

**PANOLA COLLEGE**  
**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**AUGUST 31, 2010**



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

**PANOLA COLLEGE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**PANOLA COLLEGE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**INTRODUCTORY SECTION**



December 4, 2010

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, 2010, 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 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 complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

#### 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. 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 decrease in the price of crude oil and natural gas during the year was the primary reason property tax values decreased 6.5% 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 35% of the budgeted instructional and administrative costs. There has been a trend in recent years of increased enrollment coupled with reductions in appropriations. In recent years, it has been necessary to increase local taxes and tuition and fees to help meet the reductions in state funding.

## MAJOR INITIATIVES

This year the College completed the renovation and expansion of the M. P. Baker Library. Construction on the Library began in January 2008 and was substantially complete in August 2009. The total cost of the project was approximately \$6,600,000. A \$6,000,000 revenue bond was issued to fund the majority of the project. The remaining portion was funded by donations and reserves of the College.

## 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 and the management of college timber.

## 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, 2010, 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, 2010 was \$13,205,671. The average yield on investments at year end was 2.8%.

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, 2010, 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 Alexander, Lankford & Hiers, Inc. 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, 2009 to Panola College for its comprehensive annual financial reports. This was the sixteenth consecutive year that the college has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a college must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**ACKNOWLEDGMENTS**

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

Sincerely,

*Stephen K. Williams*

Stephen K. Williams  
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, 2009

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.



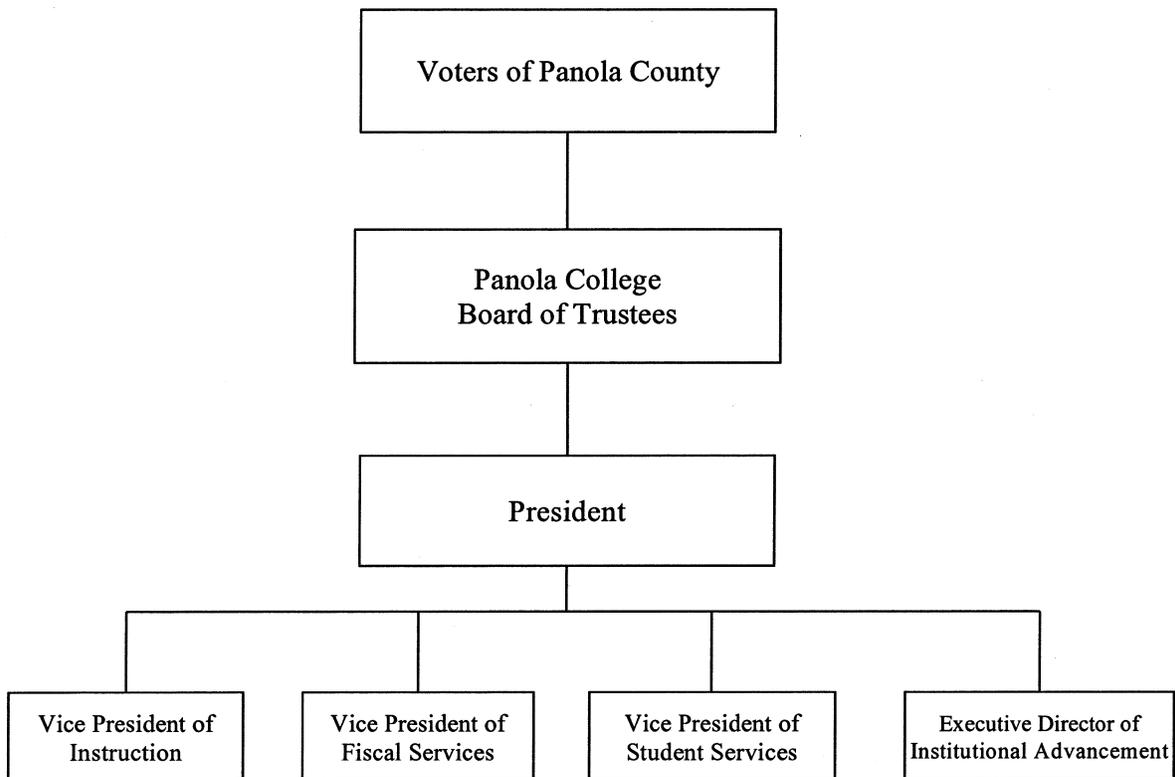
President

Executive Director

# ORGANIZATIONAL CHART

## PANOLA COLLEGE

Carthage, Texas



**PANOLA COLLEGE  
PRINCIPAL OFFICIALS  
AUGUST 31, 2010**

**BOARD OF TRUSTEES**

**OFFICERS**

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

**Chair  
Vice-Chair  
Secretary**

**MEMBERS**

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

**Term Expires  
May 31**

**2012  
2012  
2014  
2014  
2016  
2016  
2016**

**ADMINISTRATION**

**Dr. Gregory Powell**

**President**

**Dr. Lillian Cook**

**Vice President of Instruction**

**Mr. Stephen Williams, CPA**

**Vice President of Fiscal  
Services**

**Mr. Don Clinton**

**Vice President of Student  
Services**

**Mr. Van Patterson**

**Executive Director of Institutional  
Advancement**

# **PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **FINANCIAL SECTION**

Ted A. Lankford, CPA  
Glenda J. Hiers, CPA  
Richard A. Rudel, CPA  
Chris F. Wethington, CPA

# AL&H ALEXANDER LANKFORD & HIERS, INC.

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Kimber Rhodes, CPA

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(936) 632-7771, FAX (936) 637-2448

E-mail: [alh@consolidated.net](mailto:alh@consolidated.net) Website: [www.alhcpa.com](http://www.alhcpa.com)

Wilbur E. Alexander, CPA  
(1940 - 2009)

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Panola College  
Carthage, Texas

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Panola College as of and for the years ended August 31, 2010 and 2009, which collectively comprise Panola College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Panola College's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Panola College as of August 31, 2010 and 2009 and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2010 on our consideration of Panola College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

The Management's Discussion and Analysis on pages 11 through 19 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Panola College's basic financial statements. The supplemental schedules and statistical supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and expenditures of state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Texas Single Audit Circular*, and are not a required part of the basic financial statements. Such information, except for the statistical supplementary schedules, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Alexander, Lankford & Hiers, Inc.*

ALEXANDER, LANKFORD & HIERS, INC.  
Certified Public Accountants

Lufkin, Texas  
December 4, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Panola County Junior College District (College), we offer readers of the College's financial statement this narrative overview and analysis of the financial activities of the College for the year ended August 31, 2010. 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, 2010 by \$18,383,028 (net assets). Of this amount, \$10,082,427 (unrestricted net assets) may be used to meet the College's ongoing obligations.
- Revenue exceeded expenses by \$1,715,404, or 8.76%, for the current fiscal year end.
- The College completed the expansion and renovation of the M. P. Baker Library. The project was partially funded by reserves and donations and partially by a \$6 million dollar revenue bond issued in 2008. The total cost was a approximately \$6,600,000.

### 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 (GASB 34, Par. 66 and 138) and is presented in a single column entity-wide format. Although the College is funded from sources in addition to user charges, the district meets the principal criteria for BTA reporting (GASB 34, Par. 67 & GASB 35 Par. 44).

*Statement of Cash Flows.* The Statement of Cash Flows is used to account for essentially the same functions reported in the other basic financial statements. However, unlike the Statement of Net 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.

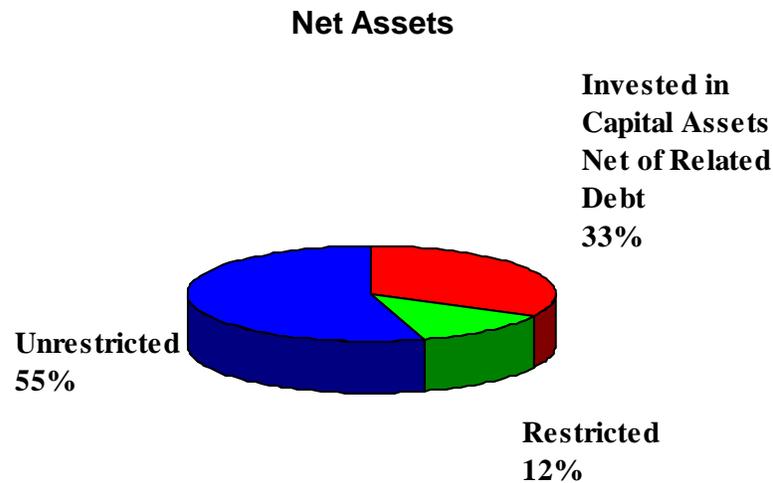
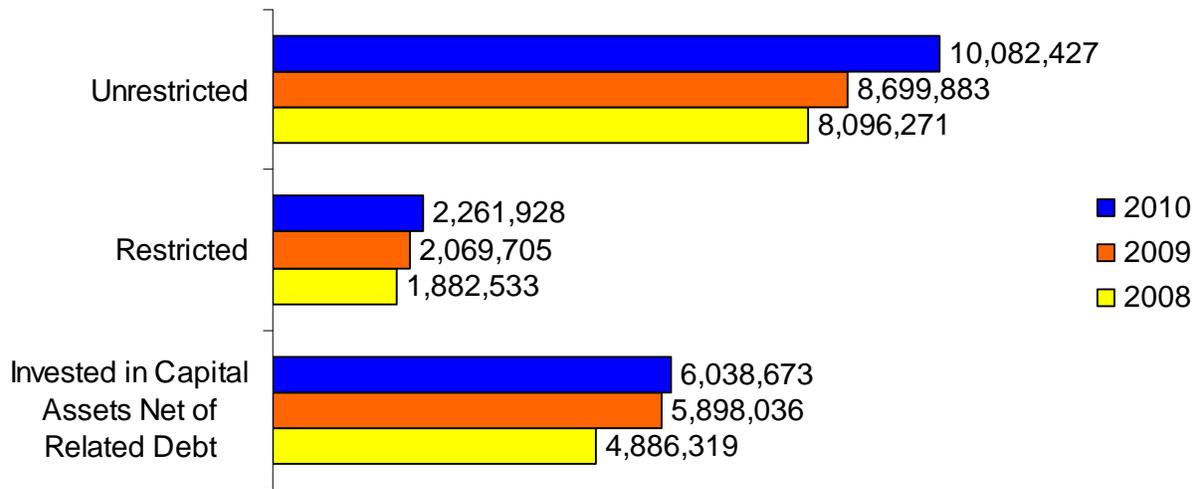
The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the basic financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

ANALYSIS OF BASIC FINANCIAL STATEMENTS

Condensed Statement of Net Assets  
as of August 31, 2010, 2009 and 2008

	2010	% of Total	Increase (Decrease)	% of Change	2009	2008
Current assets	\$14,142,910	47.1%	\$1,151,841	8.9%	\$12,991,069	\$15,522,179
Non-current assets:						
Capital assets, net	13,708,276	45.6%	(474,647)	(3.4)%	14,182,923	11,020,031
Other	<u>2,211,263</u>	<u>7.3%</u>	<u>239,216</u>	<u>12.1%</u>	<u>1,972,047</u>	<u>2,202,639</u>
Total Assets	<u>30,062,449</u>	<u>100.0%</u>	<u>916,410</u>	<u>3.1%</u>	<u>29,146,039</u>	<u>28,744,849</u>
Current liabilities	4,733,472	40.5%	89,423	1.9%	4,644,049	5,269,093
Non-current liabilities	<u>6,945,949</u>	<u>59.5%</u>	<u>(888,417)</u>	<u>(11.4)%</u>	<u>7,834,366</u>	<u>8,610,633</u>
Total Liabilities	<u>11,679,421</u>	<u>100.0%</u>	<u>(798,994)</u>	<u>(6.4)%</u>	<u>12,478,415</u>	<u>13,879,726</u>
Net Assets:						
Invested in capital as- sets, net of related debt	6,038,673	32.9%	140,637	2.4%	5,898,036	4,886,319
Restricted	2,261,928	12.3%	192,223	9.3%	2,069,705	1,882,533
Unrestricted	<u>10,082,427</u>	<u>54.8%</u>	<u>1,382,544</u>	<u>15.9%</u>	<u>8,699,883</u>	<u>8,096,271</u>
Total Net Assets	<u>\$18,383,028</u>	<u>100.0%</u>	<u>\$1,715,404</u>	<u>10.3%</u>	<u>\$16,667,624</u>	<u>\$14,865,123</u>

## Net Assets As of August 31, 2010, 2009, and 2008

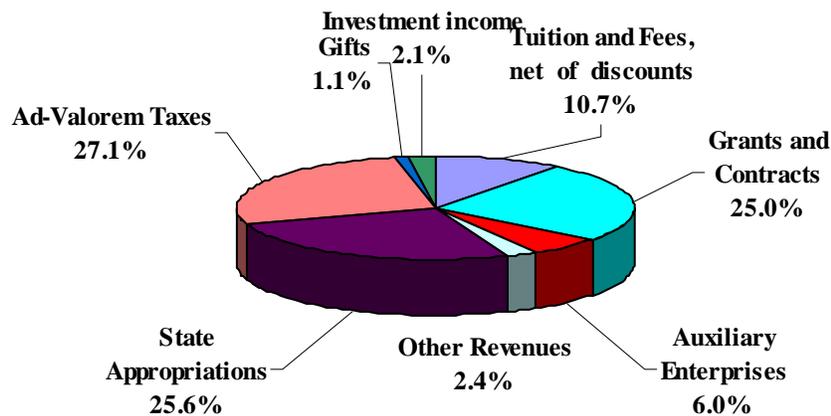


The College's assets exceeded liabilities by \$18,383,028 at August 31, 2010. Assets amounted to \$30,062,449 with investment in capital assets comprising \$13,708,276 of that total. Capital assets include land, library books, buildings and improvements, construction in progress, vehicles, furniture, and equipment. The College uses these capital assets to provide services to students and, consequently, these assets are not available for future spending. The College's investment in capital assets, reported net of related debt, is 32.9% of total net assets. It should be noted that the capital assets themselves may not be used to liquidate liabilities. Additionally \$2,261,928 or 12.3%, of total net assets is externally restricted. The remaining balance of \$10,082,427 represents unrestricted net assets that may be used to meet the College's ongoing obligations. Debt related to capital assets was \$7,669,603. Total liabilities amounted to \$11,679,421, of which \$4,733,472 is due next year.

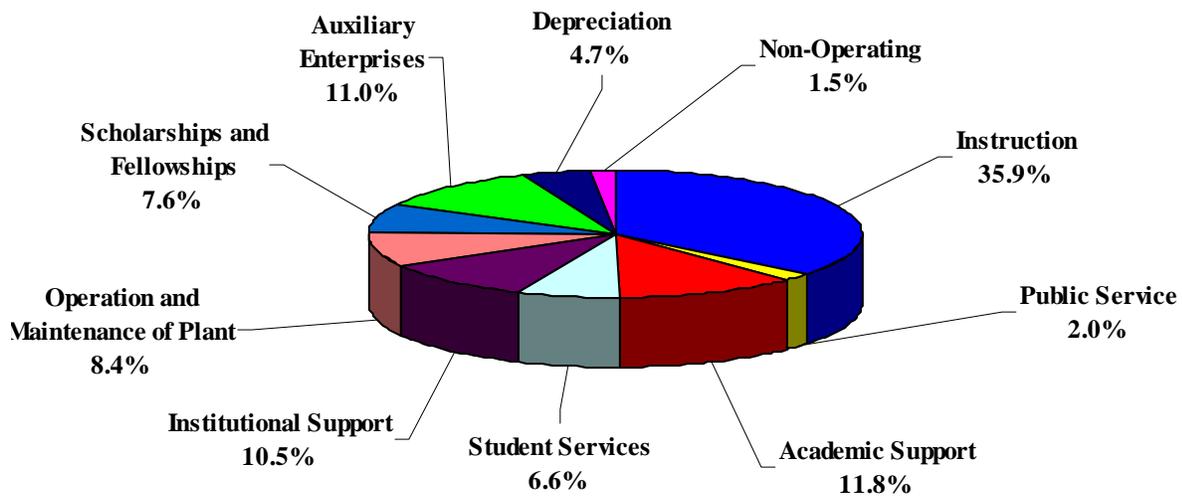
**Condensed Statement of Revenues,  
Expenses, and Changes in Net Assets  
For the Years Ended August 31, 2010, 2009 and 2008**

	2010	% of Total	Increase (Decrease)	% of Change	2009	2008
<b>Operating Revenues</b>						
Tuition and Fees, net of Discounts	\$ 2,087,757	10.7%	(248,198)	(10.6)%	\$2,335,955	\$2,247,922
Grants and Contracts	974,581	5.0%	284,229	41.2%	690,352	748,466
Auxiliary Enterprises	1,168,313	6.0%	(231,845)	(16.6)%	1,400,158	1,161,246
Other Revenues	<u>482,839</u>	<u>2.4%</u>	<u>36,263</u>	<u>8.1%</u>	<u>446,576</u>	<u>529,056</u>
<b>Total Operating Revenues</b>	<b><u>4,713,490</u></b>	<b><u>24.1%</u></b>	<b><u>(159,551)</u></b>	<b><u>(3.3)%</u></b>	<b><u>4,873,041</u></b>	<b><u>4,686,690</u></b>
<b>Non-Operating Revenues</b>						
State Appropriations	5,016,963	25.6%	22,247	.1%	4,994,716	4,973,753
Ad-Valorem Taxes	5,307,917	27.1%	150,048	2.9%	5,157,869	4,624,730
Federal Revenue – Non Operating	3,912,577	20.0%	1,444,444	58.5%	2,468,133	1,815,907
Gifts	206,907	1.1%	(459,000)	(68.9)%	665,907	720,568
Investment Income	<u>420,264</u>	<u>2.1%</u>	<u>81,258</u>	<u>24.0%</u>	<u>339,006</u>	<u>502,141</u>
<b>Total Non-Operating Revenues</b>	<b><u>14,864,628</u></b>	<b><u>75.9%</u></b>	<b><u>1,238,997</u></b>	<b><u>9.1%</u></b>	<b><u>13,625,631</u></b>	<b><u>12,637,099</u></b>
<b>Total Revenues</b>	<b><u>19,578,118</u></b>	<b><u>100.0%</u></b>	<b><u>1,079,446</u></b>	<b><u>5.8%</u></b>	<b><u>18,498,672</u></b>	<b><u>17,323,789</u></b>
<b>Operating Expenses</b>						
Instruction	6,416,783	35.9%	407,778	6.8%	6,009,005	5,652,081
Public Service	356,356	2.0%	55,943	18.6%	300,413	407,763
Academic Support	2,099,454	11.8%	(150,462)	(6.7)%	2,249,916	1,775,535
Student Services	1,185,458	6.6%	63,670	5.8%	1,121,788	1,122,024
Institutional Support	1,877,959	10.5%	69,922	3.9%	1,808,037	1,747,027
Operation and Maintenance of Plant	1,507,681	8.4%	(130,790)	(8.0)%	1,638,471	1,486,461
Scholarships and Fellowships	1,358,798	7.6%	395,950	41.1%	962,848	736,539
Auxiliary Enterprises	1,966,060	11.0%	253,346	14.8%	1,712,714	1,652,661
Depreciation	<u>818,826</u>	<u>4.7%</u>	<u>182,237</u>	<u>28.6%</u>	<u>636,589</u>	<u>695,839</u>
<b>Total Operating Expenses</b>	<b><u>17,587,375</u></b>	<b><u>98.5%</u></b>	<b><u>1,147,594</u></b>	<b><u>7.0%</u></b>	<b><u>16,439,781</u></b>	<b><u>15,275,930</u></b>
<b>Non-Operating Expenses</b>	<b><u>275,339</u></b>	<b><u>1.5%</u></b>	<b><u>18,949</u></b>	<b><u>7.4%</u></b>	<b><u>256,390</u></b>	<b><u>215,715</u></b>
<b>Total Expenses</b>	<b><u>17,862,714</u></b>	<b><u>100.0%</u></b>	<b><u>1,166,543</u></b>	<b><u>7.0%</u></b>	<b><u>16,696,171</u></b>	<b><u>15,491,645</u></b>
<b>Changes in Net Assets</b>	<b>1,715,404</b>	<b>9.3%</b>	<b>(87,097)</b>	<b>(4.8)%</b>	<b>1,802,501</b>	<b>1,832,144</b>
<b>Beginning Net Assets</b>	<b><u>16,667,624</u></b>	<b><u>90.7%</u></b>	<b><u>1,802,501</u></b>	<b><u>12.1%</u></b>	<b><u>14,865,123</u></b>	<b><u>13,032,979</u></b>
<b>Ending Net Assets</b>	<b><u>\$18,383,028</u></b>	<b><u>100.0%</u></b>	<b><u>\$1,715,404</u></b>	<b><u>10.3%</u></b>	<b><u>\$16,667,624</u></b>	<b><u>\$14,865,123</u></b>

**Revenue by Source  
For Year Ending August 31, 2010**



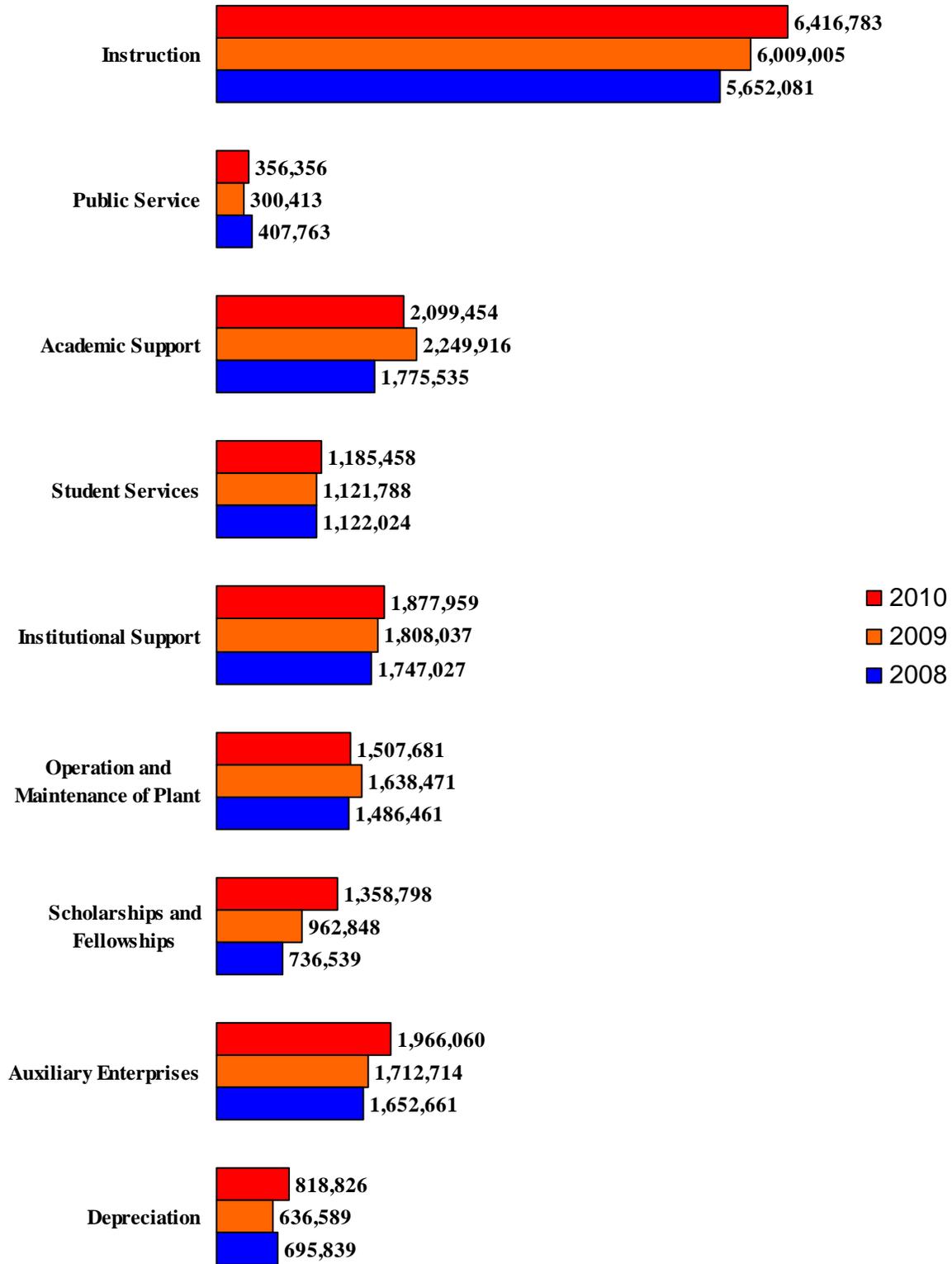
**Expenses by Function  
For Year Ending August 31, 2010**



Operating revenues amounted to \$4,713,490 and non-operating revenues \$14,864,628 for a total of \$19,578,118. Major operating revenues include \$2,087,757 in tuition and fees, \$974,581 in grants and contracts, and \$1,168,313 in auxiliary enterprises. Gross tuition and fees are up 12.2% this year due to tuition, fee and enrollment increases.

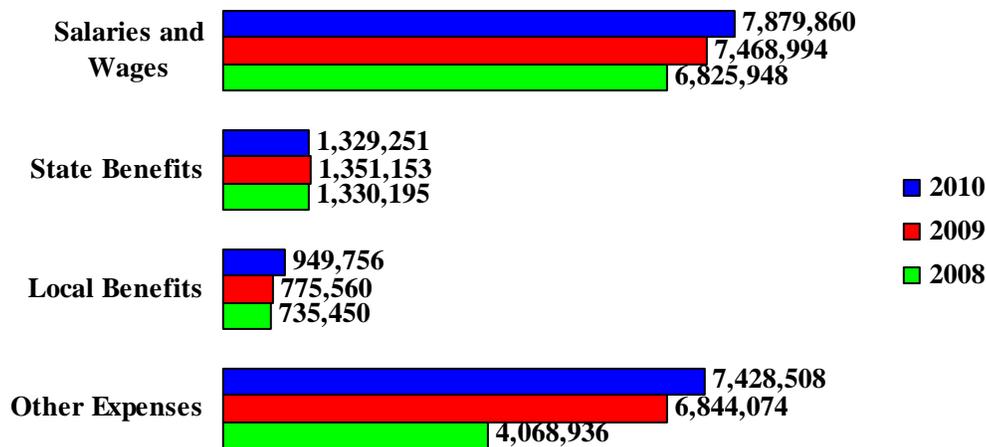
Major non-operating revenues include \$5,016,963 in state appropriations, \$5,307,917 in ad-valorem taxes, and \$3,912,577 in federal revenues. State appropriations include \$1,329,252 for employee benefits (\$416,902 for retirement benefits and \$912,350 for health and life insurance coverage). Additional information is available in footnotes 14, 15, and 17-19 found on pages 42-46. The Federal Pell Grant Program is the largest of the federal revenues and amounts to \$3,667,787. More detail is provided on federal awards in Schedule E (page 53) and state awards in Schedule F (page 54).

**Operating Expense Comparison  
For Years Ended August 31, 2010, 2009, and 2008**



Operating Expenses totaled \$17,587,375 and non-operating expenses \$275,339 for total expenses of \$17,862,714. Instruction at \$6.4 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 expenses totaled \$356,356. Public Service includes funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the College. Academic support amounted to \$2.1 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, \$1.2 million, include expenses for offices of records and admissions and student activities. Institutional support, \$1.9 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, \$1.5 million, are expenditures for the operation and maintenance of the physical plant. Scholarships and fellowships, \$1.4 million, includes scholarships and fellowships including tuition remissions and exemptions. Auxiliary enterprises, \$2.0 million, include expenditures for the college store, food service, residence halls, and athletic programs.

**Educational Activities Operating Expenses  
For Years Ended August 31, 2010, 2009, and 2008**



Operating expenses for educational activities amounted to \$14.8 million; \$3.3 million (22.4%) were restricted. Employee related expenses amounted to \$9.9 million, or 66.7 %, of educational activities expenses.

**Condensed Statement of Cash Flows**  
**For the Years Ended August 31, 2009, 2008 and 2007**

	2010	Increase (Decrease)	2009	2008
<b>Cash provided by/(used) in:</b>				
Operating Activities	\$(10,438,332)	\$(764,510)	\$(9,673,822)	\$(8,168,983)
Non-capital Financing Activities	12,595,734	1,380,448	11,215,286	10,772,970
Capital and Related Financing Activities	(1,921,148)	3,113,137	(5,034,285)	3,297,249
Investing Activities	<u>7,208,817</u>	<u>7,626,736</u>	<u>(417,919)</u>	<u>(1,260,788)</u>
Net Increase (decrease) in Cash and Cash Equivalents	7,445,071	11,355,811	(3,910,740)	4,640,448
Cash and cash equivalents – September 1	<u>2,703,645</u>	<u>(3,910,740)</u>	<u>6,614,385</u>	<u>1,973,937</u>
Cash and cash equivalents - August 31	<u>\$10,148,716</u>	<u>\$7,445,071</u>	<u>\$2,703,645</u>	<u>\$6,614,385</u>

Cash and cash equivalents at August 31, 2010 was \$10,148,716, which is an increase of \$7,445,071 or 275.4%.

**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION**

As mentioned earlier, revenues exceeded expenses by \$1,715,404 for the year ended August 31, 2010. The College's financial position remains strong, with unrestricted net assets representing approximately six months of operating reserves, which is above the 3.6 months minimum recommended by the State Auditor's Office.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The College's investment in capital assets as of August 31, 2010, amounts to \$13,708,276 (net of accumulated depreciation) and represents a 3.4% decrease from last year. This investment includes land, library books, buildings and improvements, and furniture and equipment.

	Capital Assets (net of depreciation)			2009	2008
	as of August 31, 2010, 2009 and 2008				
	2010	Increase (Decrease)	% of Change		
Land	\$1,314,172	\$ 0	0.0%	\$1,314,172	\$1,238,342
Library Books	267,976	(14,493)	(5.1)%	282,469	296,986
Buildings and Improvements	11,486,827	5,515,906	92.4%	5,970,918	6,349,713
Construction in Progress	0	(6,022,536)	(100.0)%	6,022,536	2,717,002
Furniture and Equipment	<u>639,301</u>	<u>46,473</u>	<u>7.8%</u>	<u>592,828</u>	<u>417,985</u>
Total at historical cost	<u>\$13,708,276</u>	<u>\$(474,650)</u>	<u>(3.3)%</u>	<u>\$14,182,923</u>	<u>\$11,020,028</u>

Please refer to footnote number 8 on page 35 for additional information on capital assets.

### Long-term Debt

The College issued a \$6 million 10 year revenue bond in April 2008. The principal balance at August 31, 2010 was \$4,800,000. The College issued a \$2.5 million, 15 year revenue bond in March 2005. The principal balance at August 31, 2009 was \$1,820,000. 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, 2009 was \$1,035,110.

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 in 2006. The principal balance on the leases at August 31, 2010 was \$0.

	Long-term Liabilities as of August 31, 2010, 2009 and 2008				
	2010	Increase (Decrease)	% of Change	2009	2008
Lease Purchase Agreements	\$ 0	\$ 0	0.0%	\$ 0	\$ 12,945
Maintenance Notes Payable	1,035,110	(133,803)	(11.5)%	1,168,913	1,296,765
Revenue Bonds Payable	<u>6,620,000</u>	<u>(746,000)</u>	<u>(10.1)%</u>	<u>7,366,000</u>	<u>8,107,000</u>
Total Long-term Liabilities	<u>\$7,655,110</u>	<u>\$ (879,803)</u>	<u>(10.3)%</u>	<u>\$8,535,913</u>	<u>\$9,416,710</u>

Additional information on the College's long-term debt can be found in footnote number 9 on page 37 of this report.

### ECONOMIC FACTORS

The Texas Legislature convened in January 2009 and set appropriation amounts for the fifty state community colleges for the biennium that began September 1, 2009. The State increased our appropriation by \$182,541 or 5%. Due to economic conditions the state reduced our appropriations by that same 5% in 2010. They will convene again in 2011 to set the appropriations for the next biennium that begins on September 1, 2011.

### 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**  
**August 31, 2010 and 2009**

	<u>2010</u> <u>Primary</u> <u>Institution</u>	<u>2009</u> <u>Primary</u> <u>Institution</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 10,148,716	\$ 2,703,645
Short-term investments	845,692	7,846,452
Accounts receivable (net)	2,435,762	1,812,974
Inventories	172,045	143,361
Other assets	540,695	484,637
<b>Total Current Assets</b>	<u>14,142,910</u>	<u>12,991,069</u>
<b>Noncurrent Assets</b>		
Endowment and other short-term investments	2,211,263	1,972,047
Capital assets, (net) (See note)	13,708,276	14,182,923
<b>Total Noncurrent Assets</b>	<u>15,919,539</u>	<u>16,154,970</u>
<b>Total Assets</b>	<u>30,062,449</u>	<u>29,146,039</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	195,814	824,731
Accrued liabilities	233,176	233,083
Accrued compensable absences - current portion	95,733	95,267
Funds held for others	251,644	242,369
Deferred revenues	3,065,077	2,368,797
Revenue bonds payable - current portion	752,000	746,000
Notes payable - current portion	140,028	133,802
<b>Total Current Liabilities</b>	<u>4,733,472</u>	<u>4,644,049</u>
<b>Noncurrent Liabilities</b>		
Deposits	89,285	82,145
Accrued compensable absences	93,582	97,111
Revenue bonds payable	5,868,000	6,620,000
Notes payable	895,082	1,035,110
<b>Total Noncurrent Liabilities</b>	<u>6,945,949</u>	<u>7,834,366</u>
<b>Total Liabilities</b>	<u>11,679,421</u>	<u>12,478,415</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,038,673	5,898,036
<b>Restricted for</b>		
<b>Nonexpendable</b>		
Student Aid	2,261,928	2,069,705
<b>Unrestricted</b>		
	10,082,427	8,699,883
<b>Total Net Assets</b>	<u>\$ 18,383,028</u>	<u>\$ 16,667,624</u>

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

**PANOLA COLLEGE**  
**EXHIBIT 1-A**  
**AFFILIATED ORGANIZATION**  
**STATEMENT OF FINANCIAL POSITION**  
**August 31, 2010 and 2009**

	<u>2010</u> <u>Panola</u> <u>College</u> <u>Foundation</u>	<u>2009</u> <u>Panola</u> <u>College</u> <u>Foundation</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 143,753	\$ 103,017
Short-term certificates of deposit	356,084	314,972
Mutual fund investments	29,410	27,798
Annuity contracts	<u>256,762</u>	<u>249,843</u>
<b>Total Assets</b>	<u><b>786,009</b></u>	<u><b>695,630</b></u>
<b>Liabilities</b>		
Accounts payable	<u>8,426</u>	<u>9,093</u>
<b>Total Liabilities</b>	<u><b>8,426</b></u>	<u><b>9,093</b></u>
<b>Net Assets</b>		
Unrestricted	178,283	120,362
Permanently restricted	<u>599,300</u>	<u>566,175</u>
<b>Total Net Assets</b>	<u><b>\$ 777,583</b></u>	<u><b>\$ 686,537</b></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, 2010 and 2009**

	<u>2010 Primary Institution</u>	<u>2009 Primary Institution</u>
<b>Operating Revenues</b>		
Tuition and fees (net of discounts of \$2,513,960 for 2010 and \$1,767,054 for 2009)	\$ 2,087,757	\$ 2,335,955
Federal grants and contracts	387,446	427,660
State grants and contracts	582,981	261,246
Non-governmental grants and contracts	4,154	1,446
Sales and services of educational activities	160,776	142,692
Auxiliary enterprises (net of discounts of \$1,136,500 for 2010 and \$878,003 for 2009)	1,168,313	1,400,158
Other operating revenues (net of discounts of \$-0-)	322,063	303,884
<b>Total Operating Revenues (Schedule A)</b>	<u>4,713,490</u>	<u>4,873,041</u>
<b>Operating Expenses</b>		
Instruction	6,416,783	6,009,005
Public service	356,356	300,413
Academic support	2,099,454	2,249,916
Student services	1,185,458	1,121,788
Institutional support	1,877,959	1,808,037
Operation and maintenance of plant	1,507,681	1,638,471
Scholarships and fellowships	1,358,798	962,848
Auxiliary enterprises	1,966,060	1,712,714
Depreciation	818,826	636,589
<b>Total Operating Expenses (Schedule B)</b>	<u>17,587,375</u>	<u>16,439,781</u>
<b>Operating Loss</b>	<u>(12,873,885)</u>	<u>(11,566,740)</u>
<b>Non-Operating Revenues (Expenses)</b>		
State appropriations	5,016,963	4,994,716
Ad-valorem taxes for maintenance & operations	5,307,917	5,157,869
Federal revenue, non operating	3,912,577	2,468,133
Gifts	206,907	665,907
Investment income (net of investment expenses)	389,022	291,714
Royalty income	31,242	47,292
Interest on capital related debt	(275,339)	(256,390)
<b>Net Non-Operating Revenues (Schedule C)</b>	<u>14,589,289</u>	<u>13,369,241</u>
<b>Increase in Net Assets</b>	1,715,404	1,802,501
<b>Net Assets</b>		
Net assets - beginning of year	16,667,624	14,865,123
Net assets - end of year	<u>\$ 18,383,028</u>	<u>\$ 16,667,624</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, 2010 and 2009

	2010 Panola College Foundation Unrestricted	2010 Panola College Foundation Restricted	2010 Panola College Foundation Total
<b>Revenue</b>			
Investment income	\$ 254	\$ 6,166	\$ 6,420
Unrealized investment income	347	23,685	24,032
Gifts	58,620	16,250	74,870
<b>Total Revenue</b>	<u>59,221</u>	<u>46,101</u>	<u>105,322</u>
<b>Expenses</b>			
Scholarships and support	1,300	12,976	14,276
<b>Total Expenses</b>	<u>1,300</u>	<u>12,976</u>	<u>14,276</u>
<b>Increase in Net Assets</b>	57,921	33,125	91,046
<b>Net assets - beginning of year</b>	120,362	566,175	686,537
<b>Net assets - end of year</b>	<u>\$ 178,283</u>	<u>\$ 599,300</u>	<u>\$ 777,583</u>

	2009 Panola College Foundation Unrestricted	2009 Panola College Foundation Restricted	2009 Panola College Foundation Total
<b>Revenue</b>			
Investment income	\$ 306	\$ 6,424	\$ 6,730
Unrealized investment loss	(950)	(78,601)	(79,551)
Gifts	69,550	36,692	106,242
<b>Total Revenue</b>	<u>68,906</u>	<u>(35,485)</u>	<u>33,421</u>
<b>Expenses</b>			
Scholarships and support	10,000	423,008	433,008
<b>Total Expenses</b>	<u>10,000</u>	<u>423,008</u>	<u>433,008</u>
<b>Increase/(Decrease) in Net Assets</b>	58,906	(458,493)	(399,587)
<b>Net assets - beginning of year</b>	61,456	1,024,668	1,086,124
<b>Net assets - end of year</b>	<u>\$ 120,362</u>	<u>\$ 566,175</u>	<u>\$ 686,537</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, 2010 and 2009

	<b>2010</b>	<b>2009</b>
	<b>Primary Institution</b>	<b>Primary Institution</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 4,182,075	\$ 3,660,705
Receipts from grants and contracts	886,533	693,542
Payments to or on behalf of employees	(8,822,684)	(8,196,682)
Payments to suppliers for goods or services	(5,325,458)	(4,868,539)
Payments of scholarships	(1,358,798)	(962,848)
Net cash used for operating activities	<hr/> <u>(10,438,332)</u>	<hr/> <u>(9,673,822)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	3,687,711	3,643,558
Ad valorem tax revenues	5,274,439	5,150,736
Receipts from non operating federal revenue	3,410,262	2,074,006
Gifts and grants (other than capital)	206,907	665,907
Student organization and other agency transactions	16,415	(318,921)
Net cash provided by non-capital financing activities	<hr/> <u>12,595,734</u>	<hr/> <u>11,215,286</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(756,108)	(3,886,329)
Interest expense paid	(285,238)	(266,158)
Payments on capital debt and leases	(879,802)	(881,798)
Net cash used for capital and related financing activities	<hr/> <u>(1,921,148)</u>	<hr/> <u>(5,034,285)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of investments	13,495,171	18,940,839
Investment earnings	432,655	430,194
Purchases of investments	(6,719,009)	(19,788,952)
Net cash provided by (used for) investing activities	<hr/> <u>7,208,817</u>	<hr/> <u>(417,919)</u>
 Increase (decrease) in cash and cash equivalents	 7,445,071	 (3,910,740)
Cash and cash equivalents - Beginning	<hr/> <u>2,703,645</u>	<hr/> <u>6,614,385</u>
Cash and cash equivalents - Ending	<hr/> <u>\$ 10,148,716</u>	<hr/> <u>\$ 2,703,645</u>
 <b>Noncash investing, capital, and financing activities:</b>		
Capital assets purchased	\$ 344,180	\$ 3,799,484
Less accounts payable	-	(411,928)
Payment of prior year accounts payable	411,928	498,773
Cash paid for capital assets	<hr/> <u>\$ 756,108</u>	<hr/> <u>\$ 3,886,329</u>
 Increase (Decrease) in fair value of investments	 <hr/> <u>\$ 4,711</u>	 <hr/> <u>\$ (10,000)</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, 2010 and 2009

	<u>2009</u> <u>Primary</u> <u>Institution</u>	<u>2009</u> <u>Primary</u> <u>Institution</u>
<b>Reconciliation of operating loss to net cash used for operating activities</b>		
Operating loss	\$ (12,873,885)	\$ (11,566,740)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation expense	818,826	636,589
On-behalf state appropriations	1,329,252	1,351,153
<b>Changes in assets and liabilities</b>		
(Increase) Decrease in Receivables, net	(114,005)	(94,351)
(Increase) Decrease in Inventories	(28,684)	14,389
(Increase) Decrease in Deferred expenses	(56,058)	35,994
Increase (Decrease) in Deferred credits student related	696,280	(197,286)
Increase (Decrease) in Accounts payable	(216,989)	98,558
Increase (Decrease) in Accrued liabilities-payroll related	3,506	2,443
Increase (Decrease) in Compensated absences	3,425	45,429
<b>Total Adjustments</b>	<u>2,435,553</u>	<u>1,892,918</u>
<b>Net cash used for operating activities</b>	<u>\$ (10,438,332)</u>	<u>\$ (9,673,822)</u>

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, 2010 and 2009

	<u>2010</u> <u>Panola</u> <u>College</u> <u>Foundation</u>	<u>2009</u> <u>Panola</u> <u>College</u> <u>Foundation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from donors	\$ 74,870	\$ 482,478
Payments for scholarships and support	(14,943)	(431,643)
Investment receipts	<u>6,420</u>	<u>6,730</u>
Net cash provided by operating activities	<u>66,347</u>	<u>57,565</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturities and liquidation of investments	223,501	10,049
Purchase of investments and annuities	<u>(249,112)</u>	<u>(48,539)</u>
Net cash used for investing activities	<u>(25,611)</u>	<u>(38,490)</u>
Increase in cash and cash equivalents	40,736	19,075
Cash and cash equivalents-beginning	103,017	83,942
Cash and cash equivalents-ending	<u>\$ 143,753</u>	<u>\$ 103,017</u>
<b>Reconciliation of change in net assets to net cash used for operating activities</b>		
Change in net assets	<u>\$ 91,046</u>	<u>\$ (399,586)</u>
Adjustments to reconcile change in net assets to net cash used to net cash used for operating activities		
(Increase) Decrease in fair value of investments	(24,032)	79,551
Changes in assets and liabilities		
(Increase) Decrease in gifts receivable	-	376,235
Increase (Decrease) in accounts payable	<u>(667)</u>	<u>1,365</u>
Total Adjustments	<u>(24,699)</u>	<u>457,151</u>
Net cash provided by operating activities	<u>\$ 66,347</u>	<u>\$ 57,565</u>

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

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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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 Standards 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.

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

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Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year-end that are provided for in the subsequent year's budget are reported as unrestricted net 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 \$519 and \$34,487 at August 31, 2010 and 2009, 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

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**Collections**

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

**Deferred Revenues**

Tuition, fees, and other revenues received and related to the periods after August 31, 2010 and 2009 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 and Title IV grants). Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Non-operating expenses are comprised of interest on long-term debt.

**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.

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**3. COMPONENT UNIT (AFFILIATED ORGANIZATION)**

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

Financial transactions in the form of support from the Foundation to the College for the years ended August 31, 2010 and 2009 amounted to approximately \$14,276 and \$433,008 respectively.

**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 2010 and 2009 fiscal years, deposits and investments were comprised of cash on hand, bank demand deposits, bank time deposits, investments with the Lonestar Investment Pool, and mutual funds administered by American Funds Distributors.

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

The College's temporary investments consist of balances held by Lonestar Investment Pool (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 AAAM by Standard & Poor's.

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The fair value of the investment in Lonestar Investment Pool was the same as its carrying value of \$519 and \$34,487 for the years ending August 31, 2010 and 2009, 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 \$93,614 and \$78,804 for the years ending August 31, 2010 and 2009, 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:

**Composition of Cash, Deposits and Investments**

	August 31, 2010	August 31, 2009
<b>Cash and Deposits</b>		
Cash in Banks:		
Demand Deposits	\$ 10,145,707	\$ 2,666,858
Time Deposits	2,963,341	9,739,695
Petty Cash on Hand	2,490	2,300
<b>Total Cash and Deposits</b>	<b>13,111,538</b>	<b>12,408,853</b>
<b>Investments</b>		
Short-Term Investments		
Lonestar Investment Pool	519	34,487
Liquidity Plus Fund	93,614	78,804
<b>Mutual Fund Investments</b>	<b>94,133</b>	<b>113,291</b>
<b>Total Investments</b>		
<b>Total Deposits and Investments</b>	<b>\$ 13,205,671</b>	<b>\$ 12,522,144</b>

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

	August 31, 2010	August 31, 2009
<b>Cash and Cash Equivalents</b>		
<b>Cash in Banks:</b>		
Demand Deposits	\$ 10,145,707	\$ 2,666,858
<b>Short-Term Investments</b>		
Lonestar Investment Pool		
Liquidity Plus Fund	519	34,487
Petty Cash on Hand	2,490	2,300
<b>Total Cash and Cash Equivalents</b>	10,148,716	2,703,645
<b>Short-Term Investments</b>		
Cash in Banks – Time Deposits	845,692	7,846,452
<b>Endowment and Other Short-Term Investments</b>		
Cash in Banks – Time Deposits	2,117,649	1,893,243
Mutual Fund Investments	93,614	78,804
<b>Total Short-Term Investments</b>	2,211,263	1,972,047
<b>Total Cash, Deposits and Investments</b>	\$ 13,205,671	\$ 12,522,144

**Policies Governing Deposits and Investments**

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

- a. **Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy does not limit investments based on credit ratings. The credit ratings for the College's investments are indicated in the preceding paragraphs.
- b. **Custodial Credit Risk – Deposits:** This is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's policy with respect to custodial credit risk complies with State law. At August 31, 2010 and 2009, the bank balance of the College's deposits were \$13,316,743 and \$12,386,170, respectively. Of these balances, the amounts covered by FDIC insurance and the FDIC's Transaction Account Guarantee Program were \$672,698 and \$1,250,318 at August 31, 2010 and 2009, respectively. The remaining balances at August 31, 2010 and 2009 of \$12,644,045 and \$11,135,852 were entirely covered by pledged collateral held by the pledging financial institution in the College's name.

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- c. **Concentration of Credit Risk:** This is the risk of loss that occurs due to a lack of diversification. The College's investment policy does not limit the amount that may be invested in any one issuer. At August 31, 2010 and 2009, more than five percent of the College's investments, excluding certificates of deposit, were in the following:

<b>Issuer</b>	<b>% of</b>	<b>Investments</b>
	<b>8/31/10</b>	<b>8/31/09</b>
<b>Mutual Funds</b>		
The Growth Fund of America	16.75%	13.41%
New Perspective Fund	13.22%	10.49%
Capital Income Builder	31.33%	16.25%
Washington Mutual Investors Fund	16.17%	12.55%
American Balanced Fund	21.97%	16.86%
<b>Investment Pools</b>		
Lonestar Investment Pool Liquidity Plus Fund		30.44%

**6. DERIVATIVES**

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

**7. ENDOWMENTS**

The investment policy of the Board of Trustees is reviewed and adopted annually. Within that investment policy, the investment objective for the endowment fund is to preserve the real purchasing power of the principal and to provide a stable source of perpetual financial support to scholarships in accordance with the endowment spending policy. The brokerage firm or other endowment manager is also adopted annually by the Board of Trustees and is required to certify familiarity with and compliance with the Public Funds Investment Act of the State of Texas and the Investment Policy of the College.

Distributions from endowment investments are required to be spent for the purposes for which the endowment was established. Scholarship distributions are made pursuant to the investment policy. For the years ended August 31, 2010 and 2009, endowment interest, dividend earnings, and capital gains totaled \$31,402 and \$79,050, respectively. Unrealized gains and losses for the years ended August 31, 2010 and 2009 totaled \$4,711 gain and \$10,000 loss, respectively.

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**8. CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2010 was as follows:

Description	Balance September 1, 2009	Increases	Decreases	Balance August 31, 2010
<b>Capital assets not being Depreciated:</b>				
Construction in progress	\$ 6,022,536	\$ -	\$ 6,022,536	\$ -
Land	1,314,172	-	-	1,314,172
<b>Total capital assets not being Depreciated</b>	<b>7,336,708</b>	<b>-</b>	<b>6,022,536</b>	<b>1,314,172</b>
<b>Capital assets, being depreciated:</b>				
Buildings and Improvements	15,674,078	6,119,018	-	21,793,096
Furniture, Fixtures, Machinery & Equipment and Other Equipment	3,128,312	219,643	-	3,347,955
Library Books	610,165	28,055	44,911	593,309
<b>Total capital assets, being depreciated</b>	<b>19,412,555</b>	<b>6,366,716</b>	<b>44,911</b>	<b>25,734,360</b>
<b>Less accumulated depreciation for:</b>				
Building and Improvements	(9,703,161)	(603,108)	-	(10,306,269)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(2,535,484)	(173,170)	-	(2,708,654)
Library Books	(327,696)	(42,548)	(44,911)	(325,333)
<b>Total accumulated depreciation</b>	<b>(12,566,341)</b>	<b>(818,826)</b>	<b>(44,911)</b>	<b>(13,340,256)</b>
<b>Total capital assets, being depreciated, net</b>	<b>6,846,214</b>	<b>5,547,890</b>	<b>-0-</b>	<b>12,394,104</b>
<b>Net Capital Assets</b>	<b>\$ 14,182,922</b>	<b>\$ 5,547,890</b>	<b>\$ 6,022,536</b>	<b>\$ 13,708,276</b>

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Capital assets activity for the year ended August 31, 2009 was as follows:

Description	Balance September 1, 2008	Increases	Decreases	Balance August 31, 2009
<b>Capital assets not being Depreciated:</b>				
Construction in progress	\$ 2,717,002	\$ 3,305,534	\$ -	\$ 6,022,536
Land	1,238,342	75,830	-	1,314,172
<b>Total capital assets not being Depreciated</b>	<b>3,955,344</b>	<b>3,381,364</b>	<b>-</b>	<b>7,336,708</b>
<b>Capital assets, being depreciated:</b>				
Buildings and Improvements	15,611,410	62,669	-	15,674,079
Equipment under Capital Lease - Copy Machines	142,735	-	142,735	-
Furniture, Fixtures, Machinery & Equipment and Other Equipment	2,658,805	469,507	-	3,128,312
Library Books	619,258	28,679	37,772	610,165
<b>Total capital assets, being depreciated</b>	<b>19,032,208</b>	<b>560,855</b>	<b>180,507</b>	<b>19,412,556</b>
<b>Less accumulated depreciation for:</b>				
Building and Improvements	(9,261,697)	(441,464)	-	(9,703,161)
Equipment Under Capital Lease	(80,883)	-	(80,883)	-
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(2,302,672)	(232,812)	-	(2,535,484)
Library Books	(322,272)	(43,196)	(37,772)	(327,696)
<b>Total accumulated depreciation</b>	<b>(11,967,524)</b>	<b>(717,472)</b>	<b>(118,655)</b>	<b>(12,566,341)</b>
<b>Total capital assets, being depreciated, net</b>	<b>7,064,684</b>	<b>(156,617)</b>	<b>61,852</b>	<b>6,846,215</b>
<b>Net Capital Assets</b>	<b>\$ 11,020,028</b>	<b>\$ 3,224,747</b>	<b>\$ 61,852</b>	<b>\$ 14,182,923</b>

Depreciation expense in this footnote for August 31, 2009 does not agree to the amount in the Statement of Activities due to reclassification of depreciation on equipment under capital lease due to completion of lease.

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**9. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended August 31, 2010 was as follows:

	Balance September 1, 2009	Additions	Reductions	Balance August 31, 2010	Current Portion
<b><u>Leases, Notes and Bonds</u></b>					
Maintenance Notes Payable	\$ 1,168,912	\$ -	\$ 133,802	\$ 1,035,110	\$ 140,028
Revenue Bonds Payable	7,366,000	-	746,000	6,620,000	752,000
<b><u>Other Long-Term Liabilities</u></b>					
Accrued Compensable Absences	192,378	116,284	119,347	189,315	95,733
<b>Total Long-Term Liabilities</b>	<b>\$ 8,727,290</b>	<b>\$ 116,284</b>	<b>\$ 999,149</b>	<b>\$ 7,844,425</b>	<b>\$ 987,761</b>

Long-term liability activity for the year ended August 31, 2009 was as follows:

	Balance September 1, 2008	Additions	Reductions	Balance August 31, 2009	Current Portion
<b><u>Leases, Notes and Bonds</u></b>					
Capital Leases	\$ 12,945	\$ -	\$ 12,945	\$ -	\$ -
Maintenance Notes Payable	1,296,765	-	127,853	1,168,912	133,802
Revenue Bonds Payable	8,107,000	-	741,000	7,366,000	746,000
<b><u>Other Long-Term Liabilities</u></b>					
Accrued Compensable Absences	-	192,378	-	192,378	95,267
<b>Total Long-Term Liabilities</b>	<b>\$ 9,416,710</b>	<b>\$ 192,378</b>	<b>\$ 881,798</b>	<b>\$ 8,727,290</b>	<b>\$ 975,069</b>

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**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, 2010 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 \$50,996 and \$56,968 for the years ended August 31, 2010 and 2009, respectively. Accrued interest on the note at August 31, 2010 and 2009 amounted to approximately \$9,761 and \$11,023 respectively, and is included in the financial statements.

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

Year Ending August 31,	2010			2009		
	Interest	Principal	Total Requirement	Interest	Principal	Total Requirement
2010	\$ -	-	-	52,248	133,803	186,051
2011	46,023	140,028	186,051	46,023	140,028	186,051
2012	39,508	146,543	186,051	39,508	146,543	186,051
2013	32,689	153,362	186,051	32,689	153,362	186,051
2014	25,554	160,497	186,051	25,554	160,497	186,051
2015	18,086	167,965	186,051	18,086	167,965	186,051
2016-2017	12,361	266,715	279,076	12,367	266,715	279,082
Total	\$ 174,227	1,035,110	1,209,337	226,475	1,168,913	1,395,388

**Revenue Bonds Payable**

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

The College issued \$2,500,000 in revenue bonds in fiscal year 2005 to finance construction of student housing apartment complexes and additional improvements to the physical plant. In accordance with Section 130.123 of the Texas Education Code, the Series 2005 revenue bonds are to be paid by the assessment of a dorm fee to all students occupying residence halls at the College. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient for payment of principal and interest on the bonds. The Series 2005 bonds mature in the year ending August 31, 2020. The remaining principal and interest to be paid was \$2,236,891 and \$2,460,352 at August 31,

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2010 and 2009, respectively. Principal and interest paid during the years ended August 31, 2010 and 2009 was \$223,460 and \$224,016, respectively. Total dorm fee revenue for August 31, 2010 and 2009 was \$837,558 and \$841,252, respectively.

In fiscal year 2008, the College issued \$6,000,000 in revenue bonds to finance the expansion and renovation of the existing library. In accordance with Section 130.123 of the Texas Education Code, the Series 2008 revenue bonds are to be paid by the collection of a general use fee. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient for payment of principal and interest on the bonds. The final maturity of the bonds is in the year ending August 31, 2018. The remaining principal and interest to be paid was \$5,422,080 and \$6,177,600 at August 31, 2010 and 2009, respectively. Principal and interest paid during the years ended August 31, 2010 and 2009 was \$755,520 and \$772,800 respectively. Total general use fee revenue for August 31, 2010 and 2009 was \$1,452,157 and \$1,359,482, respectively

Revenue bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2005	Student housing	3.94%	\$ 1,820,000
Series 2008	Library expansion	2.88%	<u>4,800,000</u>

Total outstanding revenue bonds \$ 6,620,000

Interest expense on the bonds amounted to \$224,343 and \$199,579 for the years ended August 31, 2010 and 2009, respectively.

Accrued interest on the bonds at August 31, 2010 and 2009 amounted to approximately \$78,731 and \$87,368 respectively, and is included in the financial statements.

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

Year Ending August 31,	2010			2009		
	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>
2010	\$ -	\$ -	\$ -	\$ 232,980	\$ 746,000	\$ 978,980
2011	209,948	752,000	961,948	209,948	752,000	961,948
2012	186,679	758,000	944,679	186,679	758,000	944,679
2013	163,174	764,000	927,174	163,174	764,000	927,174
2014	139,432	771,000	910,432	139,432	771,000	910,432
2015	115,415	778,000	893,415	115,415	778,000	893,415
2016-2020	224,323	2,797,000	3,021,323	224,323	2,797,000	3,021,323
Total	\$ 1,038,971	\$ 6,620,000	\$ 7,658,971	\$ 1,271,951	\$ 7,366,000	\$ 8,637,951

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

**Receivables**

Receivables at August 31, 2010 and 2009 were as follows:

	2010			2009		
	Total Receivable	Less Allowance For Uncollectibles	Net Receivable	Total Receivable	Less Allowance For Uncollectibles	Net Receivable
Student Receivables	\$ 1,076,882	\$ 517,484	\$ 559,398	\$ 947,882	\$ 381,513	\$ 566,369
Taxes Receivable	240,847	139,176	101,671	189,713	121,520	68,193
Federal Receivables	1,610,016	-	1,610,016	1,107,701	-	1,107,701
State Receivables	107,897	-	107,897	19,849	-	19,849
Interest Receivable	12,681	-	12,681	39,691	-	39,691
Other Receivables	44,099	-	44,099	11,171	-	11,171
<b>TOTAL</b>	<b>\$ 3,092,422</b>	<b>\$ 656,660</b>	<b>\$ 2,435,762</b>	<b>\$ 2,316,007</b>	<b>\$ 503,033</b>	<b>\$ 1,812,974</b>

**Payables**

Payables at August 31, 2010 and 2009 were as follows:

	2010	2009
Vendors Payable	\$ 195,814	\$ 824,731
Salaries and Benefits Payable	334,001	327,070
Students Payable	107,469	83,632
Accrued Interest	88,492	98,391
Other Payables	144,175	158,737
<b>TOTAL</b>	<b>\$ 869,951</b>	<b>\$ 1,492,561</b>

**11. CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

**12. PROPERTY TAXES**

Property taxes are levied each October 1 in conformity with Subtitle E, Texas Property Tax Code. The levy is based on the assessed value as of the prior January 1 for all real and personal property located in

**PANOLA COLLEGE  
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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>2010</u>	<u>2009</u>
Original tax levy	\$ 5,343,192	\$ 5,147,720
Supplemental levy and adjustments	163,759	185,874
Adjusted levy	<u>5,506,951</u>	<u>5,333,594</u>
Penalty and interest assessments	<u>21,135</u>	<u>19,061</u>
<b>Total Levy</b>	<b><u>\$ 5,528,086</u></b>	<b><u>\$ 5,352,655</u></b>

Tax collections for the years ended August 31, 2010 and 2009, including delinquent collections, exceeded 96% of the levy for both years.

A summary of tax data is presented as follows:

	<u>2010</u>	<u>2009</u>
Assessed valuation of the District	\$ 5,918,523,051	\$ 6,189,062,924
Less: Exemptions	(184,539,304)	(176,805,163)
Less: Abatements	(683,230,368)	(646,136,631)
Net Assessed Valuation of the District	<u>\$ 5,050,753,379</u>	<u>\$ 5,366,121,130</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	\$ 0.10579	\$ 0.09593
Debt Service	-	-
Total	<u>\$ 0.10579</u>	<u>\$ 0.09593</u>
Gross Taxes Collected (Current Operations)	\$ 5,349,275	\$ 5,204,772
Discounts Allowed	(124,659)	(127,308)
Delinquent Taxes Collected	103,454	95,544
Penalties and Interest Collected	60,501	62,483
Collection Fees	(80,654)	(77,622)
Total Collections	<u>\$ 5,307,917</u>	<u>\$ 5,157,869</u>

**13. 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.

**PANOLA COLLEGE  
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A summary of deferred revenues follows:

	2010	2009
Tuition and Fees	\$ 2,388,837	\$ 1,894,891
Housing and Residential Life	459,170	455,663
Other	217,070	18,243
<b>Total</b>	<b>\$ 3,065,077</b>	<b>\$ 2,368,797</b>

**14. 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 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  
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**Funding Status and Progress**

State law provides for a State contribution rate of 6.4% and 6.644% for fiscal years 2009-2010, 6.58% and 6% for fiscal years 2008-2009 and 6.0% for fiscal years 2006-2007. State law further provides a member contribution rate of 6.4% for fiscal years 2006-2010. In certain instances, the reporting district is required to make all or a portion of the State's 6.4% and 6.644% contributions for fiscal year 2009-2010, 6.58% and 6.0% contribution for fiscal year 2008-2009 and 6.0% for fiscal years 2006-2007. 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, 2006 through 2010 were as follows:

Fiscal Year Ended August 31,	On-Behalf State Contribution	Panola College Contribution	Employee Contribution	Total Contribution	Covered Payroll	Total College Payroll
2006	206,740	18,918	240,702	447,442	3,760,970	6,559,895
2007	209,689	22,227	267,265	499,181	4,176,683	6,951,413
2008	236,967	25,576	255,221	517,764	3,987,827	7,013,933
2009	260,695	25,828	278,685	565,208	4,354,446	7,468,944
2010	280,402	37,326	309,845	627,573	4,841,325	7,884,540

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, 2006 through 2010, 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
2006	94.2	107.9	(13.7)
2007	103.4	116.0	(12.6)
2008	110.2	121.7	(11.5)
2009	106.4	128.0	(21.6)
2010	111.3	134.2	(22.9)

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, by calling Teacher Retirement System at 1-800-223-8778, or by downloading the report from the website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

**PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009**

**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 6.58% 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 1.92% 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 contributions is as follows:

Year Ended <u>August 31,</u>	On Behalf State <u>Contribution</u>	Panola College <u>Contribution</u>	Participant <u>Contributions</u>	Total <u>Contributions</u>	Covered <u>Payroll</u>
2006	\$ 128,583	\$ 36,124	\$ 142,512	\$ 307,219	2,143,035
2007	119,251	32,740	132,170	284,161	1,987,518
2008	147,730	25,028	149,301	322,059	2,245,131
2009	144,959	24,995	146,501	316,455	2,203,029
2010	136,500	24,895	141,832	303,227	2,132,809

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

**15. DEFERRED COMPENSATION PROGRAM**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2010 and 2009, the College had thirty-three and forty-four respectively, employees participating in the tax sheltered annuity program. A total of \$153,950 and \$193,292 in payroll deductions was invested in approved plans during the years ending August 31, 2010 and 2009, respectively.

**16. COMPENSATED ABSENCES**

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

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

Total accrued compensated absences representing unused vacation leave amounted to approximately \$189,315 at August 31, 2010 and \$192,378 at August 31, 2009. The liability is shown in the statement of net assets split between current and noncurrent in the amounts of \$95,733 and \$93,582, respectively for August 31, 2010 and \$95,267 and \$97,111 respectively for August 31, 2009.

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 AT AND FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

17. HEALTH CARE AND LIFE INSURANCE COVERAGE

Employees of Panola College were covered by a health and life insurance plan (the Plan). The Plan is funded by the State. The State paid premiums of \$385 and \$361 per month per employee to the Plan for the years ending August 31, 2010 and 2009, 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
2010	135	6	\$ 588,913	\$ 166,342
2009	134	7	646,006	44,851
2008	130	7	628,720	44,459
2007	130	7	618,348	67,003
2006	130	7	611,641	64,567

18. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$385 per month for the year ended August 31, 2010 and \$361 per month for the year ended August 31, 2009 and totaled \$912,350 for the year ended August 31, 2010 and \$949,499 for the year ended August 31, 2009. The cost of providing those benefits for 62 retirees in the year ended August 31, 2010 was \$323,437 and benefits for 67 retirees cost \$299,493 in the year ended August 31, 2009. For 135 active employees, the cost was \$588,913 for the year ended August 31, 2010 and active employee benefits for 134 employees cost \$646,006 for the year ended August 31, 2009.

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
2010	54	\$ 20.00	2	\$ 385
2009	54	20.00	2	361
2008	55	20.00	3	361
2007	58	20.00	3	361
2006	58	20.00	3	341

PANOLA COLLEGE  
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19. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

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

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

The College's contribution to SRHP for the years ended August 31, 2010, 2009, and 2008 were \$166,342, \$44,851, \$44,459, respectively, which equaled the required contributions each year.

20. **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.

21. **FUNDS HELD IN TRUST BY OTHERS**

The balances and transactions of funds held in trust by others on behalf of Panola College are not reflected in the financial statements. At August 31, 2010 and 2009, 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 \$313,957 at August 31, 2010 and \$314,386 at August 31, 2009.

22. **RISK MANAGEMENT**

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

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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23. NON-MONETARY TRANSACTIONS

The College receives the benefit from the use of certain facilities at its off campus sites at no cost or costs below prevailing market rates that the College would have to pay in an exchange transaction. Included in operating revenues is approximately \$227,000 and \$227,000 in non monetary transactions representing the value of the use of the facilities for the years ended August 31, 2010 and 2009, respectively. A corresponding amount is also included in operating expenses.

24. PENDING CLAIMS

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

25. OTHER DISCLOSURES

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

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2009, or 2008.

## SUPPLEMENTARY SCHEDULES



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

For the Year Ended August 31, 2010 (With Memorandum Totals for the Year Ended August 31, 2009)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2010 Total	2009 Total
<b>Tuition</b>						
State funded courses						
In-district resident tuition	\$ 280,367	\$ -	\$ 280,367	\$ -	\$ 280,367	\$ 243,700
Out-of-district resident tuition	766,279	-	766,279	-	766,279	657,358
TPEG (set aside)*	85,691	-	85,691	-	85,691	74,348
Non-resident tuition	139,273	-	139,273	-	139,273	133,600
State funded continuing education	277,440	-	277,440	-	277,440	248,605
Non-state funded continuing education	36,430	-	36,430	-	36,430	28,336
<b>Total tuition</b>	<b>1,585,480</b>	<b>-</b>	<b>1,585,480</b>	<b>-</b>	<b>1,585,480</b>	<b>1,385,947</b>
<b>Fees</b>						
General fee	1,452,157	-	1,452,157	-	1,452,157	1,359,482
Out-of-district fees	1,023,808	-	1,023,808	-	1,023,808	894,179
Laboratory fee	204,596	-	204,596	-	204,596	177,593
Other fees	335,676	-	335,676	-	335,676	285,808
<b>Total fees</b>	<b>3,016,237</b>	<b>-</b>	<b>3,016,237</b>	<b>-</b>	<b>3,016,237</b>	<b>2,717,062</b>
<b>Scholarship allowances and discounts</b>						
Institutional scholarships	(480,465)	-	(480,465)	-	(480,465)	(548,286)
Remissions and exemptions-state	(33,959)	-	(33,959)	-	(33,959)	(20,956)
Remissions and exemptions-local	(120,855)	-	(120,855)	-	(120,855)	(119,683)
Title IV federal grants	(1,780,878)	-	(1,780,878)	-	(1,780,878)	(1,010,833)
TPEG allowances	(21,383)	-	(21,383)	-	(21,383)	(20,917)
Other federal grants	(3,508)	-	(3,508)	-	(3,508)	(1,495)
State grants to students	(72,912)	-	(72,912)	-	(72,912)	(44,884)
<b>Total scholarship allowances</b>	<b>(2,513,960)</b>	<b>-</b>	<b>(2,513,960)</b>	<b>-</b>	<b>(2,513,960)</b>	<b>(1,767,054)</b>
<b>Total net tuition and fees</b>	<b>2,087,757</b>	<b>-</b>	<b>2,087,757</b>	<b>-</b>	<b>2,087,757</b>	<b>2,335,955</b>
<b>Additional operating revenues</b>						
Federal grants and contracts	-	387,446	387,446	-	387,446	427,660
State grants and contracts	-	582,981	582,981	-	582,981	261,246
Nongovernmental grants and contracts	-	4,154	4,154	-	4,154	1,446
Sales and services of educational activities	160,776	-	160,776	-	160,776	142,692
General operating revenues	322,063	-	322,063	-	322,063	303,884
<b>Total other operating revenues</b>	<b>482,839</b>	<b>974,581</b>	<b>1,457,420</b>	<b>-</b>	<b>1,457,420</b>	<b>1,136,928</b>
<b>Auxiliary enterprises</b>						
Bookstore	-	-	-	1,467,255	1,467,255	1,423,306
Less allowances and discounts	-	-	-	(594,492)	(594,492)	(357,819)
Residential life	-	-	-	837,558	837,558	854,855
Less allowances and discounts	-	-	-	(542,008)	(542,008)	(520,184)
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,168,313</b>	<b>1,168,313</b>	<b>1,400,158</b>
<b>Total Operating Revenues</b>	<b>\$ 2,570,596</b>	<b>\$ 974,581</b>	<b>\$ 3,545,177</b>	<b>\$ 1,168,313</b>	<b>\$ 4,713,490</b>	<b>\$ 4,873,041</b>
				(Exhibit 2)		(Exhibit 2)

\*In accordance with Education Code 56.033, \$85,691 and \$74,348 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, 2010 (With Memorandum Totals for the Year Ended August 31, 2009)

	Salaries And Wages	Benefits		Other Expenses	2010 Total	2009 Total
		State Benefits	Local Benefits			
<b>Unrestricted Educational Activities</b>						
Instruction	\$ 4,369,731	\$ -	\$ 423,463	\$ 646,664	\$ 5,439,858	\$ 4,982,783
Public Service	-	-	-	-	-	-
Academic Support	1,251,475	-	138,595	484,697	1,874,767	2,028,518
Student Services	710,333	-	97,088	119,297	926,718	856,860
Institutional Support	749,135	-	122,892	867,749	1,739,776	1,662,289
Operation and Maintenance of Plant	286,465	-	69,018	1,152,198	1,507,681	1,638,471
Scholarship and Fellowships	-	-	-	-	-	-
<b>Total Unrestricted Educational Activities</b>	<b>7,367,139</b>	<b>-</b>	<b>851,056</b>	<b>3,270,605</b>	<b>11,488,800</b>	<b>11,168,921</b>
<b>Restricted Educational Activities</b>						
Instruction	80,101	803,729	2,681	90,414	976,925	1,026,222
Public Service	150,137	27,060	27,291	151,868	356,356	300,413
Academic Support	-	224,687	-	-	224,687	221,398
Student Services	59,528	135,592	7,450	56,170	258,740	264,928
Institutional Support	-	138,183	-	-	138,183	145,748
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship and Fellowships	-	-	-	1,358,798	1,358,798	962,848
<b>Total Restricted Educational Activities</b>	<b>289,766</b>	<b>1,329,251</b>	<b>37,422</b>	<b>1,657,250</b>	<b>3,313,689</b>	<b>2,921,557</b>
<b>Auxiliary Enterprises</b>	<b>222,955</b>	<b>-</b>	<b>61,278</b>	<b>1,681,827</b>	<b>1,966,060</b>	<b>1,712,714</b>
<b>Depreciation Expense-Buildings &amp; other real estate improvements</b>			<b>-</b>	<b>603,108</b>	<b>603,108</b>	<b>441,464</b>
<b>Depreciation Expense-Equipment &amp; fixtures</b>		<b>-</b>	<b>-</b>	<b>173,170</b>	<b>173,170</b>	<b>151,929</b>
<b>Depreciation Expense-Library books</b>				<b>42,548</b>	<b>42,548</b>	<b>43,196</b>
<b>Total</b>	<b>\$ 7,879,860</b>	<b>\$ 1,329,251</b>	<b>\$ 949,756</b>	<b>\$ 7,428,508</b>	<b>\$ 17,587,375</b>	<b>\$ 16,439,781</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, 2010 (With Memorandum Totals for the Year Ended August 31, 2009)

	Unrestricted	Restricted	Auxiliary Enterprises	2010 Total	2009 Total
<b>NON-OPERATING REVENUES</b>					
<b>State Appropriations</b>					
Education and General State Support	\$ 3,686,559	\$ -	\$ -	\$ 3,686,559	\$ 3,643,562
CTC Enrollment Growth	1,152	-	-	1,152	-
State Group Insurance	-	912,350	-	912,350	945,499
State Retirement Matching	-	416,902	-	416,902	405,655
<b>Total State Appropriations</b>	<b>3,687,711</b>	<b>1,329,252</b>	<b>-</b>	<b>5,016,963</b>	<b>4,994,716</b>
<b>Ad-Valorem Taxes for Maintenance &amp; Operations</b>	<b>5,307,917</b>	<b>-</b>	<b>-</b>	<b>5,307,917</b>	<b>5,157,869</b>
<b>Federal Revenue, Non Operating</b>	<b>-</b>	<b>3,912,577</b>	<b>-</b>	<b>3,912,577</b>	<b>2,468,133</b>
<b>Gifts</b>	<b>7,751</b>	<b>199,156</b>	<b>-</b>	<b>206,907</b>	<b>665,907</b>
<b>Investment Income</b>	<b>313,222</b>	<b>60,080</b>	<b>15,720</b>	<b>389,022</b>	<b>291,714</b>
<b>Royalty Income</b>	<b>-</b>	<b>31,242</b>	<b>-</b>	<b>31,242</b>	<b>47,292</b>
<b>Total Non-Operating Revenues</b>	<b>5,628,890</b>	<b>4,203,055</b>	<b>15,720</b>	<b>9,847,665</b>	<b>8,630,915</b>
<b>NON-OPERATING EXPENSES</b>					
Interest on Capital Related Debt	275,339	-	-	275,339	256,390
Loss on Disposition of Capital Assets	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>275,339</b>	<b>-</b>	<b>-</b>	<b>275,339</b>	<b>256,390</b>
<b>Net Non-Operating Revenues</b>	<b>\$ 9,041,262</b>	<b>\$ 5,532,307</b>	<b>\$ 15,720</b>	<b>\$ 14,589,289</b>	<b>\$ 13,369,241</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, 2010**  
**With Memorandum Totals for the Year Ended August 31, 2009**

	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	\$ 6,135,816	\$ -	\$ -	\$ -	6,135,816	\$ 6,135,816	\$ -
Restricted	892,274	-	-	-	892,274	-	892,274
Auxiliary enterprises	903,207	-	-	-	903,207	903,207	-
<b>Endowment</b>							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	2,261,928	-	2,261,928	-	2,261,928
<b>Plant</b>							
Unexpended	2,151,130	-	-	-	2,151,130	-	2,151,130
Investment in Plant	-	-	-	6,038,673	6,038,673	-	6,038,673
<b>Total Net Assets, August 31, 2010</b>	<u>10,082,427</u>	<u>-</u>	<u>2,261,928</u>	<u>6,038,673</u>	<u>18,383,028</u>	<u>7,039,023</u>	<u>11,344,005</u>
					(Exhibit 1)		
<b>Total Net Assets, August 31, 2009</b>	<u>8,699,883</u>	<u>-</u>	<u>2,069,705</u>	<u>5,898,036</u>	<u>16,667,624</u>	<u>6,550,508</u>	<u>10,117,116</u>
					(Exhibit 1)		
<b>Net Increase (Decrease) in Net Assets</b>	<u>\$ 1,382,544</u>	<u>-</u>	<u>192,223</u>	<u>140,637</u>	<u>\$ 1,715,404</u>	<u>488,515</u>	<u>\$ 1,226,889</u>
					(Exhibit 2)		

**PANOLA COLLEGE**  
**SCHEDULE E**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2010

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>			
<b>Student Financial Aid Cluster:</b>			
FSEOG	84.007	EP007A094092	\$ 39,697
FSEOG	84.007	EP007A084092	1,173
Sub- total FSEOG			<u>40,870</u>
Federal Family Education Loan	84.032		<u>168,427</u>
Federal Workstudy Program	84.033	EP033A094092	27,784
Federal Workstudy Program	84.033	EP033A084092	(3,992)
Sub-total Federal College Workstudy Program			<u>23,792</u>
Federal Pell Grant Program	84.063	EP063P102297	1,317,206
Federal Pell Grant Program	84.063	EP063P092297	2,355,562
Federal Pell Grant Program	84.063	EP063P082297	(4,980)
Sub-total Federal Pell Grant Program			<u>3,667,788</u>
Academic Competitiveness Grant	84.375		<u>11,700</u>
<b>Passed Through From:</b>			
<b>Texas Education Agency</b>			
Adult Education - State Grant Program	84.002A	114100017110379	1,485
Adult Education - State Grant Program	84.002A	104100017110297	87,389
Sub-total Texas Education Agency			<u>88,874</u>
<b>Texas Higher Education Coordinating Board</b>			
Carl Perkins Vocational Education	84.048	104235	136,039
Leveraging Educational Assistance Partnership	84.069A		2,600
Special Leveraging Educational Assistance Partnership	84.069B		3,343
ARRA-State Fiscal Stabilization Fund-Govt. Services Fund	84.379A	S397A090044	61,861
Sub-total Texas Higher Education Coordinating Board			<u>203,843</u>
<b>East Texas Tech Prep Consortium</b>			
Carl Perkins Tech-Prep Education	84.243		<u>27,046</u>
<b>Total U. S. Department of Education</b>			<u>4,232,340</u>
<b>Department of Health and Human Services</b>			
<b>Passed Through From:</b>			
<b>Texas Education Agency</b>			
Temporary Assistance for Needy Families	93.558	103625017110278	25,321
<b>East Texas Council of Governments</b>			
Temporary Assistance for Needy Families	93.558	PC-TANF-PY08-01	42,362
<b>Total Department of Health and Human Services</b>			<u>67,683</u>
<b>Total Federal Awards</b>			<u>\$ 4,300,023</u>

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, 2010**

<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 Education GR-Adult Education	100100017110297	\$ 64,157
Adult Education GR MOE TANF	103625017110278	7,476
Sub-total Texas Education Agency		<u>71,633</u>
<b>Texas Higher Education Coordinating Board</b>		
Texas I Grant		60,550
Texas II Grant		20,317
Professional Nursing Shortage Reduction Program - Regular		91,173
P-16 College Readiness Special Advisor's Program		17,033
Professional Nursing Shortage Reduction Program		49,346
Sub-total Texas Higher Education Coordinating Board		<u>238,419</u>
<b>Comptroller of Public Accounts</b>		
Jobs and Education for Texans		23,116
Jobs and Education for Texans		249,813
Sub-total Comptroller of Public Accounts		<u>272,929</u>
<b>Total State Awards</b>		<u>\$ 582,981</u>
<b>State Grants and Revenues -Per Schedule A</b>		<u>\$ 582,981</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, 2010**

**Note 1: Federal Awards Reconciliation:**

Federal Grants and Contracts – Schedule A	\$ 387,446
Add: Federal Revenue, Non Operating – Schedule C	<u>3,912,577</u>
Total Federal Awards	<u>\$ 4,300,023</u>

**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 53 and 54 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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Ted A. Lankford, CPA  
Glenda J. Hiers, CPA  
Richard A. Rudel, CPA  
Chris F. Wethington, CPA

# AL&H ALEXANDER LANKFORD & HIERS, INC.

Yvette Sidnell, CPA  
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Wilbur E. Alexander, CPA  
(1940 - 2009)

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

Board of Trustees  
Panola College  
Carthage, Texas

We have audited the basic financial statements of Panola College as of and for the year ended August 31, 2010, and have issued our report thereon dated December 4, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Panola College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panola College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Panola College's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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

Public Funds Investment Act

We have performed tests designed to verify Panola College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2010, no instances of noncompliance were found.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, others within the entity, the Texas Higher Education Coordinating Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Alexander, Lankford & Hiers, Inc.*

ALEXANDER, LANKFORD & HIERS, INC.  
Certified Public Accountants

Lufkin, Texas  
December 4, 2010

Ted A. Lankford, CPA  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Panola College  
Carthage, Texas

### Compliance

We have audited the compliance of Panola College with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2010. 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 management. 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 Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Panola College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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, 2010.

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

Internal Control Over Compliance

Management of Panola College is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Panola College's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, others within the entity, the Texas Higher Education Coordinating Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Alexander, Lankford & Hiers, Inc.*

ALEXANDER, LANKFORD & HIERS, INC.  
Certified Public Accountants

Lufkin, Texas  
December 4, 2010

**PANOLA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AUGUST 31, 2010**

**A. Summary of Auditor's Results**

**Financial Statements**

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

Internal control over financial reporting:

Material weakness(es) identified?                           Yes                      X   No

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

Noncompliance material to financial statements  
noted?                           Yes                      X   No

**Federal and State Awards**

Internal control over major programs:

Material weakness(es) identified?                           Yes                      X   No

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

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

Any audit findings disclosed that are required to  
be reported in accordance with section 510(a)  
of Circular A-133 or TSAC?                           Yes                      X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program or Cluster*</u>
84.063	Federal Pell Grant*
84.007	Federal Supplemental Education Opportunity Grant*
84.032	Federal Family Education Loans*
84.033	Federal Work Study*
84.375	Academic Competitiveness Grant*
N/A	Comptroller of Public Accounts – Jobs and Education for Texans

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

Auditee qualified as low-risk auditee?                      X   Yes                           No

**PANOLA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**AUGUST 31, 2009**

**B. Financial Statements Findings**

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

None

**C. Federal and State Awards Findings and Questioned Costs**

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

None

# PANOLA COLLEGE COMPREHENSIVE ANNUAL FINANCIAL REPORT



## STATISTICAL SUPPLEMENTS (UNAUDITED)

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**Panola College**  
**Statistical Supplement 1**  
**Net Assets by Component**  
**Fiscal Years 2002 to 2010**  
(unaudited)  
(amounts expressed in thousands)

	For the Fiscal Year Ended August 31,								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 6,039	\$ 5,898	\$ 4,886	\$ 5,280	\$ 4,788	\$ 4,252	\$ 4,447	\$ 5,009	\$ 4,540
Restricted - expendable	-	-	-	-	-	-	-	-	62
Restricted - nonexpendable	2,262	2,070	1,883	956	1,705	1,610	1,559	1,460	1,345
Unrestricted	10,082	8,700	8,096	6,797	5,668	5,646	5,194	4,566	4,820
<b>Total primary government net assets</b>	<b>\$ 18,383</b>	<b>\$ 16,668</b>	<b>\$ 14,865</b>	<b>\$ 13,033</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 2002-2010 are available.

**Panola College**  
**Statistical Supplement 2**  
**Revenues by Source**  
**Fiscal years 2002 to 2010**  
(unaudited)

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$2,088	\$ 2,336	\$ 2,248	\$ 2,065	\$ 1,914	\$ 1,635	\$ 1,477	\$ 1,238	\$ 1,230
Governmental Grants and Contracts									
Federal Grants and Contracts	388	428	2,289	2,393	2,529	2,974	2,624	2,956	2,914
State Grants and Contracts	583	261	274	573	232	536	393	413	598
Local Grants and Contracts	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	4	1	1	5	20	28	20	86	14
Sales and services of educational activities	161	143	158	164	182	207	196	187	110
Auxiliary enterprises	1,168	1,400	1,161	1,158	1,088	917	850	1,141	762
Other Operating Revenues	322	304	371	251	310	268	309	331	274
<b>Total Operating Revenues</b>	<b>4,714</b>	<b>4,873</b>	<b>6,502</b>	<b>6,609</b>	<b>6,275</b>	<b>6,565</b>	<b>5,869</b>	<b>6,352</b>	<b>5,902</b>
State Appropriations	5,017	4,995	4,973	4,555	4,526	4,266	4,250	4,583	4,621
Ad Valorem Taxes	5,308	5,158	4,625	4,129	3,639	3,241	3,063	2,951	2,839
Federal Revenue, Non Operating	3,913	2,468	-	-	-	-	-	-	-
Gifts	207	666	721	304	162	128	104	109	103
Investment income	389	292	443	466	356	251	270	334	304
Other non-operating revenues	31	47	59	56	70	65	45	-	-
<b>Total Non-Operating Revenues</b>	<b>14,865</b>	<b>13,626</b>	<b>10,821</b>	<b>9,510</b>	<b>8,753</b>	<b>7,951</b>	<b>7,732</b>	<b>7,977</b>	<b>7,867</b>
<b>Total Revenues</b>	<b>\$ 19,579</b>	<b>\$ 18,499</b>	<b>\$ 17,323</b>	<b>\$ 16,119</b>	<b>\$ 15,028</b>	<b>\$ 14,516</b>	<b>\$ 13,601</b>	<b>\$ 14,329</b>	<b>\$ 13,769</b>

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

	2010	2009	2008	2007	2006	2005	2004	2003	2003
Tuition and fees (net of discounts)	10.66%	12.63%	12.98%	12.81%	12.74%	11.26%	10.86%	8.64%	8.93%
Governmental grants and contracts									
Federal grants and contracts	1.98%	2.31%	13.21%	14.85%	16.83%	20.49%	19.29%	20.63%	21.16%
State grants and contracts	2.98%	1.41%	1.58%	3.55%	1.54%	3.69%	2.89%	2.88%	4.34%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.02%	0.01%	0.01%	0.03%	0.13%	0.19%	0.15%	0.60%	0.10%
Sales and services of educational activities	0.82%	0.77%	0.91%	1.02%	1.21%	1.43%	1.44%	1.31%	0.80%
Auxiliary enterprises	5.97%	7.57%	6.70%	7.18%	7.24%	6.32%	6.25%	7.96%	5.53%
Other operating revenues	1.64%	1.64%	2.14%	1.56%	2.06%	1.85%	2.27%	2.31%	1.99%
<b>Total Operating Revenues</b>	<b>24.08%</b>	<b>26.34%</b>	<b>37.53%</b>	<b>41.00%</b>	<b>41.76%</b>	<b>45.23%</b>	<b>43.15%</b>	<b>44.33%</b>	<b>42.86%</b>
State appropriations	25.62%	27.00%	28.71%	28.26%	30.12%	29.39%	31.25%	31.98%	33.56%
Ad valorem taxes	27.11%	27.88%	26.70%	25.62%	24.21%	22.33%	22.52%	20.59%	20.62%
Non-Governmental Grants and Contracts	19.99%	13.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gifts	1.06%	3.60%	4.16%	1.89%	1.08%	0.88%	0.76%	0.76%	0.75%
Investment income	1.99%	1.58%	2.56%	2.89%	2.37%	1.73%	1.99%	2.33%	2.21%
Other non-operating revenues	0.16%	0.25%	0.34%	0.35%	0.47%	0.45%	0.33%	-	-
<b>Total Non-Operating Revenues</b>	<b>75.92%</b>	<b>73.66%</b>	<b>62.47%</b>	<b>59.00%</b>	<b>58.24%</b>	<b>54.77%</b>	<b>56.85%</b>	<b>55.67%</b>	<b>57.14%</b>
<b>Total Revenues</b>	<b>100.00%</b>								

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2010 are available.

**Panola College**  
**Statistical Supplement 3**  
**Program Expenses by Function**  
**Fiscal Years 2002 to 2010**  
(unaudited)

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$6,417	\$6,009	\$5,652	\$6,015	\$5,420	\$5,303	\$5,165	\$5,409	\$5,249
Research	-	-	-	-	-	-	-	-	-
Public service	356	300	408	259	323	369	317	431	483
Academic support	2,099	2,250	1,775	1,658	1,558	1,584	1,383	1,196	1,186
Student services	1,185	1,122	1,122	1,068	1,029	940	860	895	916
Institutional support	1,878	1,808	1,747	1,563	1,500	1,329	1,490	1,420	1,293
Operation and maintenance of plant	1,508	1,638	1,486	1,513	1,192	1,360	1,094	1,275	1,111
Scholarships and fellowships	1,359	963	736	840	1,030	1,196	882	1,503	1,065
Auxiliary enterprises	1,966	1,713	1,653	1,468	1,469	1,437	1,344	1,298	1,266
Depreciation	819	637	696	699	688	608	585	531	500
<b>Total Operating Expenses</b>	<b>17,587</b>	<b>16,440</b>	<b>15,275</b>	<b>15,083</b>	<b>14,209</b>	<b>14,126</b>	<b>13,120</b>	<b>13,958</b>	<b>13,069</b>
Interest on capital related debt	275	256	216	164	169	81	88	103	84
Loss on disposal of fixed assets	-	-	-	-	14	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>275</b>	<b>256</b>	<b>216</b>	<b>164</b>	<b>183</b>	<b>81</b>	<b>88</b>	<b>103</b>	<b>84</b>
<b>Total Expenses</b>	<b>\$ 17,862</b>	<b>\$ 16,696</b>	<b>\$ 15,491</b>	<b>\$ 15,247</b>	<b>\$ 14,392</b>	<b>\$ 14,207</b>	<b>\$ 13,208</b>	<b>\$ 14,061</b>	<b>\$ 13,153</b>

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	35.93%	35.99%	36.49%	39.45%	37.66%	37.33%	39.11%	38.47%	39.91%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	1.99%	1.80%	2.63%	1.70%	2.24%	2.60%	2.40%	3.07%	3.67%
Academic support	11.75%	13.48%	11.46%	10.87%	10.83%	11.15%	10.47%	8.51%	9.02%
Student services	6.63%	6.72%	7.24%	7.00%	7.15%	6.62%	6.51%	6.37%	6.96%
Institutional support	10.51%	10.83%	11.28%	10.25%	10.42%	9.35%	11.28%	10.10%	9.83%
Operation and maintenance of plant	8.44%	9.81%	9.59%	9.92%	8.28%	9.57%	8.28%	9.07%	8.45%
Scholarships and fellowships	7.61%	5.77%	4.75%	5.51%	7.16%	8.42%	6.68%	10.69%	8.10%
Auxiliary enterprises	11.01%	10.26%	10.67%	9.63%	10.21%	10.11%	10.18%	9.23%	9.63%
Depreciation	4.59%	3.82%	4.49%	4.58%	4.78%	4.28%	4.43%	3.78%	3.80%
<b>Total Operating Expenses</b>	<b>98.46%</b>	<b>98.47%</b>	<b>98.61%</b>	<b>98.92%</b>	<b>98.73%</b>	<b>99.43%</b>	<b>99.33%</b>	<b>99.27%</b>	<b>99.36%</b>
Interest on capital related debt	1.54%	1.53%	1.39%	1.08%	1.17%	0.57%	0.67%	0.73%	0.64%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.00%	0.00%	0.00%
<b>Total Non-Operating Expenses</b>	<b>1.54%</b>	<b>1.53%</b>	<b>1.39%</b>	<b>1.08%</b>	<b>1.27%</b>	<b>0.57%</b>	<b>0.67%</b>	<b>0.73%</b>	<b>0.64%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Change in Net Assets</b>	<b>\$ 1,717</b>	<b>\$ 1,803</b>	<b>\$ 1,832</b>	<b>\$ 872</b>	<b>\$ 636</b>	<b>\$ 309</b>	<b>\$ 393</b>	<b>\$ 268</b>	<b>\$ 616</b>

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2010 are available.

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

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

<b>Academic Year (Fall)</b>	<b>Registration Fee (per student)</b>	<b>In-District Tuition</b>	<b>Out-of-District Tuition</b>	<b>Technology Fees</b>
2009	\$ 0	\$ 25	\$ 25	0
2008	0	23	23	0
2007	0	21	21	0
2006	0	21	21	0
2005	0	21	21	0
2004	0	21	21	0
2003	0	21	21	0
2002	0	18	18	0
2001	0	18	18	0
2000	0	18	18	0
1999	0	18	18	0

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

<b>Academic Year (Fall)</b>	<b>Registration Fee (per student)</b>	<b>Non-Resident Tuition Out of State</b>	<b>Non-Resident Tuition International</b>	<b>Technology Fees</b>
2009	\$ 0	\$ 25	\$ 25	0
2008	0	23	23	0
2007	0	21	21	0
2006	0	21	21	0
2005	0	21	21	0
2004	0	21	21	0
2003	0	21	18	0
2002	0	18	18	0
2001	0	18	18	0
2000	0	18	18	0
1999	0	18	18	0

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

	<b>General Fees</b>	<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>
\$	31	\$ 31	\$ 672	\$ 1,044	3.70%	4.82%
	31	29	648	996	3.85%	5.06%
	31	27	624	948	6.12%	6.76%
	28	25	588	888	8.89%	8.82%
	24	23	540	816	7.14%	4.62%
	21	23	504	780	7.69%	4.84%
	18	23	468	744	8.33%	8.77%
	18	21	432	684	9.09%	5.56%
	15	21	396	648	6.45%	5.88%
	13	20	372	612	19.23%	21.43%
	8	16	312	504	-4.29%	-2.70%

	<b>General Fees</b>	<b>Out-of-State/International 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>
\$	31	\$ 57	\$ 1,356	\$ 1,356	5.61%	5.61%
	31	53	1,284	1,284	5.94%	5.94%
	31	49	1,212	1,212	7.45%	7.45%
	28	45	1,128	1,128	16.05%	16.05%
	24	36	972	972	3.85%	3.85%
	21	36	936	936	4.00%	4.00%
	18	36	900	900	7.14%	7.14%
	18	34	840	840	4.48%	4.48%
	15	34	804	804	9.84%	9.84%
	13	30	732	732	22.00%	22.00%
	8	24	600	600	-2.28%	-2.28%

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

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2009-10	\$ 5,918,523	\$ 867,770	\$ 5,050,753	85.34%	0.105790	0.000000	0.105790
2008-09	6,189,063	822,942	5,366,121	86.70%	0.095930	0.000000	0.095930
2007-08	5,096,193	688,521	4,407,672	86.49%	0.104770	0.000000	0.104770
2006-07	4,941,157	625,236	4,315,921	87.35%	0.094320	0.000000	0.094320
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	2,342,816	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

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	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2009-10	\$3,686,559	1,552	2,375	607,664	481,322	1,088,986	\$3.39
2008-09	\$3,643,562	1,475	2,470	551,088	461,097	1,012,185	\$3.60
2007-08	\$3,643,558	1,388	2,625	538,528	422,646	961,174	\$3.79
2006-07	\$3,300,206	1,383	2,386	546,016	408,684	954,700	\$3.46
2005-06	\$3,300,206	1,428	2,311	581,632	403,276	984,908	\$3.35
2004-05	\$3,208,094	1,426	2,250	558,368	383,456	941,824	\$3.41
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

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 CMB001

(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	2009	2008	2007	2006	2005	2004
Devon Energy (Pennzenergy)	Petroleum	\$ 705,899	\$ 798,440	\$ 663,209	\$ 603,854	\$ 274,467	\$ 230,103
Anadarko E & P Company LP	Petroleum	422,063	450,657	412,415	503,112	410,144	318,662
Chevron USA Inc.	Petroleum	225,486	310,145	298,058	348,332	252,360	212,807
Lacy Operations Ltd.	Petroleum	129,763	159,545	133,447	145,098	99,634	84,436
Exxon Mobile Corp.	Petroleum	129,656	161,489	135,141	132,901	101,907	79,577
XTO Energy	Petroleum	123,161	158,149	120,610	121,322	-	-
MarkWest Eastern TX Gas Co LP	Petroleum	117,310	83,134	61,576	48,864	-	-
EOG Resources Inc.	Petroleum	115,854	140,599	94,050	101,341	107,977	77,604
BP America Production	Petroleum	115,563	154,171	134,626	166,183	121,116	101,281
DCP Midstream LP	Petroleum	97,956	-	-	-	-	-
Conoco Phillips Co	Petroleum	-	81,182	-	-	-	-
Samson Lone Star LP	Petroleum	-	-	80,265	86,306	69,874	60,200
Devon Louisiana Corporation	Petroleum	-	-	-	-	141,956	83,181
TXU Mining Company	Coal Mining	-	-	-	-	59,904	56,168
Duke Energy Field Svcs	Petroleum	-	-	-	-	-	-
Louisiana Pacific	Timber	-	-	-	-	-	-
Ocean Energy	Petroleum	-	-	-	-	-	-
RME Petroleum Company	Petroleum	-	-	-	-	-	-
Texaco E & P Inc.	Petroleum	-	-	-	-	-	-
Union Pacific Resources	Petroleum	-	-	-	-	-	-
Vastar Resources Inc.	Petroleum	-	-	-	-	-	-
Enron Company	Petroleum	-	-	-	-	-	-
UPR - East Plant	Petroleum	-	-	-	-	-	-
Amoco Production Company	Petroleum	-	-	-	-	-	-
<b>Totals</b>		<b>\$ 2,182,711</b>	<b>\$ 2,497,511</b>	<b>\$ 2,133,397</b>	<b>\$ 2,257,313</b>	<b>\$ 1,639,339</b>	<b>\$ 1,304,019</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 5,147,720</b>	<b>\$ 4,407,672</b>	<b>\$ 4,315,921</b>	<b>\$ 3,454,522</b>	<b>\$ 2,840,185</b>	<b>\$ 2,342,817</b>

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2009	2008	2007	2006	2005	2004
Devon Energy (Pennzenergy)	Petroleum	16.36%	18.11%	15.37%	17.48%	9.66%	9.82%
Anadarko E & P Company LP	Petroleum	9.78%	10.22%	9.56%	14.56%	14.44%	13.60%
Chevron USA Inc.	Petroleum	5.22%	7.04%	6.91%	10.08%	8.89%	9.08%
Lacy Operations Ltd.	Petroleum	3.01%	3.62%	3.09%	4.20%	3.51%	3.60%
Exxon Mobile Corp.	Petroleum	3.00%	3.66%	3.13%	3.85%	3.59%	3.40%
XTO Energy	Petroleum	2.85%	3.59%	2.79%	3.51%	0.00%	0.00%
MarkWest Eastern TX Gas Co LP	Petroleum	2.72%	1.89%	1.43%	1.41%	0.00%	0.00%
EOG Resources Inc.	Petroleum	2.68%	3.19%	2.18%	2.93%	3.80%	3.31%
BP America Production	Petroleum	2.68%	3.50%	3.12%	4.81%	4.26%	4.32%
DCP Midstream LP	Petroleum	2.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Conoco Phillips Co.	Petroleum	0.00%	1.84%	0.00%	0.00%	0.00%	0.00%
Samson Lone Star LP	Petroleum	0.00%	0.00%	1.86%	2.50%	2.46%	2.57%
Devon Louisiana corporation	Petroleum	0.00%	0.00%	0.00%	0.00%	5.00%	3.55%
TXU Mining Company	Coal Mining	0.00%	0.00%	0.00%	0.00%	2.11%	2.40%
Duke Energy Field Services	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Louisiana Pacific	Timber	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ocean Energy	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RME Petroleum Company	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texaco E & P Inc.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Union Pacific Resources	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Vastar Resources, Inc.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Enron Company	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UPR - East Plant	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amoco Production Company	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Totals</b>		<b>42.40%</b>	<b>56.66%</b>	<b>49.43%</b>	<b>65.34%</b>	<b>57.72%</b>	<b>55.66%</b>

Source: Local County Appraisal District



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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2010	\$ 5,343	\$ 185	\$ 5,528	\$ 5,308	96.02%	\$ -	\$ -	5308	96.02%
2009	5,147	208	5,355	5,250	98.04%	-	75	5325	99.44%
2008	4,618	160	4,778	4,702	98.41%	51	10	4763	99.69%
2007	4,071	181	4,252	4,184	98.40%	55	3	4242	99.76%
2006	3,753	(4)	3,749	3,705	98.83%	35	1	3741	99.79%
2005	3,328	-	3,328	3,272	98.32%	49	1	3322	99.82%
2004	3,159	1	3,160	3,108	98.35%	44	1	3153	99.78%
2003	3,065	(24)	3,041	2,967	97.57%	68	1	3036	99.84%
2002	2,912	(6)	2,906	2,867	98.66%	35	0	2902	99.86%
2001	2,807	(1)	2,806	2,759	98.33%	42	0	2801	99.82%

Source: Local Tax Assessor/Collector and District records.

(a) As reported in notes to the financial statements for the year of the levy.

(b) As of August 31st of the current reporting year.

(c) Property tax only - does not include penalties and interest

(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.

(e) Represents current year collections of prior years levies.

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

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Bonded Debt</b>										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Debt</b>										
(The amounts for Other Debt are not from Exhibit 1 of Sample CC. They are for illustration only)										
Revenue bonds	\$ 6,620	\$ 7,366	\$ 8,107	\$ 2,374	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 30
Notes	1,035	1,169	1,297	1,536	1,647	1,754	1,856	2,017	82	100
Capital lease obligations			13	100	8	52	99	133	199	197
Total Outstanding Debt	\$ 7,655	\$ 8,535	\$ 9,417	\$ 4,010	\$ 4,155	\$ 1,806	\$ 1,955	\$ 2,150	\$ 281	\$ 327
<b>General Bonded Debt Ratios</b>										
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%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 0.34	\$ 0.37	\$ 0.41	\$ 0.17	\$ 0.18	\$ 0.08	\$ 0.09	\$ 0.09	\$ 0.01	\$ 0.01
Per FTSE	6	6	7	3	3	1	1	2	0	0
As a percentage of Taxable Assessed Value	0.15%	0.16%	0.21%	0.09%	0.12%	0.06%	0.08%	0.08%	0.01%	0.02%

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)

	2010	2009	2008
Taxable Assessed Value	\$ 5,343,192	\$ 5,147,720	\$ 4,407,672
<b>General Obligation Bonds</b>			
Statutory Tax Levy Limit for Debt Service	-	-	-
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-
Total Net General Obligation Debt	-	-	-
Current Year Debt Service Requirements	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ -	\$ -	\$ -
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%

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

2007	2006	2005	2004	2003	2002	2001
\$ 4,315,921	\$ 3,454,522	\$ 2,840,185	\$ 2,342,817	\$ 2,610,848	\$ 2,683,865	\$ 2,016,246
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**Revenue Bonds**

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)					
	Tuition	Fee	General			Total
			Operating Revenues	Auxilliary Revenues	Investment Income	
2010	\$ 1,585	\$ 3,016	\$ 322	\$ 2,305	\$ 329	\$ 7,557
2009	1,386	2,717	304	2,278	221	6,906
2008	1,144	2,544	371	1,868	332	6,259
2007	1,160	2,281	251	1,794	347	5,833
2006	1,101	1,980	310	1,737	272	5,400
2005	-	-	-	-	-	-
2004	-	-	-	-	-	-
2003	-	-	-	-	-	-
2002	-	-	-	-	-	-
2001	-	-	-	1,200	-	1,200

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

Debt Service Requirements (\$000  
omitted)

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Principal	Interest	Total	Coverage Ratio
\$ 746	\$ 233	\$ 979	7.72%
741	259	1,000	6.91%
136	88	224	27.94%
131	94	225	25.92%
126	99	225	24.00%
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
30	1	31	38.71%

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

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2009	22,606	\$ 838,756	\$ 19,723	6.40%
2008	23,084	731,314	31,882	4.60%
2007	23,002	682,930	29,572	3.9%
2006	23,206	654,853	26,904	4.4%
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%

**Sources:**

Population from U.S. Bureau of the Census.  
Personal income from U.S. Bureau of Economic Analysis.  
Unemployment rate from Texas Workforce Commission

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

Employer	Number of Employees	Percentage of Total Employment (2)
Tyson Poultry Inc.	524	6.40%
Carthage Independent School District	484	5.90%
Smith Equipment Rental and Services	396	4.80%
D Courtney Construction Inc.	255	3.12%
Pinnergy, Inc.	250	3.42%
East Texas Medical Center-Carthage	220	2.69%
Panola County	191	2.34%
WNA	160	1.95%
Pierce Construction	148	1.81%
Louisiana Pacific	130	1.59%
Total	<u>2,758</u>	<u>34.02%</u>

**Source:**

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

**Note:**

Percentages are calculated using the midpoints of the ranges.  
This institution previously did not present this schedule and chose to implement prospectively.

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Faculty</b>										
Full-Time	63	64	61	61	61	61	60	60	62	62
Part-Time	60	54	56	54	46	48	42	43	40	40
Total	123	118	117	115	107	109	102	103	102	102
<b>Percent</b>										
Full-Time	51.2%	54.2%	52.1%	53.0%	57.0%	56.0%	58.8%	58.3%	60.8%	60.8%
Part-Time	48.8%	45.8%	47.9%	47.0%	43.0%	44.0%	41.2%	41.7%	39.2%	39.2%
<b>Staff and Administrators</b>										
Full-Time	73	72	69	68	67	66	66	65	65	65
Part-Time	65	67	62	56	70	68	61	58	60	62
Total	138	139	131	124	137	134	127	123	125	127
<b>Percent</b>										
Full-Time	52.9%	51.8%	52.7%	54.8%	48.9%	49.3%	52.0%	52.8%	52.0%	51.2%
Part-Time	47.1%	48.2%	47.3%	45.2%	51.1%	50.7%	48.0%	47.2%	48.0%	48.8%
<b>FTSE per Full-time Faculty</b>										
FTSE per Full-time Faculty	24.6	23.0	22.6	22.7	23.4	23.4	22.4	23.1	21.0	20.5
<b>FTSE per Full-Time Staff Member</b>										
FTSE per Full-Time Staff Member	21.3	22.0	20.1	20.3	21.3	21.6	20.4	21.3	20.1	19.6
<b>Average Annual Faculty Salary</b>										
Average Annual Faculty Salary	\$50,562	\$46,602	\$45,801	\$44,746	\$43,489	\$43,362	\$41,229	\$43,300	\$41,368	\$41,103



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

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent								
Gender										
Female	1,411	66.84%	1,306	65.93%	1,257	66.65%	1,261	67.40%	1,270	66.08%
Male	700	33.16%	675	34.07%	629	33.35%	610	32.60%	652	33.92%
Total	2,111	100.00%	1,981	100.00%	1,886	100.00%	1,871	100.00%	1,922	100.00%

	Fall 2008		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent								
Ethnic Origin										
White	1,508	71.44%	1,481	74.76%	1,448	76.78%	1,444	77.18%	1,478	76.90%
Hispanic	135	6.40%	121	6.11%	99	5.25%	74	3.96%	81	4.21%
African American	422	19.99%	343	17.31%	297	15.75%	312	16.68%	327	17.01%
Asian	19	0.90%	13	0.66%	14	0.74%	15	0.80%	13	0.68%
Foreign	18	0.85%	17	0.86%	17	0.90%	14	0.75%	11	0.57%
Native American	9	0.43%	6	0.30%	11	0.58%	10	0.53%	12	0.62%
Other	-	0.00%	-	0.00%	-	0.00%	2	0.11%	-	0.00%
Total	2,111	100.00%	1,981	100.00%	1,886	100.00%	1,871	100.00%	1,922	100.00%

	Fall 2008		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent								
Age										
Under 18	393	18.62%	349	17.62%	352	18.66%	331	17.69%	329	17.12%
18 -21	877	41.54%	902	45.53%	865	45.86%	846	45.22%	861	44.80%
22 - 24	213	10.09%	208	10.50%	164	8.70%	173	9.25%	203	10.56%
25 - 35	390	18.47%	322	16.25%	313	16.60%	324	17.32%	332	17.27%
36 - 50	205	9.71%	167	8.43%	175	9.28%	171	9.14%	170	8.84%
51 & over	33	1.56%	33	1.67%	17	0.90%	26	1.39%	27	1.40%
Total	2,111	100.00%	1,981	100.00%	1,886	100.00%	1,871	100.00%	1,922	100.00%

Average Age	23.6	23.3	23.3	23.3	23.0
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**Panola College**  
**Statistical Supplement 17**  
**Transfers to Senior Institutions**  
**2008 Fall Students as of Fall 2009**  
**(Includes only public senior colleges in Texas)**  
(unaudited)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	1			1	0.33%
2 Lamar University		1		1	0.33%
3 Midwestern State University	1			1	0.33%
4 Prairie View A & M University	1	1		2	0.66%
5 Sam Houston State University	9			9	2.97%
6 Southwest Texas State University				0	0.00%
7 Stephen F Austin State University	148	14	2	164	54.13%
8 Sul Ross State University	2			2	0.66%
9 Tarleton State University	5			5	1.65%
10 Texas A & M International University	1			1	0.33%
11 Texas A & M University	28	1		29	9.57%
12 Texas A & M University at Commerce	3			3	0.99%
13 Texas A & M University at Corpus Christi	1			1	0.33%
14 Texas A & M University at Galveston	3			3	0.99%
15 Texas A & M University at Kingsville	1			1	0.33%
16 Texas A & M University at Texarkana	4			4	1.32%
17 Texas Southern University	2			2	0.66%
18 Texas State University	5			5	1.65%
19 Texas Tech University	9	1		10	3.30%
20 Texas Women's University	1	1		2	0.66%
21 The University of Texas at Arlington	3			3	0.99%
22 The University of Texas at Austin	9			9	2.97%
23 The University of Texas at El Paso	1			1	0.33%
24 The University of Texas at Dallas				0	0.00%
25 The University of Texas at San Antonio	1			1	0.33%
26 The University of Texas at Tyler	28	4	1	33	10.89%
27 University of Houston	1			1	0.33%
28 University of Houston - Downtown	1			1	0.33%
29 University of Houston at Victoria	1			1	0.33%
30 University of North Texas	6			6	1.98%
31 West Texas A & M University	1			1	0.33%
<b>Totals</b>	<b>277</b>	<b>23</b>	<b>3</b>	<b>303</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 2010**  
(unaudited)

	<b>Fiscal Year</b>								
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Academic buildings	9	9	9	9	8	8	8	8	8
Square footage (in thousands)	146	146	146	146	132	132	132	132	132
Libraries	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	32	17	17	17	17	17	17	17	17
Number of Volumes (in thousands)	87	83	81	117	104	86	73	73	56
Administrative and support buildings	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	25	25	25	25	25	25	25	25	25
Dormitories	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	26	26	26	26	26	39	39	39	39
Number of Beds	120	120	120	120	120	189	189	189	189
Apartments	3	3	3	3	3	0	0	0	0
Square footage (in thousands)	18	18	18	18	18	0	0	0	0
Number of beds	96	96	96	96	96	0	0	0	0
Dining Facilities	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	25	25	25	25	25	25	25	25	25
Average daily customers	105	105	105	105	105	102	86	86	89
Athletic Facilities	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	37	37	37	37	37	37	37	37	37
Gymnasiums	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	17	17	17	17	17	17	17	17	17
Transportation									
Cars	1	1	2	2	2	2	2	2	2
Light Trucks/Vans	10	9	11	10	9	8	8	8	8
Buses	2	2	2	2	2	2	1	1	0

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2010 are available.