000	224,016	83,016	141,000	224,016
2010	77,460	146,000	223,460	77,460	146,000	223,460
2011	71,708	152,000	223,708	71,708	152,000	223,708
2012-2016	263,822	856,000	1,119,822	263,822	856,000	1,119,822
2017-2020	81,361	812,000	893,361	81,362	812,000	893,362
<b>Total</b>	<b>\$759,277</b>	<b>\$2,374,000</b>	<b>\$ 3,133,277</b>	<b>\$857,778</b>	<b>\$2,500,000</b>	<b>\$ 3,357,778</b>

**9. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

**Receivables**

Receivables at August 31, 2006 and 2005 were as follows:

	2006			2005		
	Total Receivable	Less Allowance For Uncollectibles	Net Receivable	Total Receivable	Less Allowance For Uncollectibles	Net Receivable
Student Receivables	\$ 702,574	\$ 305,172	\$ 397,402	\$ 745,118	\$ 293,172	\$ 451,946
Taxes Receivable	180,341	117,551	62,790	180,362	122,734	57,628
Federal Receivables	573,805	-	573,805	379,131	-	379,131
State Receivables	42,691	-	42,691	359,164	-	359,164
Interest Receivable	173,719	-	173,719	120,200	-	120,200
Other Receivables	21,973	-	21,973	4,479	-	4,479
<b>TOTAL</b>	<b>\$ 1,695,103</b>	<b>\$ 422,723</b>	<b>\$ 1,272,380</b>	<b>\$ 1,788,454</b>	<b>\$ 415,906</b>	<b>\$ 1,372,548</b>

**PANOLA COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

**Payables**

Payables at August 31, 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
Vendors Payable	\$ 388,276	\$ 743,681
Salaries and Benefits Payable	283,389	250,042
Students Payable	56,588	85,973
Accrued Interest	49,400	58,048
Payable to Affiliated Organization	441,615	322,447
Other Payables	73,389	66,498
<b>TOTAL</b>	<b><u>\$ 1,292,657</u></b>	<b><u>\$ 1,526,689</u></b>

**10. CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Funds received, but not expended during the reporting period, are shown as additions to fund balance. Revenues are recognized as funds are actually expended. For direct federal contract and grant awards, funds expended but not collected, are reported as federal receivables. Federal pass through awards and non-federal contract and grant awards for which funds are expended but not collected, are reported as state and local contracts and grants receivable. 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.

**11. 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 District. The taxes become due January 1 of the following year. A discount of up to 3% is allowed for taxes paid between October 1 and December 31. Taxes become past due February 1 and become delinquent on June 30. A tax lien attaches to property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed. Taxes receivable as reflected on the balance sheet are net of an allowance for doubtful accounts. The allowance is based upon historical experience in collecting property taxes.

Taxes levied for current year operations are summarized below:

	<u>2006</u>	<u>2005</u>
Original tax levy	\$ 3,752,828	\$ 3,327,013
Supplemental levy and adjustments	(4,671)	832
Adjusted levy	<u>3,748,157</u>	<u>3,327,845</u>
Penalty and interest assessments	<u>12,976</u>	<u>13,392</u>
<b>Total Levy</b>	<b><u>\$ 3,761,133</u></b>	<b><u>\$ 3,341,237</u></b>

Tax collections for the years ended August 31, 2006 and 2005, including delinquent collections, exceeded 99% of the levy for both years.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

A summary of tax data is presented as follows:

	<u>2006</u>	<u>2005</u>
Assessed valuation of the District	\$ 4,058,808,402	\$ 3,420,234,204
Less: Exemptions	(158,228,911)	(150,497,830)
Less Abatements	(446,057,316)	(429,551,310)
Net Assessed Valuation of the District	<u>\$ 3,454,522,175</u>	<u>\$ 2,840,185,064</u>
<b>Tax Rate Per \$100 authorized:</b>		
Current Operations	\$ 0.35000	\$ 0.35000
Debt Service	0.50000	0.50000
Total	<u>\$ 0.85000</u>	<u>\$ 0.85000</u>
<b>Tax Rate Per \$100 assessed</b>		
Current Operations	\$ 0.10850	\$ 0.11717
Debt Service	-	-
Total	<u>\$ 0.10850</u>	<u>\$ 0.11717</u>
Gross Taxes Collected (Current Operations)	\$ 3,705,093	\$ 3,292,265
Discounts Allowed	(97,567)	(85,423)
Delinquent Taxes Collected	44,770	44,019
Penalties and Interest Collected	40,302	42,682
Collection Fees	(54,050)	(53,003)
Total Collections	<u>\$ 3,638,548</u>	<u>\$ 3,240,540</u>

**12. DEFERRED 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 assets as deferred revenue in the current fiscal year.

A summary of deferred revenues follows:

	<u>2006</u>	<u>2005</u>
Tuition and Fees	\$ 1,427,356	\$ 1,353,586
Housing and Residential Life	393,225	349,525
Bookstore Profit Deferral	158,052	169,577
Other	<u>33,792</u>	<u>30,102</u>
Total	<u>\$ 2,012,425</u>	<u>\$ 1,902,790</u>

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

**13. EMPLOYEE RETIREMENT PLANS**

**Teacher Retirement System**

**Plan Description:**

The Teacher Retirement System of Texas (TRS) is a multiple-employer public employee retirement system (PERS). It is a cost-sharing PERS with one exception: all risks and costs are not shared by the employer (unless the employer is a senior college, medical school, or a state agency in which case the employer is considered the State of Texas) and are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year.

**Types of Employees Covered:**

All employees of public, state-supported educational institutions in Texas who are employed for 1/2 or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C Section 822.002 are covered under the plan.

**Benefit Provisions:**

The Teacher Retirement System of Texas administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C.

The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively.

**Service Retirement:**

1. Normal -                    age 65 with 5 years of service  
                                  age 60 with 20 years of service  
                                  age 50 with 30 years of service  
                                  age plus years of service equals 80
  
2. Reduced-                    age 55 with at least 5 years of service, or  
                                  any age below 50 with 30 years of service

A member is fully vested after 5 years of creditable service and is entitled to any benefit for which eligibility requirements have been met.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

**Funding Status and Progress**

State law provided for a state contribution rate for fiscal years 1998 - 2005 of 6.0% and a member contribution rate of 6.4%. These rates are set by state statutes. The actuarially determined contribution requirements for the fiscal year were 6.4% for the employee and 6.0% for the state. In certain instances, the reporting district is required to make all or a portion of the State's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the 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.

Contribution requirements for Panola College for fiscal years ended August 31, 2002 through 2006 were as follows:

Fiscal Year Ended August 31,	On-Behalf State Contribution	Employee Contribution	Total Contribution	Covered Payroll	Total College Payroll
2002	\$ 181,720	\$ 193,835	\$ 375,555	\$ 3,029,043	\$ 5,868,128
2003	203,972	217,505	421,477	3,399,533	6,227,620
2004	206,474	219,565	426,039	3,441,474	6,049,648
2005	216,305	230,619	446,924	3,605,087	6,271,752
2006	206,740	240,702	447,442	3,760,970	6,559,895

The contributions applicable to Panola College for the above years are less than 1/10 of 1 percent of total contributions into the Teacher Retirement System as a whole.

Actuarial values of assets and accrued liabilities of the Teacher Retirement System of Texas as of August 31, 2001 through 2005, the date of the latest available information, were as follows (in billions).

Fiscal Year	Actuarial Value Of Assets	Actuarial Accrued Liability	(Unfunded)/Overfunded Actuarial Accrued Liability
2001	\$ 86.3	\$ 84.2	\$ 2.1
2002	86.0	89.3	(3.3)
2003	89.0	94.2	(5.2)
2004	88.8	96.7	(7.9)
2005	89.2	102.5	(13.3)

The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the Teacher Retirement System, 1000 Red River Street, Austin, Texas 78701.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

**Optional Retirement Program**

The State has also established an Optional Retirement Program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The Optional Retirement Program provides for the purchase of annuity contracts or mutual funds. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65% respectively. Since these are individual investments, the State has no additional or unfunded liability for this program. Currently, the District contributes an additional 2.5% of each participant's salary who was a member of the program at August 31, 1995, to the Optional Retirement Program as allowed under provisions of state law. A summary of on-behalf, District and participant contribution is as follows:

Year Ended August 31,	On Behalf State Contribution	Panola College Contribution	Participant Contributions	Total Contributions	Covered Payroll
2006	\$ 128,583	\$ 36,124	\$ 142,512	\$ 307,219	\$ 2,143,035
2005	119,175	30,019	132,085	281,279	1,986,246
2004	120,183	32,839	133,203	286,225	2,003,051
2003	138,218	40,378	153,192	331,788	2,303,632

All on-behalf payments referenced above are included in the statement of revenues, expenses, and changes in net assets.

**14. 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, 2006 and 2005, the College had thirty-three and twenty-six respectively, employees participating in the tax sheltered annuity program. A total of \$201,869 and \$107,307 in payroll deductions was invested in approved plans during the years ending August 31, 2006 and 2005, respectively.

**15. 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. 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 \$164,711 at August 31, 2006 and \$141,681 at August 31, 2005, and are included in the statement of net assets as accrued liabilities.

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

16. 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 \$341 and \$315 per month per employee to the Plan for the years ending August 31, 2006 and 2005, 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 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
2006	130	7	\$ 611,641	\$ 64,567
2005	131	7	463,198	150,167

17. POST-RETIREMENT HEALTH BENEFITS

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
2006	58	\$ 20.00	3	\$ 341
2005	54	20.00	3	315

In addition to providing pension benefits, the State provides in accordance with state statutes, 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 cost to the State (on-behalf payments) of providing those benefits for these retirees is included in the financial statements as revenues and expenditures in the restricted fund. A summary of the coverage is summarized below.

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005

Post Retirement Health Benefits:

Year Ended August 31,	On Behalf State Contribution	Average Number Retirees Covered
2006	\$278,937	61
2005	\$258,881	63

18. **RELATED PARTIES**

Panola College Development 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.

19. **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, 2006 and 2005, there were five such funds for the benefit of the College. The Lawrence R. and Debbie H. Sharp Endowment Scholarship Fund, the Q. M. Martin Trust No. 2, the Reeves Scholarship Fund, the Daniel Scholarship Fund, and the Jacke Daniel Davis Memorial Scholarship Fund are held in trust by First State Bank and Trust of Carthage, Texas. Funds held in trust on these amounted to approximately \$309,564 at August 31, 2006 and \$307,972 at August 31, 2005.

20. **RISK MANAGEMENT**

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

21. **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 \$227,000 and \$227,000 in non monetary transactions representing the value of the use of the facilities for the years ended August 31, 2006 and 2005, respectively. A corresponding amount is also included in operating expenses. Capital donations amounted to approximately \$41,013 and \$50,490 for the years ended August 31, 2006 and 2005, respectively. In the current year, \$33,013 represented a donation from the Panola College Foundation for the "Spirit of Panola" statue in progress at the end of the year. An additional \$8,000 was contributed toward this project by friends of the College. During the year ending August 31, 2005, the Foundation contributed \$50,490 toward the rodeo arena and related improvements. Revenues and capital assets are reflected in the financial statements recognizing these transactions.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2006 AND 2005**

**22. PENDING CLAIMS**

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

**23. 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, 2006, or 2005.

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## SUPPLEMENTARY SCHEDULES



**PANOLA COLLEGE**  
**SCHEDULE A**  
**SCHEDULE OF OPERATING REVENUES**  
For the Year Ended August 31, 2006 (With Memorandum Totals for the Year Ended August 31, 2005)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2006 Total	2005 Total
<b>Tuition</b>						
State funded courses						
In-district resident tuition	\$ 235,331	\$ -	\$ 235,331	\$ -	\$ 235,331	\$ 239,281
Out-of-district resident tuition	617,668	-	617,668	-	617,668	584,223
TPEG (set aside)*	63,130	-	63,130	-	63,130	62,390
Non-resident tuition	62,269	-	62,269	-	62,269	123,547
State funded continuing education	115,480	-	115,480	-	115,480	176,255
Non-state funded continuing education	7,903	-	7,903	-	7,903	7,372
<b>Total Tuition</b>	<b>1,101,781</b>	<b>-</b>	<b>1,101,781</b>	<b>-</b>	<b>1,101,781</b>	<b>1,193,068</b>
<b>Fees</b>						
General fee	1,006,737	-	1,006,737	-	1,006,737	872,296
Out-of-district fees	688,773	-	688,773	-	688,773	651,579
Laboratory fee	148,883	-	148,883	-	148,883	133,250
Other fees	136,252	-	136,252	-	136,252	43,666
<b>Total fees</b>	<b>1,980,645</b>	<b>-</b>	<b>1,980,645</b>	<b>-</b>	<b>1,980,645</b>	<b>1,700,791</b>
<b>Scholarship allowances and discounts</b>						
Institutional scholarships	(345,016)	-	(345,016)	-	(345,016)	(333,618)
Remissions and exemptions-state	(32,560)	-	(32,560)	-	(32,560)	(11,303)
Remissions and exemptions-local	(50,280)	-	(50,280)	-	(50,280)	(117,175)
Title IV federal grants	(607,982)	-	(607,982)	-	(607,982)	(634,898)
TPEG allowances	(31,686)	-	(31,686)	-	(31,686)	(51,792)
Other federal grants	(6,048)	-	(6,048)	-	(6,048)	(586)
State grants to students	(94,901)	-	(94,901)	-	(94,901)	(109,699)
<b>Total scholarship allowances</b>	<b>(1,168,473)</b>	<b>-</b>	<b>(1,168,473)</b>	<b>-</b>	<b>(1,168,473)</b>	<b>(1,259,071)</b>
<b>Total net tuition and fees</b>	<b>1,913,953</b>	<b>-</b>	<b>1,913,953</b>	<b>-</b>	<b>1,913,953</b>	<b>1,634,788</b>
<b>Additional operating revenues</b>						
Federal grants and contracts	-	2,528,736	2,528,736	-	2,528,736	2,973,806
State grants and contracts	-	231,552	231,552	-	231,552	535,939
Nongovernmental grants and contracts	-	20,346	20,346	-	20,346	28,142
Sales and services of educational activities	181,842	-	181,842	-	181,842	207,039
General operating revenues	310,744	-	310,744	-	310,744	268,563
<b>Total other operating revenues</b>	<b>492,586</b>	<b>2,780,634</b>	<b>3,273,220</b>	<b>-</b>	<b>3,273,220</b>	<b>4,013,489</b>
<b>Auxiliary enterprises</b>						
Bookstore	-	-	-	1,051,138	1,051,138	1,026,369
Less allowances and discounts	-	-	-	(301,991)	(301,991)	(321,891)
Residential life	-	-	-	686,295	686,295	571,177
Less allowances and discounts	-	-	-	(347,307)	(347,307)	(358,548)
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,088,135</b>	<b>1,088,135</b>	<b>917,107</b>
<b>Total Operating Revenues</b>	<b>\$ 2,406,539</b>	<b>\$ 2,780,634</b>	<b>\$ 5,187,173</b>	<b>\$ 1,088,135</b>	<b>\$ 6,275,308</b>	<b>\$ 6,565,384</b>
				(Exhibit 2)		(Exhibit 2)

\*In accordance with Education Code 56.033, \$63,130 and \$62,390 of tuition was set aside for Texas Public Education Grants (TPEG)

See Independent Auditor's Report on Additional Information.

**PANOLA COLLEGE**  
**SCHEDULE B**  
**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
For the Year Ended August 31, 2006 (With Memorandum Totals for the Year Ended August 31, 2005)

	Salaries And Wages	Benefits		Other Expenses	2006 Total	2005 Total
		State Benefits	Local Benefits			
<b>Unrestricted Educational Activities</b>						
Instruction	\$ 3,542,202	\$ -	\$ 348,827	\$ 476,131	\$ 4,367,160	\$ 4,027,741
Public Service	-	-	-	-	-	-
Academic Support	921,812	-	96,630	353,273	1,371,715	1,403,390
Student Services	590,726	-	56,098	110,704	757,528	651,322
Institutional Support	666,499	-	110,428	588,477	1,365,404	1,180,682
Operation and Maintenance of Plant	117,415	-	54,410	1,020,492	1,192,317	1,360,574
Scholarship and Fellowships	-	-	-	2,769	2,769	-
<b>Total Unrestricted Educational Activities</b>	<b>5,838,654</b>	<b>-</b>	<b>666,393</b>	<b>2,551,846</b>	<b>9,056,893</b>	<b>8,623,709</b>
<b>Restricted Educational Activities</b>						
Instruction	\$ 87,507	\$ 734,055	\$ 17,973	\$ 195,641	\$ 1,035,176	\$ 1,274,902
Public Service	168,302	34,036	31,638	89,419	323,395	368,519
Academic Support	-	186,423	-	-	186,423	180,255
Student Services	84,708	136,597	14,189	35,416	270,910	288,822
Institutional Support	-	134,790	-	-	134,790	148,729
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship and Fellowships	-	-	-	1,027,370	1,027,370	1,196,502
<b>Total Restricted Educational Activities</b>	<b>340,517</b>	<b>1,225,901</b>	<b>63,800</b>	<b>1,347,846</b>	<b>2,978,064</b>	<b>3,457,729</b>
Auxiliary Enterprises	184,674	-	34,809	1,249,357	1,468,840	1,436,825
Depreciation Expense-Buildings & other real estate improvements			-	401,444	401,444	334,920
Depreciation Expense-Equipment & fixtures		-	-	243,692	243,692	232,129
Depreciation Expense-Library books				42,986	42,986	41,036
<b>Total</b>	<b>\$ 6,363,845</b>	<b>\$ 1,225,901</b>	<b>\$ 765,002</b>	<b>\$ 5,837,171</b>	<b>\$ 14,191,919</b>	<b>\$ 14,126,348</b>

(Exhibit 2)

(Exhibit 2)

See Independent Auditor's Report on Additional Information.

**PANOLA COLLEGE**  
**SCHEDULE C**  
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**  
For the Year Ended August 31, 2006 (With Memorandum Totals for the Year Ended August 31, 2005)

	Unrestricted	Restricted	Auxiliary Enterprises	2006 Total	2005 Total
<b>NON-OPERATING REVENUES</b>					
<b>State Appropriations</b>					
Education and general state support	\$ 3,300,206	-	-	\$ 3,300,206	\$ 3,208,094
State group insurance	-	890,578	-	890,578	722,079
State retirement matching	-	335,323	-	335,323	335,480
<b>Total State Appropriations</b>	<b>3,300,206</b>	<b>1,225,901</b>	<b>-</b>	<b>4,526,107</b>	<b>4,265,653</b>
<b>Ad-Valorem Taxes for Maintenance &amp; Operations</b>	<b>3,638,548</b>	<b>-</b>	<b>-</b>	<b>3,638,548</b>	<b>3,240,504</b>
<b>Gifts</b>	<b>41,013</b>	<b>121,521</b>	<b>-</b>	<b>162,534</b>	<b>127,965</b>
<b>Investment Income</b>	<b>265,001</b>	<b>84,126</b>	<b>6,509</b>	<b>355,636</b>	<b>250,680</b>
<b>Royalty Income</b>	<b>-</b>	<b>70,657</b>	<b>-</b>	<b>70,657</b>	<b>65,440</b>
<b>Total non-operating revenues</b>	<b>3,944,562</b>	<b>276,304</b>	<b>6,509</b>	<b>4,227,375</b>	<b>3,684,589</b>
<b>NON-OPERATING EXPENSES</b>					
Interest on Capital Related Debt	168,675	-	-	168,675	80,861
Loss on disposition of capital assets	14,439	-	-	14,439	-
<b>Total non-operating expenses</b>	<b>183,114</b>	<b>-</b>	<b>-</b>	<b>183,114</b>	<b>80,861</b>
<b>Net non-operating revenues</b>	<b>\$ 7,061,654</b>	<b>\$ 1,502,205</b>	<b>\$ 6,509</b>	<b>\$ 8,570,368</b>	<b>\$ 7,869,381</b>
				Exhibit 2	Exhibit 2

See Independent Auditor's Report on Additional Information.

**PANOLA COLLEGE**  
**SCHEDULE D**  
**SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY**  
**For the Year Ended August 31, 2006**  
**With Memorandum Totals for the Year Ended August 31, 2005**

	Detail By Source				Available for Current Operations		
	Unrestricted	Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
<b>Current</b>							
Unrestricted	\$ 3,119,328	\$ -	\$ -	\$ -	\$ 3,119,328	\$ 3,119,328	\$ -
Restricted	99,143	-	-	-	99,143	99,143	-
Auxiliary enterprises	258,123	-	-	-	258,123	258,123	-
<b>Endowment</b>							
<b>Quasi:</b>							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	1,704,924	-	1,704,924	-	1,704,924
<b>Plant</b>							
Unexpended	2,191,826	-	-	-	2,191,826	387,370	1,804,456
Investment in Plant	-	-	-	4,788,240	4,788,240	-	4,788,240
<b>Total Net Assets, August 31, 2006</b>	<u>5,668,420</u>	<u>-</u>	<u>1,704,924</u>	<u>4,788,240</u>	<u>12,161,584</u> (Exhibit 1)	<u>3,863,964</u>	<u>8,297,620</u>
<b>Total Net Assets, August 31, 2005</b>	<u>5,645,682</u>	<u>-</u>	<u>1,610,004</u>	<u>4,252,141</u>	<u>11,507,827</u> (Exhibit 1)	<u>3,274,939</u>	<u>8,232,888</u>
<b>Net Increase (Decrease) in Net Assets</b>	<u>\$ 22,738</u>	<u>-</u>	<u>\$ 94,920</u>	<u>536,099</u>	<u>\$ 653,757</u> (Exhibit 2)	<u>589,025</u>	<u>\$ 64,732</u>

PANOLA COLLEGE  
SCHEDULE E  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2006

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<b>U. S. Department of Education</b>			
<b>Direct</b>			
SEOG	84.007	EP007A054092	* \$ 113,832
SEOG	84.007	EP007A064092	* 23,359
Sub- total SEOG Program			137,191
Federal College Workstudy	84.033	EP033A054092	* 65,268
Federal College Workstudy	84.033	EP033A064092	* 2,348
Sub- total Federal College Workstudy Program			67,616
Federal Pell Grant Program	84.063	EP063P052297	* 1,346,156
Federal Pell Grant Program	84.063	EP063P062297	* 303,634
Sub- total Pell Program			1,649,790
<b>Passed Through From:</b>			
<b>Texas Education Agency</b>			
Adult Basic Education -Family and Literacy	84.002A	064100017110076	133,072
Adult Basic Education -Family and Literacy	84.002A	074100017110144	30,861
Adult Basic Education - Corrections	84.002A	064100017110076	5,698
			169,631
<b>Texas Higher Education Coordinating Board</b>			
Carl Perkins Voc. Ed.	84.048	64236	* 170,930
Leveraging Educational Assistance Program	84.069A		4,835
Special Leveraging Educational Assistance Program	84.069B		4,717
<b>North Harris Montgomery Comm College (Tomball College)</b>			
Carl Perkins Voc. Ed.	84.048	61504	* 15,076
<b>East Texas Tech Prep Consortium</b>			
Carl Perkins Voc. Ed.	84.243		22,656
<b>Deep East Texas College Tech Prep Consortium</b>			
Carl Perkins Voc. Ed.	84.243	1863-27	4,958
Carl Perkins Voc. Ed.	84.243	1863-01	3,601
			8,559
<b>Total U. S. Department of Education</b>			2,251,001
<b>Department of Health and Human Services</b>			
<b>Pass Through From</b>			
<b>Texas Education Agency</b>			
Temporary Assistance to Needy Families (TANF)	93.558	063625017110069	22,438
<b>East Texas Council of Governments</b>			
Temporary Assistance to Needy Families (TANF 25)	93.558	PC-TANF-PY05-04	4,019
Temporary Assistance to Needy Families (TANF 25)	93.558	PC-TANF-PY05-01	65,857
			69,876
<b>Texas Workforce Commission</b>			
Self Sufficiency Grant	93.558	0804SSF000	185,421
<b>Total Department of Health and Human Services</b>			277,735
<b>Total Federal Financial Assistance</b>			\$ 2,528,736
<b>Federal Grants and Revenues -Per Schedule A</b>			\$ 2,528,736

\* Denotes major federal financial assistance program as defined by the Single Audit Act as amended in 1996 and OMB Circular A-133.

See accompanying notes to schedules of expenditures of federal and state awards.

**PANOLA COLLEGE**  
**SCHEDULE F**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended August 31, 2006**

<b>Grantor Agency/ Program Title</b>	<b>Grant Contract Number</b>	<b>Expenditures</b>
<b>Passed Through From:</b>		
<b>Texas Education Agency</b>		
Adult Basic Education GR Adult Education	60100017110076	\$ 19,551
Adult Basic Education TANF	60110017110069	9,260
Sub-Total		<u>28,811</u>
<b>Texas Workforce Commission</b>		
Skills Development	0804SDF000	7,630
Sub-Total		<u>7,630</u>
<b>Texas Higher Education Coordinating Board</b>		
Texas Grant		153,670
Professional Nursing		37,050
Nursing Innovation Grant	NIGP BCS3	4,391
Sub-Total		<u>195,111</u>
<b>Total State Financial Assistance</b>		<u>\$ 231,552</u>
<b>State Grants and Revenues -Per Schedule A</b>		<u>\$ 231,552</u>

See accompanying 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, 2006**

**Significant Accounting Policies Used in Preparing the Schedule**

The expenditures included in the schedule 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 45 and 46 represent funds which have been expended by the College for the purposes of the award. The expenditures reported in the schedule may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**Relationship to Federal and State Financial Reports**

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedule 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.

# **PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **SINGLE AUDIT SECTION**

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**ROBINSON & WILLIAMS, P.L.L.C.**

CERTIFIED PUBLIC ACCOUNTANTS

416 WEST PANOLA  
CARTHAGE, TEXAS 75633

MEMBERS OF  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE  
(903) 693-8522

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Panola College  
1109 West Panola  
Carthage, Texas 75633

We have audited the financial statements of Panola College as of and for the year ended August 31, 2006, and have issued our report thereon dated November 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 grants, including the Public Funds Investment Act (Texas Government Code, Chapter 2256), 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Panola College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Public Funds Investment Act**

We have performed tests designed to verify Panola College's compliance with the Public Funds Act. During the year ended August 31, 2006, no instances of noncompliance were found.

This report is intended for the information of the administration, trustees, the Texas Higher Education Coordinating Board, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson & Williams*

Robinson & Williams, P.L.L.C.  
Certified Public Accountants

November 6, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Trustees  
Panola College  
1109 West Panola  
Carthage, Texas 75633**

**Compliance**

We have audited the compliance of Panola College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2006. 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. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of Panola College's administration. Our responsibility is to express an opinion on Panola College's compliance based on our audit.

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 Organization*. 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. Our audit does not provide a legal determination on Panola College's compliance with those requirements.

In our opinion, Panola College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2006.

**Internal Control Over Compliance**

The administration of Panola College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Panola College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

**This report is intended for the information of the administration, trustees, the Texas Higher Education Coordination Board, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.**

*Robinson & Williams*

**Robinson & Williams, P.L.L.C.  
Certified Public Accountants**

**November 6, 2006**

**PANOLA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2006**

- I. Summary of the Auditor's Results:**
- a. The type of report issued on the financial statements of Panola College was an unqualified opinion.
  - b. No material weaknesses were identified in internal control over financial reporting; and no reportable conditions were reported.
  - c. The audit did not disclose any noncompliance which is material to the financial statements of the College.
  - d. No material weaknesses were identified in internal control over major programs and no reportable conditions were reported.
  - e. The type of report issued on compliance for major programs was an unqualified opinion.
  - f. The audit did not disclose any audit findings which is required to be reported under Section \_\_.510(a) of the Office of Management and Budget (OMB) Circular No. A-133.
  - g. Major federal programs of Panola College include:
    - 1. The cluster of The United States Department of Education Student Financial Aid Programs administered by the College. The cluster of programs include the campus-based programs of the Federal Work Study (FWS -CFDA 84.033) and the Federal Supplemental Education Opportunity Grant (FSEOG - CFDA 84.007); and the Federal Pell Grant (Pell - CFDA 84.063) program.
    - 2. The Department of Education grants (CFDA 84.048) program passed through from the Texas Higher Education Coordinating Board and North Harris Montgomery Community College.
  - h. The dollar threshold used to distinguish between Type A and Type B programs for federal and state programs was \$300,000.
  - i. Panola College qualified as a low-risk auditee.
- II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.**
- NONE
- III. Findings and Questioned Costs For Federal and State Awards**
- NONE
- IV. Status of Prior Audit Findings**
- There are no outstanding findings.

**PANOLA COLLEGE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**STATISTICAL SUPPLEMENTS  
(UNAUDITED)**

Panola College  
 Statistical Supplement 1  
 Net Assets by Component  
 Fiscal Years 2002 to 2006  
 (unaudited)  
 (amounts expressed in thousands)

	For the Fiscal Year Ended August 31,				
	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$4,788	\$4,252	\$4,447	\$5,009	\$4,540
Restricted - expendable	-	-	-	-	62
Restricted - nonexpendable	1,705	1,610	1,559	1,460	1,345
Unrestricted	5,668	5,646	5,194	4,566	4,820
<b>Total primary government net assets</b>	<b>\$ 12,161</b>	<b>\$ 11,508</b>	<b>\$ 11,200</b>	<b>\$ 11,035</b>	<b>\$ 10,767</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2006 are available.

Panola College  
Statistical Supplement 2  
Revenues by Source  
Fiscal Years 2002 to 2006  
(unaudited)

For the Year Ended August 31,					
(amounts expressed in thousands)					
	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$1,914	\$1,635	\$1,477	\$1,238	\$1,230
Governmental Grants and Contracts					
Federal Grants and Contracts	2,529	2,974	2,624	2,956	2,914
State Grants and Contracts	232	536	393	413	598
Local Grants and Contracts	-	-	-	-	-
Non-Governmental Grants and Contracts	20	28	20	86	14
Sales and services of educational activities	182	207	196	187	110
Auxiliary enterprises	1,088	917	850	1,141	762
Other Operating Revenues	310	268	309	331	274
Total Operating Revenues	<u>6,275</u>	<u>6,565</u>	<u>5,869</u>	<u>6,352</u>	<u>5,902</u>
State Appropriations	4,526	4,266	4,250	4,583	4,621
Ad Valorem Taxes	3,639	3,241	3,063	2,951	2,839
Gifts	162	128	104	109	103
Investment income	356	251	270	334	304
Other non-operating revenues	70	65	45	-	-
Total Non-Operating Revenues	<u>8,753</u>	<u>7,951</u>	<u>7,732</u>	<u>7,977</u>	<u>7,867</u>
Total Revenues	<u>\$ 15,028</u>	<u>\$ 14,516</u>	<u>\$ 13,601</u>	<u>\$ 14,329</u>	<u>\$ 13,769</u>

For the Year Ended August 31,					
(amounts expressed in thousands)					
	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	12.74%	11.26%	10.86%	8.64%	8.93%
Governmental grants and contracts					
Federal grants and contracts	16.83%	20.49%	19.29%	20.63%	21.16%
State grants and contracts	1.54%	3.69%	2.89%	2.88%	4.34%
Local grants and contracts	-	-	-	-	-
Non-governmental grants and contracts	0.13%	0.19%	0.15%	0.60%	0.10%
Sales and services of educational activities	1.21%	1.43%	1.44%	1.31%	0.80%
Auxiliary enterprises	7.24%	6.32%	6.25%	7.96%	5.53%
Other operating revenues	2.06%	1.85%	2.27%	2.31%	1.99%
Total Operating Revenues	<u>41.76%</u>	<u>45.23%</u>	<u>43.15%</u>	<u>44.33%</u>	<u>42.86%</u>
State appropriations	30.12%	29.39%	31.25%	31.98%	33.56%
Ad valorem taxes	24.21%	22.33%	22.52%	20.59%	20.62%
Gifts	1.08%	0.88%	0.76%	0.76%	0.75%
Investment income	2.37%	1.73%	1.99%	2.33%	2.21%
Other non-operating revenues	0.47%	0.45%	0.33%	0.00%	0.00%
Total Non-Operating Revenues	<u>58.24%</u>	<u>54.77%</u>	<u>56.85%</u>	<u>55.67%</u>	<u>57.14%</u>
Total Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2006 are available.

Panola College  
Statistical Supplement 3  
Program Expenses by Function  
Fiscal Years 2002 to 2006  
(unaudited)

For the Year Ended August 31,

(amounts expressed in thousands)

	2006	2005	2004	2003	2002
Instruction	\$5,420	\$5,303	\$5,165	\$5,409	\$5,249
Research	-	-	-	-	-
Public service	323	369	317	431	483
Academic support	1,558	1,584	1,383	1,196	1,186
Student services	1,029	940	860	895	916
Institutional support	1,500	1,329	1,490	1,420	1,293
Operation and maintenance of plant	1,192	1,360	1,094	1,275	1,111
Scholarships and fellowships	1,030	1,196	882	1,503	1,065
Auxiliary enterprises	1,469	1,437	1,344	1,298	1,266
Depreciation	688	608	585	531	500
Total Operating Expenses	14,209	14,126	13,120	13,958	13,069
Interest on capital related debt	169	81	88	103	84
Loss on disposal of fixed assets	14	-	-	-	-
Total Non-Operating Expenses	183	81	88	103	84
Total Expenses	\$ 14,392	\$ 14,207	\$ 13,208	\$ 14,061	\$ 13,153

For the Year Ended August 31,

(amounts expressed in thousands)

	2006	2005	2004	2003	2002
Instruction	37.66%	37.33%	39.11%	38.47%	39.91%
Research	-	-	-	-	-
Public service	2.24%	2.60%	2.40%	3.07%	3.67%
Academic support	10.83%	11.15%	10.47%	8.51%	9.02%
Student services	7.15%	6.62%	6.51%	6.37%	6.96%
Institutional support	10.42%	9.35%	11.28%	10.10%	9.83%
Operation and maintenance of plant	8.28%	9.57%	8.28%	9.07%	8.45%
Scholarships and fellowships	7.16%	8.42%	6.68%	10.69%	8.10%
Auxiliary enterprises	10.21%	10.11%	10.18%	9.23%	9.63%
Depreciation	4.78%	4.28%	4.43%	3.78%	3.80%
Total Operating Expenses	98.73%	99.43%	99.33%	99.27%	99.36%
Interest on capital related debt	1.17%	0.57%	0.67%	0.73%	0.64%
Loss on disposal of fixed assets	0.10%	-	-	-	-
Total Non-Operating Expenses	1.27%	0.57%	0.67%	0.73%	0.64%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%

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

<b>Resident</b>
<b>Fees per Semester Credit Hour (SCH)</b>

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of- District Tuition	Technology Fees	General Fees
2005	\$ -	21	21	-	24
2004	-	21	21	-	21
2003	-	21	21	-	18
2002	-	18	18	-	18
2001	-	18	18	-	15
2000	-	18	18	-	13
1999	-	18	18	-	8
1998	14	18	18	24	6
1997	14	18	18	24	4
1996	12	15	15	-	4

<b>Non - Resident</b>
<b>Fees per Semester Credit Hour (SCH)</b>

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	General Fees
2005	\$ -	21	21	-	24
2004	-	21	21	-	21
2003	-	21	21	-	18
2002	-	18	18	-	18
2001	-	18	18	-	15
2000	-	18	18	-	13
1999	-	18	18	-	8
1998	14	18	18	24	6
1997	14	18	18	24	4
1996	12	15	15	-	4

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

	<b>Out-of-District Fees</b>	<b>Cost for 12 SCH In-District</b>	<b>Cost for 12 SCH Out-of-District</b>	<b>Increase from Prior Year In- District</b>	<b>Increase from Prior Year Out-of- District</b>
\$	23	\$ 540	\$ 816	7.14%	4.62%
	23	504	780	7.69%	4.84%
	23	468	744	8.33%	8.77%
	21	432	684	9.09%	5.56%
	21	396	648	6.45%	5.88%
	20	372	612	19.23%	21.43%
	16	312	504	-4.29%	-2.70%
	16	326	518	7.95%	16.14%
	12	302	446	25.83%	32.74%
	8	240	336	0.00%	0.00%

	<b>Out-of-State/Inter- national Fees</b>	<b>Cost for 12 SCH Out of State</b>	<b>Cost for 12 SCH International</b>	<b>Increase from Prior Year Out of State</b>	<b>Increase from Prior Year International</b>
\$	36	\$ 972	\$ 972	3.85%	3.85%
	36	936	936	4.00%	4.00%
	36	900	900	7.14%	7.14%
	34	840	840	4.48%	4.48%
	34	804	804	9.84%	9.84%
	30	732	732	22.00%	22.00%
	24	600	600	-2.28%	-2.28%
	24	614	614	24.29%	24.29%
	16	494	494	47.02%	47.02%
	8	336	336	-28.21%	-28.21%

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

(amounts expressed in thousands)				Direct Rate			
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2005-06	\$4,058,808	604,286	\$3,454,522	85.11%	0.108500	0.000000	0.108500
2004-05	3,420,234	580,049	2,840,185	83.04%	0.117170	0.000000	0.117170
2003-04	2,874,025	531,209	2,342,817	81.52%	0.134830	0.000000	0.134830
2002-03	3,118,960	508,112	2,610,848	83.71%	0.116470	0.000000	0.116470
2001-02	3,194,124	510,259	2,683,865	84.03%	0.108280	0.000000	0.108280
2000-01	2,528,754	512,508	2,016,246	79.73%	0.139230	0.000000	0.139230
1999-00	2,508,632	544,236	1,964,396	78.31%	0.140410	0.000000	0.140410
1998-99	2,610,284	426,936	2,183,347	83.64%	0.125850	0.000000	0.125850
1997-98	2,750,498	563,517	2,186,981	79.51%	0.135350	0.000000	0.135350
1996-97	2,673,934	645,589	2,030,345	75.93%	0.169990	0.000000	0.169990

Source: Local Appraisal District  
Notes: Property is assessed at full market value.  
(a) per \$100 Taxable Assessed Valuation

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

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			State Appropriation per Contact Hour
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
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	971,824	3.30
2003-04	3,208,146	1,345	2,385	539,328	380,001	919,329	3.49
2002-03	3,480,296	1,384	2,515	582,016	353,969	935,985	3.72
2001-02	3,591,562	1,304	2,754	530,944	365,639	896,583	4.01
2000-01	3,684,907	1,274	2,892	506,640	365,433	872,073	4.23
1999-00	3,591,543	1,286	2,793	531,568	435,658	967,226	3.71
1998-99	3,488,315	1,270	2,747	488,176	441,712	929,888	3.75
1997-98	3,353,530	1,288	2,604	483,616	470,985	954,601	3.51
1996-97	2,961,081	1,336	2,216	526,160	445,851	972,011	3.05

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

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	2005	2004	2003	2002	2001	2000
Anadarko E & P Company LP	Petroleum	\$ 410,144	\$ 318,662	\$ 266,243	\$ 266,325	\$ -	\$ -
Devon Energy (Pennzenergy)	Petroleum	274,467	230,103	165,638	168,997	192,041	221,036
Chevron USA Inc.	Petroleum	252,360	212,807	182,068	182,068	217,656	-
Devon Louisiana Corporation	Petroleum	141,956	83,181	-	-	-	-
BP America Production	Petroleum	121,116	101,281	76,329	76,329	90,785	66,803
EOG Resources Inc.	Petroleum	107,977	77,604	44,963	81,153	102,983	78,274
Exxon Mobile Corp.	Petroleum	101,907	79,577	66,194	66,194	73,326	86,896
Lacy Operations Ltd.	Petroleum	99,634	84,436	67,431	69,057	72,423	76,874
Samson Lone Star LP	Petroleum	69,874	60,200	-	-	48,119	-
TXU Mining Company	Coal Mining	59,904	56,168	-	41,649	-	-
Duke Energy Field Svcs	Petroleum	-	-	50,588	50,588	58,322	59,932
Louisiana Pacific	Timber	-	-	43,871	-	-	74,789
Ocean Energy	Petroleum	-	-	43,692	43,692	53,711	59,744
RME Petroleum Company	Petroleum	-	-	-	-	291,517	325,153
Texaco E & P Inc.	Petroleum	-	-	-	-	-	218,406
Union Pacific Resources	Petroleum	-	-	-	-	-	-
Vastar Resources Inc.	Petroleum	-	-	-	-	-	-
Pennzoil Company	Petroleum	-	-	-	-	-	-
Enron Company	Petroleum	-	-	-	-	-	-
UPR - East Plant	Petroleum	-	-	-	-	-	-
Amoco Production Company	Petroleum	-	-	-	-	-	-
Seagull Mid-South	Petroleum	-	-	-	-	-	-
Sonat Exploration	Petroleum	-	-	-	-	-	-
<b>Totals</b>		<b>\$ 1,639,339</b>	<b>\$ 1,304,019</b>	<b>\$ 1,007,017</b>	<b>\$ 1,046,052</b>	<b>\$ 1,200,883</b>	<b>\$ 1,267,907</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 3,454,522</b>	<b>\$ 2,840,185</b>	<b>\$ 2,342,817</b>	<b>\$ 2,610,848</b>	<b>\$ 2,683,865</b>	<b>\$ 2,016,246</b>

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2005	2004	2003	2002	2001	2000
Anadarko E & P Company LP	Petroleum	11.87%	11.22%	11.36%	10.20%	-	-
Devon Energy (Pennzenergy)	Petroleum	7.95%	8.10%	7.07%	6.47%	7.16%	10.96%
Chevron USA Inc.	Petroleum	7.31%	7.49%	7.77%	6.97%	8.11%	-
Devon Louisiana Corporation	Petroleum	4.11%	2.93%	-	-	-	-
BP America Production	Petroleum	3.51%	3.57%	3.26%	2.92%	3.38%	3.31%
EOG Resources Inc.	Petroleum	3.13%	2.73%	1.92%	3.11%	3.84%	3.88%
Exxon Mobile Corp.	Petroleum	2.95%	2.80%	2.83%	2.54%	2.73%	4.31%
Lacy Operations Ltd.	Petroleum	2.88%	2.97%	2.88%	2.65%	2.70%	3.81%
Samson Lone Star LP	Petroleum	2.02%	2.12%	-	-	1.79%	-
TXU Mining Company	Coal Mining	1.73%	1.98%	-	1.60%	-	-
Duke Energy Field Svcs	Petroleum	-	-	2.16%	1.94%	2.17%	2.97%
Louisiana Pacific	Timber	-	-	1.87%	-	-	3.71%
Ocean Energy	Petroleum	-	-	1.86%	1.67%	2.00%	2.96%
RME Petroleum Company	Petroleum	-	-	-	-	10.86%	16.13%
Texaco E & P Inc.	Petroleum	-	-	-	-	-	10.83%
Union Pacific Resources	Petroleum	-	-	-	-	-	-
Vastar Resources Inc.	Petroleum	-	-	-	-	-	-
Pennzoil Company	Petroleum	-	-	-	-	-	-
Enron Company	Petroleum	-	-	-	-	-	-
UPR - East Plant	Petroleum	-	-	-	-	-	-
Amoco Production Company	Petroleum	-	-	-	-	-	-
Seagull Mid-South	Petroleum	-	-	-	-	-	-
Sonat Exploration	Petroleum	-	-	-	-	-	-
<b>Totals</b>		<b>47.45%</b>	<b>45.91%</b>	<b>42.98%</b>	<b>40.07%</b>	<b>44.74%</b>	<b>62.88%</b>

Source: Local County Appraisal District

	1999	1998	1997	1996
\$	-	\$	-	\$
	152,616	-	-	-
	-	-	-	-
	-	-	-	-
	46,097	-	-	-
	88,673	-	-	-
	70,689	75,483	115,301	76,603
	55,642	44,661	49,627	38,331
	-	-	-	-
	39,476	44,532	47,154	53,460
	57,988	-	-	-
	-	78,973	-	-
	-	-	-	-
	-	-	-	-
	140,078	131,259	174,894	111,195
	199,101	218,378	312,572	261,557
	37,935	-	41,480	29,767
	-	132,150	184,989	135,880
	-	59,470	69,303	-
	-	56,756	-	-
	-	46,211	50,282	42,822
	-	-	40,801	29,371
	-	-	-	26,891
<b>\$</b>	<b>888,295</b>	<b>\$ 887,873</b>	<b>\$ 1,086,403</b>	<b>\$ 805,877</b>
<b>\$</b>	<b>1,964,396</b>	<b>\$ 2,183,347</b>	<b>\$ 2,186,981</b>	<b>\$ 2,030,345</b>

	1999	1998	1997	1996
	-	-	-	-
	7.77%	-	-	-
	-	-	-	-
	-	-	-	-
	2.35%	-	-	-
	4.51%	-	-	-
	3.60%	3.46%	5.27%	3.77%
	2.83%	2.05%	2.27%	1.89%
	-	-	-	-
	2.01%	2.04%	2.16%	2.63%
	2.95%	-	-	-
	-	3.62%	-	-
	-	-	-	-
	-	-	-	-
	7.13%	6.01%	8.00%	5.48%
	10.14%	10.00%	14.29%	12.88%
	1.93%	-	1.90%	1.47%
	-	6.05%	8.46%	6.69%
	-	2.72%	3.17%	-
	-	2.60%	-	-
	-	2.12%	2.30%	2.11%
	-	-	1.87%	1.45%
	-	-	-	1.32%
<b>45.22%</b>	<b>40.67%</b>	<b>49.68%</b>	<b>39.69%</b>	

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
2006	\$ 3,753	\$ (5)	\$ 3,748	\$ 3,705	98.85%	\$ -	\$ -	\$ 3,705	98.85%
2005	3,328	-	3,328	3,272	98.32%	10	20	3,302	99.22%
2004	3,159	-	3,159	3,108	98.39%	22	10	3,140	99.40%
2003	3,065	(24)	3,041	2,967	97.57%	59	4	3,030	99.64%
2002	2,912	(6)	2,906	2,867	98.66%	29	2	2,898	99.72%
2001	2,807	-	2,807	2,759	98.29%	38	2	2,799	99.71%
2000	2,758	-	2,758	2,694	97.68%	56	1	2,751	99.75%
1999	2,748	-	2,748	2,683	97.63%	59	1	2,743	99.82%
1998	2,750	-	2,750	2,701	98.22%	44	1	2,746	99.85%
1997	2,674	-	2,674	2,623	98.09%	47	-	2,670	99.85%
1996	2,660	-	2,660	2,609	98.08%	46	-	2,655	99.81%

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.

Total Collections = C + D + E

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

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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>General Bonded Debt</b>										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net general bonded debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Debt</b>										
Revenue bonds	\$ 2,374	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 55	\$ 80	\$ 105
Notes	1,536	1,647	1,754	1,856	2,017	82	100	-	-	-
Capital lease obligations	109	8	52	99	133	199	197	286	356	91
<b>Total Outstanding Debt</b>	<b>\$ 4,019</b>	<b>\$ 4,155</b>	<b>\$ 1,806</b>	<b>\$ 1,955</b>	<b>\$ 2,150</b>	<b>\$ 281</b>	<b>\$ 327</b>	<b>\$ 341</b>	<b>\$ 436</b>	<b>\$ 196</b>

**General Bonded Debt Ratios**

Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Total Outstanding Debt Ratios**

Per Capita	\$ 0.17	\$ 0.18	\$ 0.08	\$ 0.09	\$ 0.09	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.01
Per FTSE	3	3	1	1	2	0	0	0	0	0
As a percentage of Taxable Assessed Value	0.12%	0.15%	0.08%	0.07%	0.08%	0.01%	0.02%	0.02%	0.02%	0.01%

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)**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Taxable Assessed Value</b>	<u>\$ 3,454,522</u>	<u>\$ 2,840,185</u>	<u>\$ 2,342,817</u>	<u>\$ 2,610,848</u>
<b>General Obligation Bonds</b>	-	-	-	-
<b>Total Net General Obligation Debt</b>	-	-	-	-
<b>Current Year Debt Service Requirements</b>	-	-	-	-
<b>Excess of Statutory Limit for Debt Service over Current Requirements</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Current Requirements as a % of Statutory Limit</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

**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.**

2002	2001	2000	1999	1998	1997
\$ 2,683,865	\$ 2,016,246	\$ 1,964,396	\$ 2,183,347	\$ 2,186,981	\$ 2,030,345
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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**

<b>Pledged Revenues (\$000 omitted)</b>						
<b>Fiscal Year Ended August 31</b>	<b>Tuition</b>	<b>Fees</b>	<b>General Operating Revenues</b>	<b>Auxilliary Revenues</b>	<b>Investment Income</b>	<b>Total</b>
2006	\$ 1,101	\$ 1,980	\$ 310	\$ 1,737	\$ 272	\$ 5,400
2005						-
2004	-	-	-	-	-	-
2003	-	-	-	-	-	-
2002	-	-	-	-	-	-
2001	-	-	-	1,200	-	1,200
2000	-	-	-	1,200	-	1,200
1999	-	-	-	1,100	-	1,100
1998	-	-	-	1,000	-	1,000
1997	-	-	-	800	-	800

**The Series 2005 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)**

<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage Ratio</b>
<b>\$ 126</b>	<b>\$ 99</b>	<b>225</b>	<b>24.00</b>
-	-	-	
-	-	-	
-	-	-	
-	-	-	
<b>30</b>	<b>1</b>	<b>31</b>	<b>38.71</b>
<b>25</b>	<b>3</b>	<b>28</b>	<b>42.86</b>
<b>25</b>	<b>5</b>	<b>30</b>	<b>36.67</b>
<b>25</b>	<b>7</b>	<b>32</b>	<b>31.25</b>
<b>25</b>	<b>8</b>	<b>33</b>	<b>24.24</b>

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

<b>Calendar Year</b>	<b>District Population</b>	<b>District Personal Income (a) (thousands of dollars)</b>	<b>District Personal Income Per Capita</b>	<b>District Unemployment Rate</b>
2005	22,997	\$ 593,450	\$ 25,806	4.9%
2004	22,734	581,814	25,592	6.1%
2003	22,855	535,363	23,424	8.1%
2002	22,606	505,997	22,383	6.6%
2001	22,689	502,986	22,169	6.9%
2000	22,756	487,230	21,411	5.7%
1999	22,949	454,492	19,804	9.5%
1998	23,200	430,873	18,572	10.6%
1997	23,100	402,330	17,417	9.8%
1996	23,402	371,923	15,893	8.5%

**Sources:**

**Population from U.S. Bureau of the Census.**

**Personal income from U.S. bureau of Economic Analysis.**

**Unemployment rate from Texas Workforce Commission**

**Notes:**

**a. Personal income amounts from 2003-2005 are preliminary.**

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

<b>Employer</b>	<b>Number of Employees</b>	<b>Percentage of Total Employment</b>
Tyson Poultry Inc.	550	7.40%
Carthage Independent School District	444	5.97%
Panola College	246	3.31%
Sersi LP	237	3.19%
Pierce Construction	206	2.77%
East Texas Medical Center-Carthage	188	2.53%
D Courtney Construction Inc.	175	2.35%
Panola County	172	2.31%
Tyson Sales & Distribution Inc.	165	2.22%
Louisiana Pacific Corp	148	1.99%
<b>Total</b>	<b>2,531</b>	<b>34.06%</b>

**Source:  
Texas Workforce Commission  
Texas Metropolitan Statistical Area Data**

**Note:  
This College 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									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Faculty</b>										
Full-Time	61	61	60	60	62	62	64	60	60	60
Part-Time	46	48	42	43	40	40	41	45	45	45
<b>Total</b>	<b>107</b>	<b>109</b>	<b>102</b>	<b>103</b>	<b>102</b>	<b>102</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>105</b>
<b>Percent</b>										
Full-Time	57.0%	56.0%	58.8%	58.3%	60.8%	60.8%	61.0%	57.1%	57.1%	57.1%
Part-Time	43.0%	44.0%	41.2%	41.7%	39.2%	39.2%	39.0%	42.9%	42.9%	42.9%
<b>Staff and Administrators</b>										
Full-Time	67	66	66	65	65	65	66	65	65	65
Part-Time	70	68	61	58	60	62	62	61	61	61
<b>Total</b>	<b>137</b>	<b>134</b>	<b>127</b>	<b>123</b>	<b>125</b>	<b>127</b>	<b>128</b>	<b>126</b>	<b>126</b>	<b>126</b>
<b>Percent</b>										
Full-Time	48.9%	49.3%	52.0%	52.8%	52.0%	51.2%	51.6%	51.6%	51.6%	51.6%
Part-Time	51.1%	50.7%	48.0%	47.2%	48.0%	48.8%	48.4%	48.4%	48.4%	48.4%
FTSE per Full-time Faculty	23.4	23.4	22.4	23.1	21.0	20.5	20.1	21.2	21.5	22.3
FTSE per Full-Time Staff Member	21.3	21.6	20.4	21.3	20.1	19.6	19.5	19.5	19.8	20.6
Average Annual Faculty Salary	\$47,661	\$46,150	\$44,618	\$45,653	\$41,368	\$41,103	\$39,846	\$37,776	\$37,280	\$35,165



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

Gender	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
Female	1,270	66.08%	1,193	67.25%	1,128	67.06%	1,115	65.86%	989	66.29%
Male	652	33.92%	581	32.75%	554	32.94%	578	34.14%	503	33.71%
Total	1,922	100.00%	1,774	100.00%	1,682	100.00%	1,693	100.00%	1,492	100.00%

Ethnic Origin	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
White	1,478	76.90%	1,358	76.55%	1,292	76.81%	1,282	75.72%	1,155	77.41%
Hispanic	81	4.21%	66	3.72%	51	3.03%	50	2.95%	35	2.35%
African American	327	17.01%	327	18.43%	315	18.73%	327	19.31%	275	18.43%
Asian	13	0.68%	4	0.23%	8	0.48%	14	0.83%	12	0.80%
Foreign	11	0.57%	7	0.39%	7	0.42%	7	0.41%	8	0.54%
Native American	12	0.62%	12	0.62%	9	0.47%	13	0.68%	7	0.36%
Other	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	1,922	100.00%	1,774	99.95%	1,682	99.93%	1,693	99.91%	1,492	99.90%

Age	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
Under 18	329	17.12%	212	11.95%	237	14.09%	190	11.22%	144	9.65%
18 -21	861	44.80%	841	47.41%	805	47.86%	840	49.62%	817	54.76%
22 - 24	203	10.56%	185	10.43%	163	9.69%	169	9.98%	138	9.25%
25 - 35	332	17.27%	331	18.66%	290	17.24%	265	15.65%	213	14.28%
36 - 50	170	8.84%	180	10.15%	166	9.87%	186	10.99%	146	9.79%
51 & over	27	1.40%	25	1.41%	21	1.25%	43	2.54%	34	2.28%
Total	1,922	100.00%	1,774	100.00%	1,682	100.00%	1,693	100.00%	1,492	100.00%

Average Age	23.3	23.0	23.5	24.1	23.6
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Panola College  
 Statistical Supplement 17  
 Transfers to Senior Institutions  
 2003 Fall Students as of Fall 2004  
 (Includes only public senior colleges in Texas)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Panola Transfer Students	% of all Panola Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	1			1	0.43%
2 Lamar University	3			3	1.30%
3 Midwestern State University	0			0	0.00%
4 Prairie View A&M University	2			2	0.87%
5 Sam Houston State University	2			2	0.87%
6 Southwest Texas State University	0			0	0.00%
7 Stephen F. Austin State University	109	3		112	48.70%
8 Sul Ross State University	2			2	0.87%
9 Tarleton State University	2			2	0.87%
10 Texas A&M International University	1			1	0.43%
11 Texas A&M University	21			21	9.13%
12 Texas A&M University at Commerce	3			3	1.30%
13 Texas A&M University at Corpus Christi	1			1	0.43%
14 Texas A&M University at Kingsville	2			2	0.87%
15 Texas A&M University at Texarkana	2	1		3	1.30%
16 Texas Southern University	1			1	0.43%
17 Texas State University	4			4	1.74%
18 Texas Tech University	2			2	0.87%
19 Texas Women's University	2			2	0.87%
20 The University of Texas at Arlington	6			6	2.61%
21 The University of Texas at Austin	7			7	3.04%
22 The University of Texas at San Antonio	3			3	1.30%
23 The University of Texas at Tyler	35	2		37	16.09%
24 University of Houston-Downtown	2			2	0.87%
25 University of North Texas	8			8	3.48%
26 West Texas A&M University	2			2	0.87%
27 The University of Texas Medical Branch at Galveston	1			1	0.43%
28 University of North Texas Health Science Center at Fort Worth	1			1	0.43%
<b>Totals</b>	<b>224</b>	<b>6</b>	<b>0</b>	<b>230</b>	<b>100.00%</b>

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 2002 to 2006

	Fiscal Year				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Academic buildings</b>	8	8	8	8	8
Square footage (in thousands)	132	132	132	132	132
<b>Libraries</b>	1	1	1	1	1
Square footage (in thousands)	17	17	17	17	17
Number of Volumes (in thousands)	104	86	73	65	56
<b>Administrative and support buildings</b>	3	3	3	3	3
Square footage (in thousands)	25	25	25	25	25
<b>Dormitories</b>	2	2	2	2	2
Square footage (in thousands)	26	39	39	39	39
Number of Beds	120	189	189	189	189
<b>Apartments</b>	3	0	0	0	0
Square footage (in thousands)	18	-	-	-	-
Number of beds	96	0	0	0	0
<b>Dining Facilities</b>	1	1	1	1	1
Square footage (in thousands)	25	25	25	25	25
Average daily customers	105	102	86	96	89
<b>Athletic Facilities</b>	2	2	2	2	2
Square footage (in thousands)	37	37	37	37	37
Gymnasiums	1	1	1	1	1
Fitness Centers	1	1	1	1	1
<b>Plant facilities</b>	1	1	1	1	1
Square footage (in thousands)	17	17	17	17	17
<b>Transportation</b>					
Cars	2	2	2	2	2
Light Trucks/Vans	9	8	8	8	8
Buses	2	2	1	1	-