

PANOLA COLLEGE
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2023 AND 2022



PREPARED BY:
FISCAL SERVICES DEPARTMENT
PANOLA COLLEGE

**PANOLA COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-3
GFOA Certificate of Achievement	4
Organizational Chart	5
Principal Officials	6
FINANCIAL SECTION	
Independent Auditor's Report	9-12
Management's Discussion and Analysis	13-18
BASIC FINANCIAL STATEMENTS	
Statements of Net Position (Exhibit 1)	21
Statements of Financial Position – Affiliated Organization (Exhibit 1-A)	22
Statements of Revenues, Expenses, and Changes in Net Position (Exhibit 2)	23
Statements of Activities – Affiliated Organization (Exhibit 2-A)	24
Statements of Cash Flows (Exhibit 3)	25-26
Notes to Financial Statements	28-57
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of College's Proportionate Share of Net Pension Liability-Teacher Retirement System of Texas	59
Schedule of College's Contributions-Teacher Retirement System of Texas	60
Schedule of College's Proportionate Share of Net OPEB Liability-Employees Retirement System of Texas	61
Schedule of College's Contributions-Employees Retirement System of Texas	62
Notes to Required Supplementary Information	63-64
SUPPLEMENTARY SCHEDULES	
Schedule of Operating Revenues (Schedule A)	67
Schedule of Operating Expenses by Object (Schedule B)	68
Schedule of Non-Operating Revenues and Expenses (Schedule C)	69
Schedule of Net Position by Source and Availability (Schedule D)	70

**PANOLA COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

TABLE OF CONTENTS (CONTINUED)

Statements of Cash Flows – Affiliated Organization (Schedule E)	71
Schedule of Expenditures of Federal Awards (Schedule F)	72
Notes to Schedule of Expenditures of Federal Awards	73
Schedule of Expenditures of State Awards (Schedule G)	74
Notes to Schedule of Expenditures of State Awards	75

SINGLE AUDIT SECTION

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	77-78
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	79-81
Schedule of Findings and Questioned Costs	82

STATISTICAL SUPPLEMENTS - (Unaudited)

Statistical Section Objectives	85
Net Position by Component	86
Revenues by Source	87
Program Expenses by Function	88
Tuition and Fees	89
Assessed Value and Taxable Assessed Value of Property	90
State Appropriations per FTSE and Contact Hours	91-92
Principal Taxpayers	93
Property Tax Levies and Collections	95
Ratios of Outstanding Debt	96
Legal Debt Margin Information	97-98
Pledged Revenue Coverage	99-100
Demographic and Economic Statistics – Taxing District	101
Principal Employers by Industry	102

**PANOLA COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

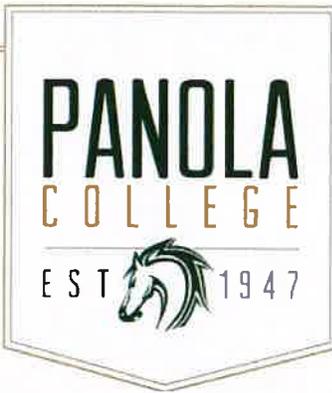
TABLE OF CONTENTS (CONTINUED)

Faculty, Staff and Administrators Statistics	103
Enrollment Details	104
Student Profile	105
Transfers to Senior Institutions	106
Capital Asset Information	107

PANOLA COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT



INTRODUCTORY SECTION



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

December 1, 2023

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

We are pleased to present the following annual comprehensive financial report (ACFR) for the Panola County Junior College District for the fiscal year ended August 31, 2023. The ACFR has been prepared by the Fiscal Services Department in conformance with the financial reporting standards applicable to government entities set forth by the Governmental Accounting Standards Board (GASB) in its authoritative pronouncements, as well as the financial reporting requirements of the Government Finance Officers Association (GFOA). The report complies with the requirements of Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB).

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

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

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

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

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

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

COLLEGE PROFILE

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

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

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

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

BOND ELECTION / REFUNDING

The last bond election for the College was done in Fiscal Year 2013. The College conducted a tax-exempt refunding of the Series 2013 bonds for uniform interest cost savings that will result in a \$360,764 debt service savings over the next 15 years. The refunding date of these Bonds was June 1, 2023, and will result in a present value savings as a % of the Refunded Bonds equal to 5.2%.

There are no immediate plans for another bond election at this time.

ECONOMIC CONDITION AND OUTLOOK

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

Panola County ranks as one of the leading natural gas producers in Texas. The Carthage gas fields are among the largest natural gas reservoirs in the state. Timber, poultry, and cattle production also continue to contribute to the local economy. All of these activities have a positive impact on employment and the county tax base.

The College continues to have strong enrollment. On average, approximately 2,400 credit students and 350 continuing education students are enrolled each semester in one of 50 areas of study offered through the College. Enrollment growth in prior years had created a need for additional facilities to handle the increased student loads. In addition to the aforementioned bond election, the College constructed a new 64 bed residence hall in fiscal year 2013. The College can now house up to 250 resident students.

On September 29, 2020, the College entered into a contract to construct a new Music Building on the main Carthage campus. The new building includes a band hall, ensemble rooms, practice rooms, office space, and additional space for lifelong learning. The building is complete and classes have been conducted in the building beginning with the Spring Semester in January 2022.

On January 17, 2023, the College entered into a contract to construct a new Energy Building on the main Carthage campus. The new building includes a welding lab, an engine and compression lab, an instrumentation lab, an electrical and motor control lab, a commercial wiring lab, an HVAC lab, a hydraulics

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lab, and a spare lab for new technology training as well as drone training. This new building is projected to be completed by June 30, 2024.

The College's financial condition remains strong. The largest areas of funding for the College are property taxes, tuition and fees, and state appropriated funds. The overall outlook for the future remains strong due to projected student enrollment, strategic leadership and active fiscal management. As part of the College's long-term financial plan, sufficient cash reserves are maintained to operate the College for 6 months or more.

FUTURE PROJECTS

On September 25, 2023 the College entered into a contract with the Construction Manager to replace the baseball bleachers at the baseball field and to build a new rodeo barn. The new rodeo barn is projected to be completed by May 31, 2024, and the new baseball bleachers are projected to be completed by September 30, 2024.

BUDGETING PROCESS

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the College a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended August 31, 2022 for its annual comprehensive financial report. This was the twenty-eighth 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 ACFR. This report must satisfy generally accepted accounting principles, GFOA standards, and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Sincerely,


Alan Howard, MBA, CPA
Vice President of Fiscal Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Panola College
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2022

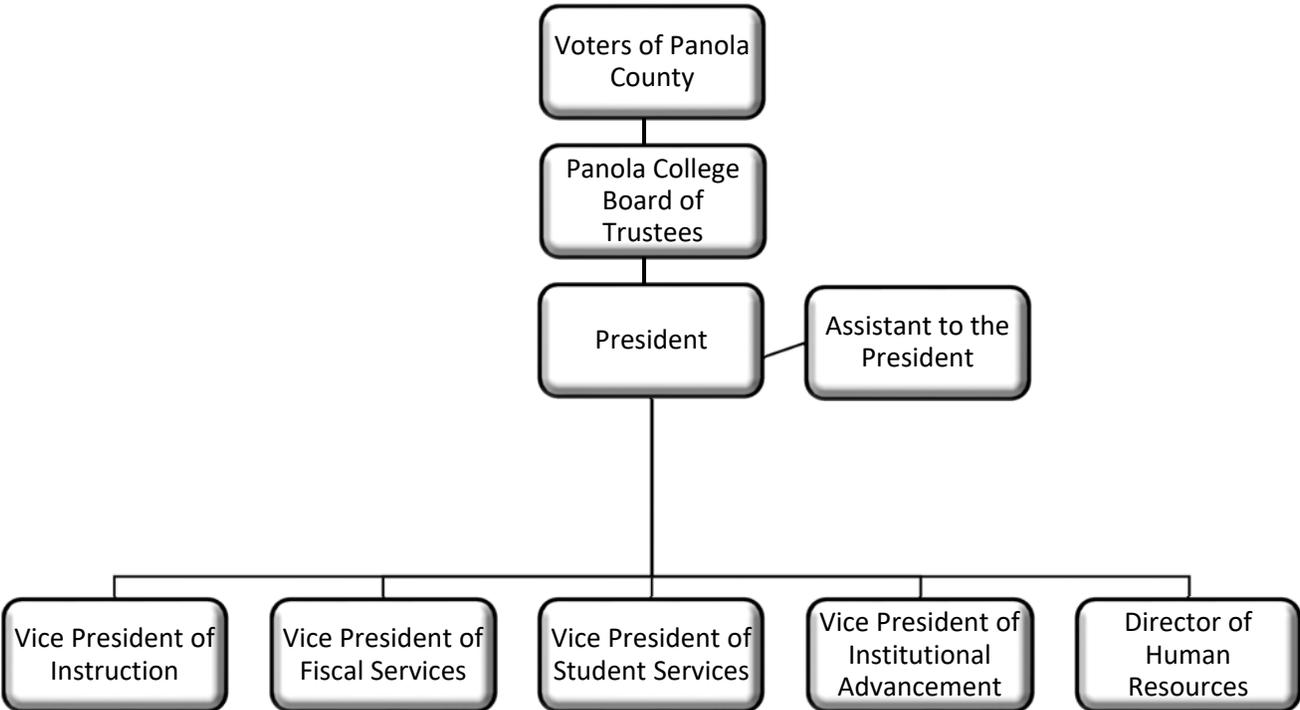
Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART

PANOLA COLLEGE

Carthage, Texas



**PANOLA COLLEGE
PRINCIPAL OFFICIALS
AUGUST 31, 2023**

BOARD OF TRUSTEES

OFFICERS

**Mr. William Goolsby
Mr. Bobby Phillips
Mr. Richard Thomas**

**Chair
Vice-Chair
Secretary**

MEMBERS

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

Term Expires

**2024
2024
2026
2026
2028
2028
2028**

ADMINISTRATION

Dr. Gregory S. Powell

President

Dr. Billy W. Adams

Vice President of Instruction

Mr. Alan Howard, MBA, CPA

**Vice President of Fiscal
Services**

Mr. Don Clinton

**Vice President of Student
Services**

Dr. Jessica Pace

**Vice President of Institutional
Advancement**

Mr. Jeremy Dorman

Director of Human Resources

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PANOLA COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT



FINANCIAL SECTION

Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
Brenda A. Johnson



4000 S. Medford Drive
Lufkin, Texas 75901

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Panola College
Carthage, Texas

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Panola College (College) as of and for the years ended August 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Panola College as of August 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Panola College's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB information on pages 13 through 18 and 59 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola College's basic financial statements. The supplementary schedules, which include the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules, including the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical supplements but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of Panola College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Panola College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panola College's internal control over financial reporting and compliance.

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
December 1, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Panola County Junior College District (the College) offers readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the year ended August 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found at the front of this report, and the College's financial statements and notes to the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources at August 31, 2023 by \$58,126,040 (net position). Of this amount, \$17.2M of unrestricted funds may be used to meet the College's ongoing obligations. The increase in unrestricted net position is primarily due to the increase in tax revenues and a reduction in operating expenses. The calculation on page 18 reflects adjustments to the unrestricted net position to arrive at \$33.7M of operational resources.

The Net Position for the College increased by \$8,200,452 for the current fiscal year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis document is 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 financial statement reporting standards for the College with the fiscal year ended August 31, 2002. The standards required the College's financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. The basic financial statements include: 1) the *Statement of Net Position*, 2) the *Statement of Revenues, Expenses, and Changes in Net Position*, and 3) the *Statement of Cash Flows*. The notes to the financial statements are an integral part of the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities. This approach is intended to summarize and simplify the user's analysis of costs of various services to students and the public. The statement presents information for all of the current year's revenues and expenses on an accrual basis. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

Notes to the Financial Statements.

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

ANALYSIS OF BASIC FINANCIAL STATEMENTS

Condensed Statements of Net Position as of August 31, 2023, 2022 and 2021

	2023	% of Total	from 2022 to 2023		2022	from 2021 to 2022		2021
			Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Assets:								
Current assets	\$ 44,038,472	40.5%	\$ 3,693,461	9.2%	\$ 40,345,011	\$ 5,339,301	15.3%	\$ 35,005,710
Noncurrent assets:								
Capital assets, net	53,595,068	49.2%	4,271,425	8.7%	49,323,643	293,256	0.6%	49,030,387
Other	11,216,855	10.3%	1,177,279	11.7%	10,039,576	(835,535)	(7.7%)	10,875,111
Total assets	108,850,395	100.0%	9,142,165	9.2%	99,708,230	4,797,022	5.1%	94,911,208
Deferred outflows	3,619,952	100.0%	(476,966)	(11.6%)	4,096,918	(710,137)	(14.8%)	4,807,055
Liabilities:								
Current liabilities	10,232,106	20.9%	1,996,882	24.2%	8,235,224	(114,803)	(1.4%)	8,350,027
Non-current liabilities	38,804,807	79.1%	(1,574,693)	(3.9%)	40,379,500	(1,927,746)	(4.6%)	42,307,246
Total liabilities	49,036,913	100.0%	422,189	0.9%	48,614,724	(2,042,549)	(4.0%)	50,657,273
Deferred Inflows	5,307,394	100.0%	42,558	0.8%	5,264,836	615,999	13.3%	4,648,837
Net position:								
Net investment in								
capital assets	29,966,340	51.6%	5,370,634	21.8%	24,595,706	1,100,232	4.7%	23,495,474
Restricted	10,958,596	18.9%	934,456	9.3%	10,024,140	(585,856)	(5.5%)	10,609,996
Unrestricted	17,201,104	29.5%	1,895,362	12.4%	15,305,742	4,999,059	48.5%	10,306,683
Total net position	\$ 58,126,040	100.0%	\$ 8,200,452	16.4%	\$ 49,925,588	\$ 5,513,435	12.4%	\$ 44,412,153

Current assets increased year over year by \$3.7M. This increase was mainly in cash and cash equivalents and is primarily due to the increase in Ad-valorem tax revenue and Investment income. The 2022-23 year's activity increased the College's overall net position by \$8.2M, an increase of 16.4%. The 2021-22 year's activity increased the overall net position of the College by 12.4% over the previous year's position. The College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$58,126,040 at August 31, 2023. Assets amounted to \$108,850,395 with investment in capital assets comprising \$53.6M of that total. Capital assets include land, library books, buildings and improvements, vehicles, furniture, and equipment. The College uses these capital assets to provide services to students and, consequently, these assets are not available for future spending. The College's net investment in capital assets is 51.6% of total net position. It should be noted that the capital assets may not be used to liquidate liabilities. Additionally, \$11M (18.9%) of total net position is externally restricted. The remaining balance of \$17.2M represents unrestricted net position that may be used to meet the College's ongoing obligations; the calculation on page 18 reflects adjustments to the unrestricted net position to arrive at \$33.7M of operational resources available to the College. Total liabilities amounted to \$49M, up 0.9% from the previous year.

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

Condensed Statements of Revenues,
Expenses, and Changes in Net Position
as of August 31, 2023, 2022 and 2021

	2023	% of Total	from 2022 to 2023		2022	from 2021 to 2022		2021
			Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Operating revenues								
Tuition & fees, net	\$ 4,365,719	11.9%	\$ 542,064	14.2%	\$ 3,823,655	\$ (79,335)	(2.0%)	\$ 3,902,990
Grants and contracts	1,403,118	3.8%	343,884	32.5%	1,059,234	(255,584)	(19.4%)	1,314,818
Auxiliary enterprises	1,125,747	3.1%	(90,113)	(7.4%)	1,215,860	59,196	5.1%	1,156,664
Other operating revenues	416,490	1.2%	11,955	3.0%	404,535	62,870	18.4%	341,665
Total operating revenues	7,311,074	20.0%	807,790	12.4%	6,503,284	(212,853)	(3.2%)	6,716,137
Non-operating revenues								
State appropriations	6,354,924	17.3%	106,510	1.7%	6,248,414	61,800	1.0%	6,186,614
Ad-valorem taxes	13,233,315	36.1%	1,450,502	12.3%	11,782,813	694,984	6.3%	11,087,829
Federal revenue	5,213,549	14.2%	(4,972,097)	(48.8%)	10,185,646	(89,179)	(0.9%)	10,274,825
Gifts/ Endowments	1,325,119	3.6%	704,485	113.5%	620,634	370,424	148.0%	250,210
Gain (loss) on assets	14,001	0.1%	(284,337)	(95.3%)	298,338	365,040	(547.3%)	(66,702)
Insurance recoveries	-	0.0%	-	-	-	(138,184)	-	138,184
Investment income	3,179,047	8.7%	2,917,863	1117.2%	261,184	(1,361,940)	(83.9%)	1,623,124
Total non-operating revenues	29,319,955	80.0%	(77,074)	(0.3%)	29,397,029	(97,055)	(0.3%)	29,494,084
Total revenues	36,631,029	100.0%	730,716	2.0%	35,900,313	(309,908)	(0.9%)	36,210,221
Operating expenses								
Instruction	9,361,453	32.8%	820,651	9.6%	8,540,802	(582,942)	(6.4%)	9,123,744
Public service	220,348	0.9%	5,700	2.7%	214,648	182,296	563.5%	32,352
Academic support	3,292,027	11.6%	417,659	14.5%	2,874,368	(68,359)	(2.3%)	2,942,727
Student services	1,860,148	6.5%	(22,162)	(1.2%)	1,882,310	217,883	13.1%	1,664,427
Institutional support	3,230,097	11.4%	(1,880,578)	(36.8%)	5,110,675	158,134	3.2%	4,952,541
O & M of plant	2,277,917	8.0%	181,268	8.6%	2,096,649	124,676	6.3%	1,971,973
Scholarships & fellowships	1,969,307	6.9%	(1,941,823)	(49.6%)	3,911,130	(389,327)	(9.1%)	4,300,457
Auxiliary enterprises	2,530,627	8.9%	164,233	6.9%	2,366,394	91,160	4.0%	2,275,234
Depreciation & Amortization	2,648,561	9.3%	130,553	5.2%	2,518,008	251,755	11.1%	2,266,253
Total operating expenses	27,390,485	96.3%	(2,124,499)	(7.2%)	29,514,984	(14,724)	0.0%	29,529,708
Non-operating expenses	1,040,092	3.7%	168,198	19.3%	871,894	(12,848)	(1.5%)	884,742
Total expenses	28,430,577	100.0%	(1,956,301)	(6.4%)	30,386,878	(27,572)	(0.1%)	30,414,450
Changes in net position	8,200,452	14.1%	2,687,017	48.7%	5,513,435	(282,336)	(4.9%)	5,795,771
Beginning net position	49,925,588	85.9%	5,513,435	12.4%	44,412,153	5,795,771	15.0%	38,616,382
Ending net position	\$ 58,126,040	100.0%	\$ 8,200,452	16.4%	\$49,925,588	\$ 5,513,435	12.4%	\$ 44,412,153

For the 2022-23 fiscal year, the operating revenues amounted to \$7.3M and non-operating revenues \$29.3M for a total of \$36.6M. Major operating revenues include (net of discounts) \$4.4M in tuition and fees, \$1.4M in grants and contracts, and \$1.1M in auxiliary enterprises. Major non-operating revenues include \$6.4M in state appropriations, \$13.2M in ad-valorem taxes, and \$5.2M in federal revenues. The end of federal Covid-19 grants in FY 2021-22 resulted in a decrease of \$4.97M in Federal Revenue in FY 2022-23. The Investment Income increase of \$2.9M was due to the performance of the Texas Presbyterian Funds investment and higher interest rates on cash investment accounts. Operating expenses totaled \$27.4M and non-operating expenses were \$1M for total expenses of \$28.4M. The FY 2022-23 change in net position was an increase of \$8.2M from the prior year. The increase in net position is primarily due to the increase in tax revenues based on a 16.9% increase in taxable property values, a 7.8% tax rate increase on all classes of property, an increase in Investment Income, and a reduction in operating expenses due to lower institutional support and scholarship costs. The change in net position for fiscal year 2021-22 was an increase of \$5.5M from fiscal year 2020-21, mainly due to an increase in tax revenues and royalty income.

Instruction operating expense includes expenditures for all activities that are part of the College's instruction program. These activities include credit and noncredit courses for academic, vocational, developmental, and tutorial instruction. Public Service includes funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the College. Academic support expenses are used to provide support services for the College's primary missions of instruction, research, and public service. This includes library expenses, academic administration, computer services, and distance learning support. Student services include expenses for offices of records and admissions and student activities. Institutional support includes expenses related to the College's executive management, fiscal operations, personnel management, college development, administrative computing, and general institutional expenses. Operation and maintenance of plant are expenditures for the operation and maintenance of the physical plant. Scholarships and fellowships categorization includes scholarships and fellowships, as well as tuition remissions and exemptions. Auxiliary enterprises include expenditures for the college store, food services, residence halls, and athletic programs.

Condensed Statements of Cash Flows
as of August 31, 2023, 2022 and 2021

	2023	Increase (Decrease)	2022	Increase (Decrease)	2021
Cash provided by/(used) for:					
Operating activities	\$ (14,534,633)	\$ 5,205,401	\$ (19,740,034)	\$ (1,480,598)	\$ (18,259,436)
Noncapital financing activities	25,248,800	(2,743,025)	27,991,825	1,206,604	26,785,221
Capital and related financing activities	(9,001,633)	(4,807,480)	(4,194,153)	1,367,262	(5,561,415)
Investing activities	1,942,191	845,216	1,096,975	1,088,890	8,085
Net increase (decrease) in cash and cash equivalents	3,654,725	(1,499,888)	5,154,613	2,182,158	2,972,455
Cash and cash equivalents – beginning of year	35,620,951	5,154,613	30,466,338	2,972,455	27,493,883
Cash and cash equivalents – end of year	\$ 39,275,676	\$ 3,654,725	\$ 35,620,951	\$ 5,154,613	\$ 30,466,338

Cash and cash equivalents at August 31, 2023 were \$39.3M, which is an increase of \$3.7M or 10.3% over the prior year.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION

Given the positive net position and the positive trend of continued productivity, the College's financial position has remained strong, with unrestricted net position representing six months or more of operating reserves, which is above the 3.6 months' minimum previously 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, 2023 amounts to \$53,595,068 (net of accumulated depreciation) and represents an increase of 8.7% from the previous year. This investment includes land, library books, buildings and improvements, construction-in-progress, furniture and equipment, and a right-to-use asset.

Capital Assets
(net of depreciation)
as of August 31, 2023, 2022 and 2021

	2023	Increase (Decrease)	% Change	2022	Increase (Decrease)	% Change	2021
Land	\$ 2,281,873	\$ 55,460	2.5%	\$ 2,226,413	\$ 59,676	2.8%	\$ 2,166,737
Library Books	58,061	(9,786)	(14.4%)	67,847	(15,193)	(18.3%)	83,040
Buildings and Improvements	44,458,197	34,942	0.1%	44,423,255	2,220,311	5.3%	42,202,944
Construction in Progress	4,956,115	4,384,102	766.4%	572,013	(2,592,485)	(81.9%)	3,164,498
Furniture and Equipment	1,565,256	(124,402)	(7.4%)	1,689,658	276,490	19.6%	1,413,168
Right-to-Use Asset - Buildings	275,566	(68,891)	(20.0%)	344,457	344,457	-	-
Total	\$ 53,595,068	\$ 4,271,425	8.7%	\$49,323,643	\$ 293,256	0.6%	\$ 49,030,387

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

Long-term Liabilities

In September 2013, the College issued 25-year general obligation bonds of \$9,325,000. The principal balance at August 31, 2022 was \$5,630,000. The College conducted a tax-exempt refunding of the Series 2013 Bonds for uniform interest cost savings that will result in a \$360,764 debt service savings over the next 15 years. The refunding date of these bonds was June 1, 2023, and will result in a present value savings as a percent of the Refunded Bonds equal to 5.2%. The August 31, 2023 principal balance of the bonds issued in 2023 was \$5,195,000. In September 2014, the College issued 25-year general obligation bonds of \$25,155,000. The principal balance at August 31, 2023 was \$17,800,000 as shown in footnote 9.

Long-term Liabilities
as of August 31, 2023, 2022 and 2021

	2023	Increase (Decrease)	% Change	2022	Increase (Decrease)	% Change	2021
General obligation bonds	\$ 22,995,000	\$ (1,335,000)	(5.5%)	\$ 24,330,000	\$ (1,095,000)	(4.3%)	\$ 25,425,000
General obligation bonds premium	347,443	300,588	641.5%	46,855	(63,058)	(57.4%)	109,913
Revenue bonds payable	-	-	-	-	-	-	-
Total	\$ 23,342,443	\$ (1,034,412)	(4.2%)	\$ 24,376,855	\$ (1,158,058)	(4.5%)	\$ 25,534,913

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

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

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

**Unrestricted Net Position, Exclusive of Plant and Plant-Related Debt
as of August 31, 2022, 2021 and 2020**

	2023	Increase (Decrease)	% Change	2022	Increase (Decrease)	% Change	2021
Unrestricted Net Position - Audited	\$ 17,201,104	\$ 1,895,362	12.4%	\$ 15,305,742	\$ 4,999,059	48.5%	\$ 10,306,683
Compensable Absences (current)	153,151	7,056	4.8%	146,095	8,560	6.2%	137,535
Compensable Absences (non-current)	280,432	40,186	16.7%	240,246	(3,201)	(1.3%)	243,447
Net OPEB Liability (GASB 75)	11,657,450	(3,028,013)	(20.6%)	14,685,463	1,252,009	9.3%	13,433,454
Net Pension Liability (GASB 68)	4,440,625	2,500,127	128.8%	1,940,498	(2,312,322)	(54.4%)	4,252,820
Total UNPEP	\$ 33,732,762	\$ 1,414,718	4.4%	\$ 32,318,044	\$ 3,944,105	13.9%	\$ 28,373,939

ECONOMIC FACTORS

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

FUTURE PROJECTS

On June 7, 2022, the College entered into a contract with an architect to design a new Energy Building on the north-east section of the campus consisting of approximately 30,000 Gross Square Feet in one story of construction. On January 17, 2023, the College entered into a contract with a Construction Manager to construct this new Energy Building on the main Carthage campus with a projected completion date of June 30, 2024. The College currently plans to pay for the project using cash funds from current revenues, donations to the College, and cash currently available to finance this project. Debt financing will not be required to complete the project. On September 25, 2023, the College entered into a contract with the Construction Manager to replace the baseball bleachers at the baseball field and to build a new rodeo barn. The new rodeo barn is projected to be completed by May 31, 2024 and the new baseball bleachers are projected to be completed by September 30, 2024.

HIGHER EDUCATION EMERGENCY RELIEF FUNDS (HEERF I, II, and III)

Higher Education Emergency Relief Funds (HEERF I, II, and III) have been provided to the College in response to COVID-19. These funds were used to purchase personal protective equipment and various other technology items that allowed the College to provide instructions to students through online training, classroom instruction, or simulation activities. The College was therefore able to conduct operations both remotely and in-person. All of the HEERF funds were fully expended as of June 30, 2022 and no additional funds have been received. The end of federal Covid-19 grants in FY 2021-22 resulted in decreases in Institutional Support and Scholarship expenses back to pre-pandemic levels in FY 2022-23. As of the date that these August 31, 2023 financial statements were available to be issued, COVID-19 and other respiratory illnesses are continuing in the United States and in our community, but vaccines are readily available and treatment options have improved over time. We will continue to monitor this situation very closely and will adapt policies and procedures as necessary to keep our campus community safe and healthy.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS



PANOLA COLLEGE
EXHIBIT 1
STATEMENTS OF NET POSITION
August 31, 2023 and 2022

	<u>2023</u> <u>Primary</u> <u>Institution</u>	<u>2022</u> <u>Primary</u> <u>Institution</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 39,275,676	\$ 35,620,951
Accounts receivable (net)	2,991,563	3,149,822
Inventories	352,717	433,224
Other assets	1,418,516	1,141,014
Total Current Assets	<u>44,038,472</u>	<u>40,345,011</u>
Noncurrent Assets		
Endowment and other investments	11,216,855	10,039,576
Capital assets, net (See note)	53,595,068	49,323,643
Total Noncurrent Assets	<u>64,811,923</u>	<u>59,363,219</u>
Total Assets	<u>108,850,395</u>	<u>99,708,230</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	1,740,106	1,084,829
Deferred outflows related to OPEB	1,879,846	3,012,089
Total Deferred Outflows of Resources	<u>3,619,952</u>	<u>4,096,918</u>
LIABILITIES		
Current Liabilities		
Accounts payable	2,094,192	448,062
Accrued liabilities	376,471	315,173
Accrued compensable absences - current portion	153,151	146,095
Funds held for others	770,542	904,841
Unearned revenues	5,635,322	5,206,260
Lease Payable - current portion	67,428	64,793
Bonds payable - current portion	1,135,000	1,150,000
Total Current Liabilities	<u>10,232,106</u>	<u>8,235,224</u>
Noncurrent Liabilities		
Deposits	-	150
Accrued compensable absences	280,432	240,246
Leases payable	218,857	286,288
Bonds payable	22,207,443	23,226,855
Net pension liability	4,440,625	1,940,498
Net OPEB liability	11,657,450	14,685,463
Total Noncurrent Liabilities	<u>38,804,807</u>	<u>40,379,500</u>
Total Liabilities	<u>49,036,913</u>	<u>48,614,724</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	559,602	2,339,437
Deferred inflows related to leases	569,755	591,392
Deferred inflows related to OPEB	4,178,037	2,334,007
Total Deferred Inflows of Resources	<u>5,307,394</u>	<u>5,264,836</u>
NET POSITION		
Net investment in capital assets	29,966,340	24,595,706
Restricted for		
Nonexpendable		
Student Aid	6,388,213	5,258,394
Expendable		
Construction	2,481,323	2,481,323
Debt Service	853,008	900,059
Student Aid	1,236,052	1,384,364
Unrestricted	17,201,104	15,305,742
Total Net Position	<u>\$ 58,126,040</u>	<u>\$ 49,925,588</u>

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

PANOLA COLLEGE
EXHIBIT 1-A
AFFILIATED ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
August 31, 2023 and 2022

	<u>2023</u> <u>Panola</u> <u>College</u> <u>Foundation</u>	<u>2022</u> <u>Panola</u> <u>College</u> <u>Foundation</u>
Assets		
Cash and cash equivalents	\$ 201,800	\$ 135,137
Short-term certificates of deposit	118,221	118,189
Mutual fund investments	3,784,642	3,457,354
Annuity contracts	126,745	116,455
Total Assets	<u>4,231,408</u>	<u>3,827,135</u>
Liabilities		
Accounts payable	54,228	45,066
Total Liabilities	<u>54,228</u>	<u>45,066</u>
Net Assets		
Without donor restrictions	1,819,833	1,696,238
With donor restrictions	2,357,347	2,085,831
Total Net Assets	<u>\$ 4,177,180</u>	<u>\$ 3,782,069</u>

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

PANOLA COLLEGE
EXHIBIT 2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended August 31, 2023 and 2022

	2023	2022
	Primary Institution	Primary Institution
	<hr/>	<hr/>
Operating Revenues		
Tuition and fees (net of discounts of \$4,633,415 for 2023 and \$4,732,674 for 2022)	\$ 4,365,719	\$ 3,823,655
Federal grants and contracts	598,092	577,711
State grants and contracts	684,172	358,598
Non-governmental grants and contracts	120,854	122,925
Sales and services of educational activities	18,509	27,872
Auxiliary enterprises (net of discounts of \$1,182,846 for 2023 and \$1,118,743 for 2022)	1,125,747	1,215,860
Other operating revenues (net of discounts of \$-0-)	397,981	376,663
Total Operating Revenues (Schedule A)	<hr/> 7,311,074	<hr/> 6,503,284
 Operating Expenses		
Instruction	9,361,453	8,540,802
Public service	220,348	214,648
Academic support	3,292,027	2,874,368
Student services	1,860,148	1,882,310
Institutional support	3,230,097	5,110,675
Operation and maintenance of plant	2,277,917	2,096,649
Scholarships and fellowships	1,969,307	3,911,130
Auxiliary enterprises	2,530,627	2,366,394
Depreciation and amortization	2,648,561	2,518,008
Total Operating Expenses (Schedule B)	<hr/> 27,390,485	<hr/> 29,514,984
 Operating Loss	<hr/> (20,079,411)	<hr/> (23,011,700)
 Non-Operating Revenues (Expenses)		
State appropriations	6,354,924	6,248,414
Ad-valorem taxes - maintenance & operations	11,236,225	9,898,840
Ad-valorem taxes - debt service	1,997,090	1,883,973
Federal revenue, non-operating	5,213,549	10,185,646
Gifts	917,926	399,598
Investment income (net of investment expenses)	2,382,879	(1,070,781)
Gain (loss) on disposal of capital assets	14,001	298,338
Royalty income	796,168	1,331,965
Interest on capital related debt	(876,900)	(871,894)
Bond issuance costs	(163,192)	-
Net Non-Operating Revenues (Schedule C)	<hr/> 27,872,670	<hr/> 28,304,099
 Income Before Other Revenues	<hr/> 7,793,259	<hr/> 5,292,399
 Other Revenues		
Additions to Permanent Endowments	407,193	221,036
Total Other Revenues	<hr/> 407,193	<hr/> 221,036
 Increase in Net Position	<hr/> 8,200,452	<hr/> 5,513,435
 Net Position		
Net position - beginning of year	49,925,588	44,412,153
 Net position - end of year	<hr/> \$ 58,126,040	<hr/> \$ 49,925,588

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

PANOLA COLLEGE
EXHIBIT 2-A
AFFILIATED ORGANIZATION
STATEMENTS OF ACTIVITIES
For the Years Ended August 31, 2023 and 2022

	2023 Panola College Foundation Without Donor Restrictions	2023 Panola College Foundation With Donor Restrictions	2023 Panola College Foundation Total
Revenue			
Investment income	\$ 186	\$ 138,045	\$ 138,231
Unrealized investment loss	-	242,014	242,014
Realized investment loss	-	12,340	12,340
Gifts	190,859	-	190,859
Other	764	-	764
Net Assets released from restrictions	120,883	(120,883)	-
Total Revenue	<u>312,692</u>	<u>271,516</u>	<u>584,208</u>
Expenses			
Scholarships and support	189,097	-	189,097
Total Expenses	<u>189,097</u>	<u>-</u>	<u>189,097</u>
Increase (decrease) in Net Assets	123,595	271,516	395,111
Net assets - beginning of year	1,696,238	2,085,831	3,782,069
Net assets - end of year	<u>\$ 1,819,833</u>	<u>\$ 2,357,347</u>	<u>\$ 4,177,180</u>

	2022 Panola College Foundation Without Donor Restrictions	2022 Panola College Foundation With Donor Restrictions	2022 Panola College Foundation Total
Revenue			
Investment income	\$ 217	\$ 123,711	\$ 123,928
Unrealized investment income	-	(842,323)	(842,323)
Realized investment income	-	(389)	(389)
Gifts	244,740	-	244,740
Other	633	-	633
Net Assets released from restrictions	100,402	(100,402)	-
Total Revenue	<u>345,992</u>	<u>(819,403)</u>	<u>(473,411)</u>
Expenses			
Scholarships and support	170,272	-	170,272
Total Expenses	<u>170,272</u>	<u>-</u>	<u>170,272</u>
Increase (decrease) in Net Assets	175,720	(819,403)	(643,683)
Net assets - beginning of year	1,520,518	2,905,234	4,425,752
Net assets - end of year	<u>\$ 1,696,238</u>	<u>\$ 2,085,831</u>	<u>\$ 3,782,069</u>

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

PANOLA COLLEGE
EXHIBIT 3
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2023 and 2022

	2023	2022
	Primary Institution	Primary Institution
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 5,963,220	\$ 6,302,864
Receipts from grants and contracts	1,417,218	1,059,079
Payments to or on behalf of employees	(13,046,416)	(12,580,410)
Payments to suppliers for goods or services	(6,899,348)	(10,610,437)
Payments of scholarships	(1,969,307)	(3,911,130)
Net cash used for operating activities	<u>(14,534,633)</u>	<u>(19,740,034)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	5,315,529	5,315,530
Ad valorem tax revenues	13,401,242	11,692,720
Receipts from non-operating federal revenue	5,341,359	10,352,805
Gifts and grants (other than capital)	1,325,119	620,634
Student organization and other agency transactions	(134,449)	10,136
Net cash provided by noncapital financing activities	<u>25,248,800</u>	<u>27,991,825</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	14,501	418,338
Proceeds from issuance of bonds	5,542,443	-
Purchases of capital assets	(6,920,485)	(2,517,916)
Interest expense paid	(880,104)	(937,308)
Payments on capital debt	(6,530,000)	(1,095,000)
Payments on lease obligations	(64,796)	(62,267)
Bond issuance costs paid	(163,192)	-
Net cash used for capital and related financing activities	<u>(9,001,633)</u>	<u>(4,194,153)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	6,912,825	3,841,674
Investment earnings	2,656,247	1,727,549
Purchases of investments	(7,626,881)	(4,472,248)
Net cash provided by investing activities	<u>1,942,191</u>	<u>1,096,975</u>
Increase in cash and cash equivalents	3,654,725	5,154,613
Cash and cash equivalents - beginning of year	<u>35,620,951</u>	<u>30,466,338</u>
Cash and cash equivalents - end of year	<u>\$ 39,275,676</u>	<u>\$ 35,620,951</u>
Noncash investing, capital, and financing activities:		
Increase (decrease) in fair value of investments	<u>\$ 463,223</u>	<u>\$ (1,466,110)</u>
Lease Payable Proceeds	<u>\$ -</u>	<u>\$ 413,348</u>
Amortization of bond premium	<u>\$ 46,855</u>	<u>\$ 63,058</u>
Right-to-use Asset - Lease	<u>\$ -</u>	<u>\$ 413,348</u>
Donated Capital Assets	<u>\$ -</u>	<u>\$ -</u>

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

PANOLA COLLEGE
EXHIBIT 3 (Continued)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2023 and 2022

	<u>2023</u> <u>Primary</u> <u>Institution</u>	<u>2022</u> <u>Primary</u> <u>Institution</u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (20,079,411)	\$ (23,011,700)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation and Amortization expense	2,648,561	2,518,008
On-behalf state benefits (excluding pension and OPEB expense)	1,073,909	1,070,304
Pension expense	776,635	15,214
College's contributions to TRS made subsequent to the measurement date	(383,022)	(347,958)
OPEB expense	(50,644)	265,134
College's contributions to ERS made subsequent to the measurement date	(364,208)	(395,380)
Changes in assets and liabilities		
(Increase) decrease in Receivables, net	(77,901)	(36,974)
(Increase) decrease in Inventories	80,507	(106,691)
(Increase) in Other assets	(277,502)	(118,344)
Increase in Unearned revenue	429,062	1,177,429
Increase (decrease) in Accounts payable	1,646,130	(768,549)
Increase in Accrued liabilities-payroll related	17,646	15,750
Increase in Compensated absences	47,242	5,359
(Decrease) in Deferred Inflows Related to Leases	(21,637)	(21,636)
Total Adjustments	<u>5,544,778</u>	<u>3,271,666</u>
Net cash used for operating activities	<u>\$ (14,534,633)</u>	<u>\$ (19,740,034)</u>

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

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PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

1. **REPORTING ENTITY**

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act (HEA) Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

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

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

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning.

Cash and Cash Equivalents

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

Deferred Inflows and Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

For the year ended August 31, 2023 and 2022, the College has items that qualify for reporting as deferred outflows of resources and deferred inflows of resources. The College reports the deferred outflows and inflows related to the leases, TRS net pension liability and ERS net OPEB liability on the Statement of Net Position. Those items are detailed in Note 10, TRS Note 15 and ERS Note 19.

Investments

Investments are reported at fair value on a recurring basis. Fair values are based on quoted market prices (level 1 of the fair value hierarchy). Investments in common trust funds are valued using the net asset value per share in accordance with GASB Statement No. 72. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Investments in Lone Star Investment Pool are reported at amortized cost (which approximates fair value). (The governing board has designated public funds investment pools comprised of \$33,424,525 and \$29,073,738 at August 31, 2023 and 2022, respectively, to be short-term investments). Investments in Treasury bills are valued at amortized cost. The College is invested in 26-week Treasury bills. Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of bookstore stock. Inventories for resale are valued at lower of cost under the "first-in, first-out" method, or market and are charged to expense as consumed.

Capital Assets

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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	10-15 years
Right-to-Use Assets-Buildings	6 years

Collections

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

Unearned Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2023 and 2022 have been reported as unearned revenues.

Estimates

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

Operating Revenues and Expenses and Non-Operating Revenues and Expenses

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

Net Position

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

Lease Accounting

The College has implemented GASB 87. GASB 87 has adopted a single model that all leases represent financings and therefore provides for three accounting treatments: (1) short-term leases of 12 months or less, (2) contracts that transfer ownership, and (3) contracts that do not transfer ownership.

All leases that do not fall into the first two categories listed above are treated as "contracts that do not transfer ownership".

Lessee: For leases where the College is a lessee, a lease payable and a right-to-use asset are recognized. The lease liability is initially measured at the present value of fixed minimum lease payments that are expected to

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

be made during the lease term. The lease payable is subsequently reduced by the principal payments made. The College must recognize interest expense over time based on the current balance of the lease and the implicit interest rate. The right-to-use asset is classified as an intangible and is initially measured as the lease payable with adjustments for payments made at or before the lease commencement date and certain initial direct costs. The College is required to amortize the value of the right-to-use asset in a systematic manner over the shorter period of the lease term or the useful life of the asset. Right-to-use assets are reported with capital assets while lease payables are reported with long-term liabilities in the statement of net position.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

Lessor: For leases where the College is the lessor, a lease receivable and deferred inflows of resources are recognized in the statement of net position. The lease receivable is initially measured at the present value of the lease payments that are expected to be received during the lease term. Principal payments received subsequent to the initial measure reduce the lease receivable. The initial amount of the deferred inflow of resources is equal to the lease receivable with adjustments made for lease payments received at or before the lease commencement date. The deferred inflow of resources is recognized as revenue in a systematic manner over the term of the lease.

Key estimates and judgments include how the College determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The College uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The College monitors changes in circumstances that would require a re-measurement of its leases, and will re-measure the components if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease payable.

Subscription-Based Information Technology Arrangements (SBITA)

The College recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with capital assets, in the statement of net position. The College recognizes subscription liabilities with an initial individual value of \$100,000 or more.

At the commencement of a SBITA, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. The subscription liability is subsequently reduced by the principal portion of SBITA payments. Interest expense is recognized over time based on the current balance of the SBITA and the implicit interest rate. The subscription asset is initially measured as the subscription liability adjusted for SBITA payments made at or before the commencement date and certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Key estimates and judgements related to SBITAs include how the College determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The College uses its incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the College is reasonably certain to exercise such option, subscription contract incentives receivable from the vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The College monitors changes in circumstances that would require a re-measurement of its SBITAs, and will re-measure the components if certain changes occur that are expected to significantly affect the amount of the subscription asset or subscription liability.

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Implementation of New Standards

In the current fiscal year, the College implemented the following new standard. The applicable provisions of the new standard are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements – This statement provides guidance on the account and financial reporting for SBITAs for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to use subscription intangible asset and a corresponding liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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

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

Financial transactions in the form of support from the Foundation to the College for the years ended August 31, 2023 and 2022 amounted to approximately \$189,097 and \$170,272 respectively.

Deposits were fully covered by FDIC insurance at August 31, 2023 and 2022, and consisted of deposits in bank, certificates of deposit and money market funds. Investments in mutual funds and annuities are valued at fair value based on quoted market values (level 1 of the fair value hierarchy) obtained from the various investment brokers. The Foundation's investments in mutual funds are all rated "****" or better by Morningstar Rating Services. The investment in TPF Balanced Fund, a common trust fund, is unrated and valued using net asset value per share.

4. **AUTHORIZED INVESTMENTS**

Panola College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The investments of the College are in compliance with these investment policies.

5. **DEPOSITS AND INVESTMENTS**

During the 2023 and 2022 fiscal years, deposits and investments were comprised of cash on hand, bank demand deposits, bank time deposits, investments with the Lone Star Investment Pool, mutual funds administered by American Funds Distributors and a common trust fund, TPF Balanced Fund, administered by Texas Presbyterian Foundation.

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

The College's temporary investments consist of balances held by Lone Star Investment Pool (Government Overnight Fund), Lincoln Financial Advisors and Texas Presbyterian Foundation. The Lone Star Investment Pool is a public fund investment pool created to provide a safe environment for the placement of local government funds in short-term investments. The Government Overnight Fund is regulated by the Securities and Exchange Act and seeks to maintain a net asset value of one dollar and a dollar weighted average maturity of 60 days or fewer. At August 31, 2023 and August 31, 2022, the weighted average maturity was 18 days and 6 days, respectively. Lone Star Investment Pool is administered by First Public. Lone Star Investment Pool was rated AAAM by Standard & Poor's as of August 31, 2023 and August 31,

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

2022. The fair value of the investment in Lone Star Investment Pool was the same as its carrying value of \$33,424,525 and \$29,073,738 for the years ended August 31, 2023 and 2022, respectively.

Lincoln Financial Advisors is the broker for the College's investment in eight mutual funds within the American Funds Family. Each of the eight 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 \$539,013 and \$468,936 for the years ended August 31, 2023 and 2022, respectively.

Texas Presbyterian Foundation is the custodian of the College's investment in TPF Balanced Fund, a common trust fund (CTF). The CTF is not rated and is valued using the net asset value per share. The fair value of the CTF was the same as its carrying value, \$6,713,800 and \$5,784,523 for the years ended August 31, 2023 and 2022, respectively. The investment strategy of the CTF is to produce a total rate of return to provide a stable, predictable and growing source of income. There are no restrictions on redemption or sale of the CTF. The College can redeem shares at any time.

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

Composition of Cash, Deposits and Investments

	August 31, 2023	August 31, 2022
Cash and Deposits		
Cash in Banks:		
Demand Deposits	\$ 5,848,761	\$ 6,544,823
Time Deposits	750,000	3,786,117
Petty Cash on Hand	2,390	2,390
Total Cash and Deposits	6,601,151	10,333,330
Investments		
Short-Term Investments		
Lone Star Investment Pool		
Liquidity Plus Fund	33,424,525	29,073,738
Treasury Bills	3,214,042	-
Mutual Fund Investments	539,013	468,936
Common Trust Fund	6,713,800	5,784,523
Total Investments	43,891,380	35,327,197
Total Deposits and Investments	\$ 50,492,531	\$ 45,660,527

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Classification in Statement of Net Position, Exhibit 1

	August 31, 2023	August 31, 2022
Cash and Cash Equivalents		
Cash in Banks:		
Demand Deposits	\$ 5,848,761	\$ 6,544,823
Short-Term Investments		
Lone Star Investment Pool		
Liquidity Plus Fund	33,424,525	29,073,738
Petty Cash on Hand	2,390	2,390
Total Cash and Cash Equivalents	39,275,676	35,620,951
Endowment and Other Investments		
Cash in Banks – Time Deposits	750,000	3,786,117
Treasury Bills	3,214,042	-
Mutual Fund Investments	539,013	468,936
Common Trust Fund	6,713,800	5,784,523
Total Investments	11,216,855	10,039,576
Total Cash, Deposits and Investments	\$ 50,492,531	\$ 45,660,527

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, 2023 and 2022, the bank balances of the College’s deposits were \$6,826,384 and \$10,255,992, respectively. Of these balances, the amounts covered by FDIC insurance were \$870,639 and \$4,031,803 at August 31, 2023 and 2022, respectively. The remaining balance at August 31, 2023 and 2022 of \$5,955,745 and \$6,224,189, respectively, were entirely covered by pledged collateral held by the pledging financial institution’s agent bank in the College’s name. Therefore, the College was not exposed to custodial credit risk at August 31, 2023 and 2022.

6. **DERIVATIVES**

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

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

7. ENDOWMENTS

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

Distributions from endowment investments are required to be spent for the purposes for which the endowment was established. Scholarship distributions are made pursuant to the investment policy. For the years ended August 31, 2023 and 2022, endowment interest, dividend earnings, and capital gains totaled \$255,987 and \$218,246 respectively. Gifts to endowments totaled \$407,193 and \$221,036 for the fiscal years ended August 31, 2023 and 2022, respectively. Realized and unrealized gains and losses for the years ended August 31, 2023 and 2022 totaled \$466,639 gain and \$1,463,183 loss, respectively. Endowment net position is classified as restricted nonexpendable student aid in the Statement of Net Position.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

8. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2023 was as follows:

<u>Description</u>	<u>Balance September 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2023</u>
Capital assets not being depreciated:				
Land	\$ 2,226,413	\$ 55,460	\$ -	\$ 2,281,873
Construction in Progress	572,013	6,426,829	2,042,727	4,956,115
Total capital assets not being depreciated	<u>2,798,426</u>	<u>6,482,289</u>	<u>2,042,727</u>	<u>7,237,988</u>
Capital assets being depreciated or amortized:				
Buildings and Improvements	65,346,313	2,095,727	-	67,442,040
Furniture, Fixtures, Machinery & Equipment and Other Equipment	8,161,134	374,834	330,516	8,205,452
Library Books	298,735	10,362	34,459	274,638
Right-to-Use Asset - Buildings	413,348	-	-	413,348
Total capital assets being depreciated or amortized	<u>74,219,530</u>	<u>2,480,923</u>	<u>364,975</u>	<u>76,335,478</u>
Less accumulated depreciation and amortization:				
Building and Improvements	(20,923,058)	(2,060,785)	-	(22,983,843)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(6,471,476)	(498,737)	(330,017)	(6,640,196)
Library Books	(230,888)	(20,148)	(34,459)	(216,577)
Right-to-Use Asset - Buildings	(68,891)	(68,891)	-	(137,782)
Total accumulated depreciation and amortization	<u>(27,694,313)</u>	<u>(2,648,561)</u>	<u>(362,476)</u>	<u>(29,978,398)</u>
Total capital assets being depreciated or amortized, net	<u>46,525,217</u>	<u>(167,638)</u>	<u>499</u>	<u>46,357,080</u>
Net Capital Assets	<u>\$ 49,323,643</u>	<u>\$ 6,314,651</u>	<u>\$ 2,043,226</u>	<u>\$ 53,595,068</u>

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Capital assets activity for the year ended August 31, 2022 was as follows:

Description	Balance September 1, 2021	Increases	Decreases	Balance August 31, 2022
Capital assets not being depreciated:				
Land	\$ 2,166,737	\$ 179,676	\$ 120,000	\$ 2,226,413
Construction in Progress	3,164,498	1,408,918	4,001,403	572,013
Total capital assets not being depreciated	5,331,235	1,588,594	4,121,403	2,798,426
Capital assets being depreciated:				
Buildings and Improvements	61,242,491	4,103,822	-	65,346,313
Furniture, Fixtures, Machinery & Equipment and Other Equipment	7,370,213	818,404	27,483	8,161,134
Library Books	316,798	8,499	26,562	298,735
Right-to-Use Asset – Buildings	-	413,348	-	413,348
Total capital assets being depreciated	68,929,502	5,344,073	54,045	74,219,530
Less accumulated depreciation for:				
Building and Improvements	(19,039,547)	(1,883,511)	-	(20,923,058)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(5,957,045)	(541,914)	(27,483)	(6,471,476)
Library Books	(233,758)	(23,692)	(26,562)	(230,888)
Right-to-Use Asset – Buildings	-	(68,891)	-	(68,891)
Total accumulated depreciation	(25,230,350)	(2,518,008)	(54,045)	(27,694,313)
Total capital assets being depreciated, net	43,699,152	(2,826,065)	-	46,525,217
Net Capital Assets	\$ 49,030,387	\$ (4,414,659)	\$ 4,121,403	\$ 49,323,643

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2023 was as follows:

	Balance September 1, 2022	Additions	Reductions	Balance August 31, 2023	Current Portion
<u>Notes and Bonds</u>					
Revenue Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Bonds Payable	24,330,000	5,195,000	6,530,000	22,995,000	1,135,000
General Obligation Bond Premium	46,855	347,443	46,855	347,443	-
<u>Other Long-Term Liabilities</u>					
Accrued Compensable					
Absences	386,341	196,005	148,763	433,583	153,151
Leases Payable	351,081	-	64,796	286,285	67,428
Net Pension Liability	1,940,498	2,849,161	349,034	4,440,625	-
Net OPEB Liability	14,685,463	904,475	3,932,488	11,657,450	-
Total Long-Term Liabilities	\$ 41,740,238	\$ 9,492,084	\$ 11,071,936	\$ 40,160,386	\$ 1,355,579

Long-term liability activity for the year ended August 31, 2022 was as follows:

	Balance September 1, 2021	Additions	Reductions	Balance August 31, 2022	Current Portion
<u>Notes and Bonds</u>					
Revenue Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Bonds Payable	25,425,000	-	1,095,000	24,330,000	1,150,000
General Obligation Bond Premium	109,913	-	63,058	46,855	-
<u>Other Long-Term Liabilities</u>					
Accrued Compensable					
Absences	380,982	139,818	134,459	386,341	146,095
Leases Payable	-	413,348	62,267	351,081	64,793
Net Pension Liability	4,252,820	-	2,312,322	1,940,498	-
Net OPEB Liability	13,433,454	2,661,469	1,409,460	14,685,463	-
Total Long-Term Liabilities	\$ 43,602,169	\$ 3,214,635	\$ 5,076,566	\$ 41,740,238	\$ 1,360,888

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

General Obligation Bonds Payable

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

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

On June 22, 2023, the College issued General Obligation Refunding Bonds, Series 2023 in the amount of \$5,195,000. The bonds were issued at a premium of \$347,443, which is being amortized over the life of the bonds. Interest rates range from 4% to 5%. These bonds were issued as a tax-exempt refunding of the Series 2013 Bonds for uniform interest cost savings that will result in a \$360,764 debt service savings over the next 15 years. The refunding date of these bonds was June 1, 2023, and will result in a present value savings as a % of the refunded bonds equal to 5.2%.

The remaining principal and interest to be paid is \$29,898,990 and \$32,262,449 at August 31, 2023 and 2022, respectively. Principal and interest paid during the years ended August 31, 2023 and 2022 was \$7,397,288 and \$2,015,962, respectively.

Bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2014	Construction, renovation	2.00-5.00%	\$17,800,000
Series 2023	Construction, renovation	4.00-5.00%	<u>5,195,000</u>

Total outstanding general obligation bonds \$22,995,000

Interest expense on the bonds amounted to \$867,288 and \$918,607 for the year ended August 31, 2023 and 2022, respectively. Accrued interest on the bonds at August 31, 2023 and 2022 amounted to approximately \$83,917 and \$40,265 respectively, and is included in the financial statements.

The original premiums associated with the bonds were \$944,171 and \$367,808 for the Series 2014 and Series 2013, respectively. Amortization amounted to \$46,855 and \$63,058 for the years ended August 31, 2023 and 2022.

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

Year Ending August 31,	2023			2022		
	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>
2023	\$ -	\$ -	\$ -	\$ 867,288	\$ 1,150,000	\$ 2,017,288
2024	858,716	1,135,000	1,993,716	815,787	1,200,000	2,015,787
2025	765,087	1,230,000	1,995,087	771,062	1,245,000	2,016,062
2026	722,337	1,270,000	1,992,337	731,037	1,285,000	2,016,037
2027	677,938	1,320,000	1,997,938	688,913	1,330,000	2,018,913
2028	631,937	1,360,000	1,991,937	645,413	1,370,000	2,015,413
2029-2033	2,386,141	7,580,000	9,966,141	2,485,591	7,595,000	10,080,591
2034-2038	861,834	9,100,000	9,961,834	927,358	9,155,000	10,082,358
Total	\$ <u>6,903,990</u>	\$ <u>22,995,000</u>	\$ <u>29,898,990</u>	\$ <u>7,932,449</u>	\$ <u>24,330,000</u>	\$ <u>32,262,449</u>

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

10. LEASES

Lease Receivable and Deferred Inflows Related to Leases

In prior years, the College entered into a lease with American Tower, L.P. for use of land. The lease term is thirty years and the total amount of the lease was received up front; therefore, there is no lease receivable. The revenue from the lease is recognized over the term of the lease. At August 31, 2021, the amount of the payment remaining was reported as unearned revenue. Due to the implementation of GASB 87, that balance, \$613,028, was reclassified from unearned revenue to deferred inflows of resources. During the year ended August 31, 2023, the College recognized \$21,637 in lease revenue. The balance in the deferred inflows of resources at August 31, 2023 was \$569,755.

The College is also the lessor of approximately 1,590 square feet of the WSB Building to Hope Community Medicine for four years at \$207 per month. This lease was evaluated and was determined to be of minimal value and is not considered material to the financial statements. This lease has not been recorded in the financial statements.

Lease Payable

The College is the lessee of approximately 9,613 square feet in the Marshall Mall. The College has recognized a right-to-use asset and the related lease liability for that lease. Upon implementation of GASB 87, a lease payable of \$413,348 was recorded. As of August 31, 2023, the balance of the lease payable is \$286,285. Monthly lease payments of \$6,468 are required. The interest rate used for the lease was 4% which is the incremental borrowing rate of the College. The lease term at the date of implementation was six years. The College has also recognized a right-to-use asset that is amortized over six years. The information regarding the right-to-use asset can be found in Note 8.

The College is also the lessee for a Mail Machine lease. That lease has been evaluated and the cost has been determined to be of minimal value and is not considered material to the financial statements; therefore, that lease has not been recorded in the financial statements.

The future principal and interest lease payments as of August 31, 2023, were as follows:

<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 67,428	\$ 10,184	\$ 77,612
2025	70,168	7,444	77,612
2026	73,023	4,589	77,612
2027	75,666	1,945	77,611
TOTAL	\$ 286,285	\$ 24,162	\$ 310,447

The future principal and interest lease payments as of August 31, 2022, were as follows:

<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 64,796	\$ 12,817	\$ 77,613
2024	67,428	10,184	77,612
2025	70,168	7,444	77,612
2026	73,023	4,589	77,612
2027	75,666	1,945	77,611
TOTAL	\$ 351,081	\$ 36,979	\$ 388,060

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

11. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2023 and 2022 were as follows:

	2023			2022		
	Total Receivable	Less Allowance For Uncollectibles	Net Receivable	Total Receivable	Less Allowance For Uncollectibles	Net Receivable
Student Receivables	\$ 1,649,355	\$ 714,529	\$ 934,826	\$ 1,402,949	\$ 560,529	\$ 842,420
Taxes Receivable	644,944	364,773	280,171	819,944	371,846	448,098
Federal Receivables	1,695,604	-	1,695,604	1,823,414	-	1,823,414
State Receivables	9,760	-	9,760	23,860	-	23,860
Interest Receivable	62,398	-	62,398	2,821	-	2,821
Other Receivables	8,804	-	8,804	9,209	-	9,209
TOTAL	\$ 4,070,865	\$ 1,079,302	\$ 2,991,563	\$ 4,082,197	\$ 932,375	\$ 3,149,822

Payables

Payables at August 31, 2023 and 2022 were as follows:

	2023	2022
Vendors Payable	\$ 2,094,192	\$ 448,062
Salaries and Benefits Payable	726,137	661,249
Students Payable	275,614	257,198
Accrued Interest	83,917	40,265
Other Payables	494,928	647,643
TOTAL	\$ 3,674,788	\$ 2,054,417

12. CONTRACT AND GRANT AWARDS

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

13. PROPERTY TAXES

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Taxes levied for current year operations are summarized below:

	<u>2023</u>	<u>2022</u>
Original tax levy	\$ 12,810,173	\$ 11,472,121
Supplemental levy and adjustments	<u>728,753</u>	<u>589,473</u>
Adjusted levy	13,538,926	12,061,594
Penalty and interest assessments	<u>(40,046)</u>	<u>(102,752)</u>
Total Levy	<u>\$ 13,498,880</u>	<u>\$ 11,958,842</u>

Tax collections for the years ended August 31, 2023 and 2022, including delinquent collections, exceeded 96% of the levy for both years.

A summary of tax data is presented as follows:

	<u>2023</u>	<u>2022</u>
Assessed valuation of the District	\$ 7,151,341,801	\$ 5,356,894,792
Less: Exemptions	(282,977,137)	(274,451,554)
Less: Special Valuations	<u>(1,004,780,190)</u>	<u>(952,066,640)</u>
Net Assessed Valuation of the District	<u>\$ 5,863,584,474</u>	<u>\$ 4,130,376,598</u>
Tax Rate Per \$100 authorized:		
Current Operations	\$ 0.35000	\$ 0.35000
Debt Service	<u>0.50000</u>	<u>0.50000</u>
Total	<u>\$ 0.85000</u>	<u>\$ 0.85000</u>
Tax Rate Per \$100 assessed		
Current Operations	\$ 0.18545	\$ 0.23308
Debt Service	<u>0.03302</u>	<u>0.04467</u>
Total	<u>\$ 0.21847</u>	<u>\$ 0.27775</u>
Gross Taxes Collected (Current Operations)	\$ 13,315,357	\$ 11,915,805
Discounts Allowed	(249,865)	(215,970)
Delinquent Taxes Collected	192,604	265,835
Refunds	(34,854)	(168,850)
Penalties and Interest Collected	110,582	119,700
Other Collections	6,600	75,710
Provisions for Bad Debts	(4,716)	(22,195)
Collection Fees	<u>(102,393)</u>	<u>(187,222)</u>
Total Collections	<u>\$ 13,233,315</u>	<u>\$ 11,782,813</u>

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

14. UNEARNED REVENUES

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

A summary of unearned revenues follows:

	2023	2022
Tuition and Fees	\$ 3,771,766	\$ 3,363,272
Housing and Residential Life	723,216	669,159
Other	1,140,340	1,173,829
 Total	\$ 5,635,322	\$ 5,206,260

15. EMPLOYEE RETIREMENT PLANS

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

Teacher Retirement System of Texas (TRS)

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/pages/about_publications.aspx or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System’s actuary.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 through 2025.

	<u>Contribution Rates</u>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>
Member	7.70%	8.00%	8.00%
Non-Employer Contributing Entity (NECE-State)	7.50%	7.75%	8.00%
Employers	7.50%	7.75%	8.00%
College’s Employer Contributions (fiscal year)	\$324,721	\$347,958	\$383,022
College’s Member Contributions (fiscal year)	\$609,460	\$644,516	\$691,908
NECE On-behalf Contributions (measurement year)	\$268,808	\$268,499	\$270,198

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

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

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member’s salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

Actuarial Assumptions. The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

• Valuation Date	August 31, 2021 rolled forward to August 31, 2022
• Actuarial Cost Method	Individual Entry Age Normal
• Asset Valuation Method	Fair Value
• Single Discount Rate	7.00%
• Long-term expected Investment Rate of Return	7.00%
• Inflation	2.30%
• Salary Increases including Inflation	2.95% to 8.95%
• Ad Hoc Post-Employment Benefit Changes	None
• Last year ending August 31 in Projection Period	2121

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in the fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022, are summarized below:

**Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2022**

	Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	-	3.70%	-

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy & Natural Resources & Infrastructure	6.00%	5.10%	0.37%
Commodities	-	3.60%	-
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	(6.00)%	3.60%	(0.05)%
Inflation Expectation			2.70%
Volatility Drag ****			(0.91)%
Total	<u><u>100.00%</u></u>		<u><u>8.19%</u></u>

- * Absolute Return includes Credit Sensitive Investments.
- ** Target allocations are based on the FY2022 policy model.
- *** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022)
- **** The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (7.00) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Panola College's proportionate share of the net pension liability:	\$6,907,927	\$4,440,625	\$2,440,759

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, Panola College reported a liability of \$4,440,625 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to Panola College. The amount recognized by Panola College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Panola College were as follows:

Panola College's proportionate share of the collective net pension liability	\$4,440,625
State's proportionate share that is associated with Panola College	<u>3,437,625</u>
Total	<u><u>\$7,878,250</u></u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0074799%, which was an increase (decrease) of (0.0001399)% from its proportion measured as of August 31, 2021.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Changes Since the Prior Actuarial Valuation. The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended August 31, 2023, Panola College recognized pension expense of \$328,598 and revenue of \$328,598 for support provided by the State. The College also recognized their proportionate share of pension expense of \$448,037.

At August 31, 2023, Panola College reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows Of Resources		Deferred Inflows Of Resources
Differences between expected and actual economic experience	\$	64,389	\$	96,814
Change in actuarial assumptions	\$	827,433	\$	206,219
Difference between projected and actual investment earnings	\$	438,720	\$	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$	26,542	\$	256,569
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	\$	383,022	\$	-
Total	\$	1,740,106	\$	559,602

At August 31, 2022, Panola College reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows Of Resources		Deferred Inflows Of Resources
Differences between expected and actual economic experience	\$	3,247	\$	136,613
Change in actuarial assumptions	\$	685,928	\$	299,006
Difference between projected and actual investment earnings	\$	-	\$	1,627,081
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$	47,696	\$	276,737
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	\$	347,958	\$	-
Total	\$	1,084,829	\$	2,339,437

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

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

Measurement Year ended August 31	Pension Expense Amount
2023	\$220,808
2024	\$80,882
2025	\$(21,341)
2026	\$462,412
2027	\$52,721
Thereafter	-

Optional Retirement Program

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries contributed by the state and each participant are 3.30 and 6.65, respectively. The College contributed 5.20 percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual contracts, the state has no additional or unfunded liability for the program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

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

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 Payroll
2023	\$34,179	\$45,632	\$68,876	\$148,687	\$1,035,733
2022	38,473	49,277	77,529	165,278	1,165,843
2021	44,485	58,053	89,645	192,183	1,348,039

16. 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, 2023 and 2022, the College had nineteen and twenty-four employees participating in the tax sheltered annuity program, respectively. A total of \$59,942 and \$87,614 in payroll deductions was invested in approved plans during the years ending August 31, 2023 and 2022, respectively.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

17. 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 \$433,583 at August 31, 2023 and \$386,341 at August 31, 2022. The liability is shown in the statement of net position split between current and noncurrent in the amounts of \$153,151 and \$280,432 respectively for August 31, 2023 and \$146,095 and \$240,246 respectively for August 31, 2022.

18. HEALTH CARE AND LIFE INSURANCE COVERAGE

Employees of Panola College were covered by a health and life insurance plan (the Plan). The Plan is funded by the State. Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. SB 1812, effective September 1, 2013, limits the amount of the state’s contribution to 50 percent of eligible employees in the reporting district. The State paid premiums of \$625 and \$625 per month per employee to the Plan for the years ending August 31, 2023 and 2022, respectively. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51.2, Texas Insurance Code.

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

Fiscal Year Ended August 31,	Average Number Employees Covered	Board Members Covered	On Behalf State Contributions	College Contributions
2023	150	3	\$ 643,323	\$ 969,554
2022	150	3	642,226	1,043,142
2021	150	3	987,571	986,549

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.

19. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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

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

Contributions. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

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

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

Retiree only	\$ 625
Retiree & Spouse	\$ 1,341
Retiree & Children	\$ 1,104
Retiree & Family	\$ 1,820

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

	Measurement (Fiscal) Year	
	<u>2022(2023)</u>	<u>2021(2022)</u>
Employer Contribution	\$ 364,208	\$ 395,380
Nonemployer Contributing Entity (State of Texas)	\$ 396,407	\$ 389,606

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions
ERS Group Benefits Program Plan**

Valuation Date	August 31, 2022
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	N/A
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate (HealthSelect)	5.60% for FY24, 5.30% for FY25, 5.00% for FY26, 4.75% for FY27, 4.60% for FY28, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY31 and later years
Medical (HealthSelect Medicare Advantage)	66.67% for FY24, 24.00% for FY 25, 5.00% for FY26, 4.75% for FY27, 4.60% for FY28, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY31 and later years
Pharmacy	10.00% for FY24, 10.00% for FY25, decreasing 100 basis points per year to 5.00% for FY30 and 4.30% for FY31 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from Year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct Pub-2010 Amount-Weighted-Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuaries for the period September 1, 2010 to August 31, 2017 for higher education members.

Investment Policy. The GPB Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System’s Board of Trustees adopted the amendment to the investment policy in August 2022 to require that all funds in the plan be invested in cash and equivalent securities. The expected rate of return on these investments is 4.1%.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.14%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.59%, which amounted to an increase of 1.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero.

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

	1% Decrease in Discount Rate 2.59%	Discount Rate 3.59%	1% Increase in Discount Rate 4.59%
Panola College's proportionate share of the net OPEB liability:	\$13,596,109	\$11,657,450	\$10,106,988

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

	1% Decrease in (HealthSelect: 4.60% decreasing to 3.30%; HealthSelect Medicare Advantage: 65.67% to 3.30%; Pharmacy: 9.00% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (HealthSelect: 5.60% decreasing to 4.30%; HealthSelect Medicare Advantage: 66.67% to 4.30%; Pharmacy: 10.00% decreasing to 4.30%)	1% Increase (HealthSelect: 6.60% decreasing to 5.30%; HealthSelect Medicare Advantage 67.67% to 5.30%; Pharmacy 11.00% decreasing to 5.30%)
Panola College's proportionate share of the net OPEB liability:	\$9,983,004	\$11,657,450	\$13,795,266

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2023, the College reported a liability of \$11,657,450 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

Panola College's Proportionate share of the collective net OPEB liability	\$ 11,657,450
State's proportionate share that is associated with the College	<u>9,968,797</u>
Total	<u>\$ 21,626,247</u>

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

The net OPEB liability was measured as of August 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022. At the measurement date of August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.04092205%, which is a decrease of (0.00001246)% from the proportion measured as of August 31, 2021. For the year ended August 31, 2023, the College recognized OPEB expense of \$(363,112) and revenue of \$(363,112) for support provided by the State. The College also recognized their proportionate share of OPEB expense of \$312,469.

The following assumptions have been changed since the previous valuation:

Demographic Assumptions

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by TRS retirement plan actuary.

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

Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.

Proportion of future retirees assumed to cover dependent children.

Percentage of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.

Economic Assumptions

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

The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent available information.

Other Inputs

The discount rate was changed from 2.14% to 3.59% as a result of requirements by GASB 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

At August 31, 2023, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 367,807
Changes in actuarial assumptions	684,922	3,603,428
Difference between projected and actual investment earnings	2,011	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	828,705	206,802
Contributions paid to ERS subsequent to the measurement date	364,208	-
Total	\$ 1,879,846	\$ 4,178,037

At August 31, 2022, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 360,218
Changes in actuarial assumptions	1,005,424	1,635,632
Difference between projected and actual investment earnings	2,601	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,608,684	338,157
Contributions paid to ERS subsequent to the measurement date	395,380	-
Total	\$ 3,012,089	\$ 2,334,007

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Measurement Year Ended August 31:	OPEB Expense Amount
2023	\$ (504,653)
2024	\$ (604,628)
2025	\$ (596,406)
2026	\$ (600,489)
2027	\$ (356,223)
Thereafter	-

20. RELATED PARTIES

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

21. FUNDS HELD IN TRUST BY OTHERS

The balances and transactions of funds held in trust by others on behalf of Panola College are not reflected in the financial statements. At August 31, 2022 and 2023, there was only one fund held for the benefit of the College, the Lawrence R. and Debbie H. Sharp Endowment Scholarship Trust by First State Bank and Trust Company of Carthage, Texas. Funds held in trust amounted to \$105,054 at August 31, 2022 and \$104,860 at August 31, 2023.

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.

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 \$260,160 and \$260,160 in non-monetary transactions representing the value of the use of the facilities for the years ended August 31, 2023 and 2022, 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

As of August 31, 2023 the College has remaining commitments to Jacobe Brothers Construction of \$8,056,895 for the energy building project. On January 17, 2023 the College entered into a contract to construct a new Energy Building on the main Carthage campus. The new building includes a welding lab, an engine and compression lab, an instrumentation lab, an electrical and motor control lab, a

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

commercial wiring lab, an HVAC lab, a hydraulics lab, and a spare lab for new technology training and drone training. This new building is projected to be completed by June 30, 2024.

On September 25, 2023 the College entered into a contract with the Construction Manager to replace the baseball bleachers at the baseball field and to build a new rodeo barn. The new rodeo barn is projected to be completed by May 31, 2024 and the new baseball bleachers are projected to be completed by September 30, 2024.

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, 2023 or 2022.

26. RISKS AND UNCERTAINTIES

Risk and uncertainties are a reality that organizations must consider on a regular basis. They often reflect unpredictable changes in the business environment as well as the decisions made by employees and policy makers in state and federal governments. Obvious risks and business uncertainties that could impact College operations include the economy, safety and security concerns, construction-cost inflation, costs associated with supply chain delays, additional state and federal regulations, technological advancements, and new virus outbreaks. The College will continue to focus on the risk factors they can control and update their crisis management plan for unforeseen events that may or may not happen, including setting aside a cash reserve to weather unexpected events. The current business environment is becoming increasingly complex and the College continues to be challenged with an uncertain future. For example, some recent events have occurred that many organizations rarely considered, such as the coronavirus pandemic, high inflation, rapidly rising interest rates, and a pending economic slowdown. We will continue to monitor potential risks very closely with the goal of remaining fiscally conservative and providing a safe environment in which to protect our campus population.

27. ADOPTION OF NEW STANDARD

The College adopted GASB Statement No. 87, effective September 1, 2021, which is described in Note 2. Prior to the implementation of this statement, the District's leases were evaluated and treated as capital leases or operating leases. After the implementation of this statement, lease liabilities and intangible right-to-use assets are recorded for leases with terms that exceed twelve months. The College has leases where it is the lessee as well as the lessor.

Lessee: As a result, the College recognized \$413,348 of right-to-use assets and lease payables as of September 1, 2021 for the lease associated with space in the Marshall Mall.

Lessor: The College reclassified the unearned revenue associated with the lease with American Tower to deferred inflows. There was no lease receivable recognized because the full amount of the lease was paid at the beginning of the lease.

The College has adopted GASB Statement No. 96 which is described in Note 2 effective September 1, 2022. Prior to the implementation of this statement, the College's costs associated with SBITAs were expensed. After the implementation of this statement, subscription assets and liabilities are recorded for SBITAs with terms that exceed twelve months and exceed the materiality threshold adopted by the College. As a result, the College evaluated their SBITAs and determined that all agreements as of the date of implementation did not exceed the materiality threshold; therefore, there was no adjustment to the financial statements as a result of implementation.

PANOLA COLLEGE

ANNUAL COMPREHENSIVE FINANCIAL REPORT



REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year ending August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportion of the net pension liability (asset)	0.0074799%	0.0076198%	0.0079406%	0.0083377%	0.0082265%	0.0083847%	0.0081012%	0.0083059%	0.0088069%
College's proportionate share of the net pension liability (asset)	\$4,440,625	\$1,940,497	\$4,252,820	\$4,334,220	\$4,528,049	\$2,680,991	\$3,061,315	\$2,936,025	\$2,352,444
State's proportionate share of the net pension liability (asset) associated with the College	<u>\$3,437,625</u>	<u>\$1,602,287</u>	<u>\$3,489,271</u>	<u>\$3,466,382</u>	<u>\$3,604,606</u>	<u>\$2,025,285</u>	<u>\$2,412,436</u>	<u>\$2,264,490</u>	<u>\$1,923,725</u>
Total	<u>\$7,878,250</u>	<u>\$3,542,784</u>	<u>\$7,742,091</u>	<u>\$7,800,602</u>	<u>\$8,132,655</u>	<u>\$4,706,276</u>	<u>\$5,473,751</u>	<u>\$5,200,515</u>	<u>\$4,276,169</u>
College's covered payroll	\$8,055,810	\$7,915,067	\$7,965,357	\$7,821,633	\$7,361,886	\$7,089,656	\$6,760,871	\$6,390,034	\$5,935,288
College's proportionate share of the net pension liability (asset) as a percentage of its payroll	55.12%	24.52%	53.39%	55.41%	61.51%	37.82%	45.28%	45.95%	39.63%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

See independent auditor's report on required supplementary information.

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

Fiscal year ending August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$383,022	\$347,958	\$324,721	\$327,417	\$291,895	\$282,747	\$274,803	\$257,395	\$245,917
Contributions in relation to the contractually required contribution	(383,022)	(347,958)	(324,721)	(327,417)	(291,895)	(282,747)	(274,803)	(257,395)	(245,917)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$8,648,851	\$8,055,810	\$7,915,067	\$7,965,357	\$7,821,633	\$7,361,886	\$7,089,656	\$6,760,871	\$6,390,034
Contributions as a percentage of covered payroll	4.43%	4.32%	4.10%	4.11%	3.73%	3.84%	3.88%	3.81%	3.85%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the College's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2021 - August 31, 2022.

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

See independent auditor's report on required supplementary information.

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

Fiscal year ending August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's proportion of the collective net OPEB liability (asset)	0.0409221%	0.0409345%	0.0406525%	0.0384888%	0.0402991%	0.0032235%
College's proportionate share of the net OPEB liability (asset)	\$11,657,450	\$14,685,463	\$13,433,454	\$13,302,744	\$11,943,726	\$10,983,393
State's proportionate share of the net OPEB liability (asset) associated with the College	<u>\$9,968,797</u>	<u>\$11,788,274</u>	<u>\$10,855,657</u>	<u>\$12,198,622</u>	<u>\$9,962,553</u>	<u>\$10,714,106</u>
Total	<u>\$21,626,247</u>	<u>\$26,473,737</u>	<u>\$24,289,111</u>	<u>\$25,501,366</u>	<u>\$21,906,282</u>	<u>\$21,697,499</u>
College's covered employee payroll	\$8,695,033	\$8,777,359	\$8,845,636	\$9,010,488	\$8,591,208	\$8,387,054
College's proportionate share of the net (asset) as a percentage of its covered employee payroll	134.07%	167.31%	151.87%	147.64%	139.02%	130.96%
Plan fiduciary net position as a percentage of the total net OPEB liability	0.57%	0.38%	0.32%	1.70%	1.27%	2.04%

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

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

See independent auditor's report on required supplementary information.

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

Fiscal year ending August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$364,208	\$395,380	\$273,951	\$348,374	\$330,907	\$327,217
Contributions in relation to the contractually required contribution	(364,208)	(395,380)	(273,951)	(348,374)	(330,907)	(327,217)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered employee payroll	\$9,007,748	\$8,695,033	\$8,777,359	\$8,845,636	\$9,010,488	\$8,591,208
Contributions as a percentage of covered payroll	4.04%	4.55%	3.12%	3.94%	3.67%	3.81%

Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the College's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2021 - August 31, 2022.

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

See independent auditor's report on required supplementary information.

PANOLA COLLEGE

Notes to Required Supplementary Information
For the Year Ended August 31, 2023

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes in Assumptions

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

Defined Benefit OPEB Plan

Changes in Assumptions

Demographic Assumptions

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

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

Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.

Proportion of future retirees assumed to cover dependent children.

Percentage of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.

Economic Assumptions

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

The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent available information.

Other Inputs

The discount rate changed from 2.14% to 3.59% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

See independent auditor's report on required supplementary information.

PANOLA COLLEGE

**Notes to Required Supplementary Information
For the Year Ended August 31, 2023**

Changes of benefit terms

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2023, are provided for in the FY2023 Assumed Per Capita Health Benefit Costs.

See independent auditor's report on required supplementary information.

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SUPPLEMENTARY SCHEDULES



PANOLA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2023 (With Memorandum Totals for the Year Ended August 31, 2022)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2023 Total	2022 Total
Tuition						
State funded courses						
In-district resident tuition	\$ 341,839	\$ -	\$ 341,839	\$ -	\$ 341,839	\$ 363,868
Out-of-district resident tuition	1,040,310	-	1,040,310	-	1,040,310	1,091,775
TPEG (set aside)*	132,242	-	132,242	-	132,242	118,742
Non-resident tuition	179,533	-	179,533	-	179,533	192,918
State funded continuing education	845,384	-	845,384	-	845,384	475,577
Non-state funded continuing education	25,151	-	25,151	-	25,151	26,752
Total tuition	2,564,459	-	2,564,459	-	2,564,459	2,269,632
Fees						
General fee	2,942,344	-	2,942,344	-	2,942,344	2,832,920
Out-of-district fees	2,344,307	-	2,344,307	-	2,344,307	2,322,410
Laboratory fee	410,723	-	410,723	-	410,723	359,481
Other fees	737,301	-	737,301	-	737,301	771,886
Total fees	6,434,675	-	6,434,675	-	6,434,675	6,286,697
Scholarship allowances and discounts						
Institutional scholarships	(889,898)	-	(889,898)	-	(889,898)	(830,952)
Remissions and exemptions-state	(76,926)	-	(76,926)	-	(76,926)	(102,803)
Remissions and exemptions-local	(1,109,588)	-	(1,109,588)	-	(1,109,588)	(1,133,201)
Title IV federal grants	(2,134,213)	-	(2,134,213)	-	(2,134,213)	(2,312,457)
TPEG allowances	(179,026)	-	(179,026)	-	(179,026)	(149,523)
State grants to students	(243,764)	-	(243,764)	-	(243,764)	(203,738)
Total scholarship allowances	(4,633,415)	-	(4,633,415)	-	(4,633,415)	(4,732,674)
Total net tuition and fees	4,365,719	-	4,365,719	-	4,365,719	3,823,655
Additional operating revenues						
Federal grants and contracts	-	598,092	598,092	-	598,092	577,711
State grants and contracts	-	684,172	684,172	-	684,172	358,598
Nongovernmental grants and contracts	-	120,854	120,854	-	120,854	122,925
Sales and services of educational activities	18,509	-	18,509	-	18,509	27,872
General operating revenues	397,981	-	397,981	-	397,981	376,663
Total other operating revenues	416,490	1,403,118	1,819,608	-	1,819,608	1,463,769
Auxiliary enterprises						
Bookstore	-	-	-	1,074,577	1,074,577	1,217,725
Less allowances and discounts	-	-	-	(362,840)	(362,840)	(706,360)
Residential life	-	-	-	1,234,016	1,234,016	1,116,878
Less allowances and discounts	-	-	-	(820,006)	(820,006)	(412,383)
Total net auxiliary enterprises	-	-	-	1,125,747	1,125,747	1,215,860
Total Operating Revenues	\$ 4,782,209	\$ 1,403,118	\$ 6,185,327	\$ 1,125,747	\$ 7,311,074	\$ 6,503,284
				(Exhibit 2)		(Exhibit 2)

*In accordance with Education Code 56.033, \$132,242 and \$118,742 of tuition was set aside for Texas Public Education Grants (TPEG).

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2023 (With Memorandum Totals for the Year Ended August 31, 2022)

	Salaries And Wages	Benefits		Other Expenses	2023 Total	2022 Total
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 5,572,457	\$ -	\$ 1,089,124	\$ 1,075,987	\$ 7,737,568	\$ 6,877,132
Academic Support	1,756,940	-	421,835	897,258	3,076,033	2,677,472
Student Services	1,147,427	-	306,578	288,497	1,742,502	1,768,478
Institutional Support	1,249,264	-	394,784	1,443,307	3,087,355	2,821,325
Operation and Maintenance of Plant	238,652	-	79,979	1,959,286	2,277,917	2,096,649
Scholarship and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	9,964,740	-	2,292,300	5,664,335	17,921,375	16,241,056
Restricted Educational Activities						
Instruction	344,199	563,013	69,428	647,245	1,623,885	1,663,670
Public Service	-	-	-	220,348	220,348	214,648
Academic Support	-	215,994	-	-	215,994	196,896
Student Services	-	117,646	-	-	117,646	113,832
Institutional Support	-	142,742	-	-	142,742	2,289,350
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship and Fellowships	-	-	-	1,969,307	1,969,307	3,911,130
Total Restricted Educational Activities	344,199	1,039,395	69,428	2,836,900	4,289,922	8,389,526
Auxiliary Enterprises	337,459	-	116,453	2,076,715	2,530,627	2,366,394
Depreciation Expense-Buildings & other improvements	-	-	-	2,060,785	2,060,785	1,883,511
Amortization Expense-Leases	-	-	-	68,891	68,891	68,891
Depreciation Expense-Equipment & fixtures	-	-	-	498,737	498,737	541,914
Depreciation Expense-Library books	-	-	-	20,148	20,148	23,692
Total	\$ 10,646,398	\$ 1,039,395	\$ 2,478,181	\$ 13,226,511	\$ 27,390,485	\$ 29,514,984
					(Exhibit 2)	(Exhibit 2)

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE C
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2023 (With Memorandum Totals for the Year Ended August 31, 2022)

	Unrestricted	Restricted	Auxiliary Enterprises	2023 Total	2022 Total
NON-OPERATING REVENUES					
State Appropriations					
Education and General State Support	\$ 5,315,529	\$ -	\$ -	\$ 5,315,529	\$ 5,315,530
State Group Insurance	-	676,618	-	676,618	888,005
State Retirement Matching	-	362,777	-	362,777	44,879
Total State Appropriations	5,315,529	1,039,395	-	6,354,924	6,248,414
Ad-Valorem Taxes - Maintenance & Operations	11,236,225	-	-	11,236,225	9,898,840
Ad-Valorem Taxes - Debt Service	1,997,090	-	-	1,997,090	1,883,973
Federal Revenue, Non Operating	-	5,213,549	-	5,213,549	10,185,646
Gifts	909,316	-	8,610	917,926	399,598
Investment Income	1,654,739	727,426	714	2,382,879	(1,070,781)
Gain (Loss) on Disposal of Asset	14,001	-	-	14,001	298,338
Royalty Income	-	796,168	-	796,168	1,331,965
Total Non-Operating Revenues	15,811,371	6,737,143	9,324	22,557,838	22,927,579
NON-OPERATING EXPENSES					
Interest on Long Term Liabilities	876,900	-	-	876,900	871,894
Bond Issuance Costs	163,192	-	-	163,192	-
Total Non-Operating Expenses	1,040,092	-	-	1,040,092	871,894
 Net Non-Operating Revenues	 \$ 20,086,808	 \$ 7,776,538	 \$ 9,324	 \$ 27,872,670	 \$ 28,304,099
				Exhibit 2	Exhibit 2

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2023
With Memorandum Totals for the Year Ended August 31, 2022

	Detail By Source				Available for Current Operations		
	Restricted			Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable	Non- Expendable				
Current							
Unrestricted	\$ 20,719,468	\$ -	\$ -	\$ -	\$ 20,719,468	\$ 20,719,468	\$ -
Restricted	-	1,236,052	-	-	1,236,052		1,236,052
Auxiliary enterprises	(387,755)	-	-	-	(387,755)	(387,755)	-
Endowment							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	6,388,213	-	6,388,213		6,388,213
Plant							
Unexpended	(3,130,609)	2,481,323	-	-	(649,286)	-	(649,286)
Debt Service		853,008			853,008		853,008
Investment in Plant	-	-	-	29,966,340	29,966,340	-	29,966,340
Total Net Position, August 31, 2023	<u>17,201,104</u>	<u>4,570,383</u>	<u>6,388,213</u>	<u>29,966,340</u>	<u>58,126,040</u>	<u>20,331,713</u>	<u>37,794,327</u>
					(Exhibit 1)		
Total Net Position, August 31, 2022	<u>15,305,742</u>	<u>4,765,746</u>	<u>5,258,394</u>	<u>24,595,706</u>	<u>49,925,588</u>	<u>14,916,300</u>	<u>35,009,288</u>
					(Exhibit 1)		
Net Increase (Decrease) in Net Position	<u>\$ 1,895,362</u>	<u>\$ (195,363)</u>	<u>\$ 1,129,819</u>	<u>\$ 5,370,634</u>	<u>\$ 8,200,452</u>	<u>\$ 5,415,413</u>	<u>\$ 2,785,039</u>
					(Exhibit 2)		

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE E
AFFILIATED ORGANIZATION
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2023 and 2022

	2023	2022
	Panola College Foundation	Panola College Foundation
	<u>Foundation</u>	<u>Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors	\$ 190,859	\$ 244,740
Payments for scholarships and support	(179,935)	(148,762)
Other income	764	633
Investment receipts	<u>138,231</u>	<u>123,928</u>
Net cash provided by (used in) operating activities	<u>149,919</u>	<u>220,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities and liquidation of investments	109,191	193,011
Purchase of investments and annuities	<u>(192,447)</u>	<u>(523,824)</u>
Net cash (used in) investing activities	<u>(83,256)</u>	<u>(330,813)</u>
Increase (decrease) in cash and cash equivalents	66,663	(110,274)
Cash and cash equivalents-beginning	<u>135,137</u>	<u>245,411</u>
Cash and cash equivalents-ending	<u>\$ 201,800</u>	<u>\$ 135,137</u>
Reconciliation of change in net position to net cash provided by operating activities		
Change in net position	<u>\$ 395,111</u>	<u>\$ (643,683)</u>
Adjustments to reconcile change in net position to net cash provided by for operating activities		
(Increase) decrease in fair value of investments	(242,014)	842,323
Realized (gain)/loss on investments	(12,340)	389
Changes in assets and liabilities		
Increase (decrease) in accounts payable	<u>9,162</u>	<u>21,510</u>
Total Adjustments	<u>(245,192)</u>	<u>864,222</u>
Net cash provided by (used in) operating activities	<u>\$ 149,919</u>	<u>\$ 220,539</u>

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023

Federal Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Amounts Passed-Through to Subrecipients	Expenditures and Pass-Through Disbursements
U.S. Department of the Treasury:				
Passed Through From:				
Texas Higher Education Coordinating Board				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	27284		\$ 345,301
Total U.S. Department of the Treasury				<u>345,301</u>
U. S. Department of Education				
Direct:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grant	84.007			36,646
Federal Workstudy Program	84.033			31,464
Federal Pell Grant Program	84.063			3,539,607
Federal Direct Student Loans	84.268			1,209,286
Total Student Financial Aid Cluster				<u>4,817,003</u>
Passed through from:				
Texas Higher Education Coordinating Board				
COVID-19 - Education Stabilization Fund	84.425C	25911		30,641
COVID-19 - Education Stabilization Fund	84.425C	25763		7,078
COVID-19 - Education Stabilization Fund	84.425C	27329		10,757
COVID-19 - Education Stabilization Fund	84.425C	26081		2,769
Total Education Stabilization Fund				<u>51,245</u>
Passed Through From:				
Literacy Council of Tyler				
Adult Education - Basic Grants to States	84.002	0818ALAF00		32,665
Adult Education - Basic Grants to States	84.002	0818ALAE00		37,168
Angelina College				
Adult Education - Basic Grants to States	84.002	1718ALAF00		22,285
Adult Education - Basic Grants to States	84.002	1718ALAE00		107,207
Subtotal Adult Education - Basic Grants to States				<u>199,325</u>
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	27652		377,943
Total U. S. Department of Education				<u>5,445,516</u>
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families Cluster				
Passed Through From:				
Literacy Council of Tyler				
Adult Education - Temporary Assistance for Needy Families	93.558	0818ALAE00		20,824
Subtotal Temporary Assistance for Needy Families Cluster				<u>20,824</u>
Total U.S. Department of Health and Human Services				<u>20,824</u>
Total Federal Awards			<u>\$ -</u>	<u>\$ 5,811,641</u>

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

**PANOLA COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2023**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the College. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the College. Therefore, some amounts may differ from the amounts presented in, or used in the preparation of the financial statements.

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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. The expenditures reported on Schedule F 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 basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Relationship to Federal Financial Reports

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

Indirect Cost Rate

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

Federal Awards Reconciliation:

Federal Grants and Contracts – Schedule A	\$ 598,092
Add: Federal Revenue, Non-Operating – Schedule C	<u>5,213,549</u>
Total Federal Awards – Schedule F	<u>\$ 5,811,641</u>

PANOLA COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2023

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission		
Skills Development Fund		\$ 339,683
Passed Through From:		
Literacy Council of Tyler		
Adult Education - Basic Grants to States		139,384
Subtotal Texas Workforce Commission		<u>479,067</u>
Texas Higher Education Coordinating Board		
Texas Educational Opportunity Grant		189,313
60x30 Texas College Readiness		3,715
Nursing Shortage Reduction Program		8,747
Subtotal Texas Higher Education Coordinating Board		<u>201,775</u>
Texas Veterans Commission		
Hazelwood Legacy Program		3,330
Subtotal Texas Veterans Commission		<u>3,330</u>
Total State Awards		<u>\$ 684,172</u>
State Grants and Revenues -Per Schedule A		<u>\$ 684,172</u>

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

**PANOLA COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED AUGUST 31, 2023**

Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of the College. The information in this schedule is presented in accordance with the requirements of the Texas Grant Management Standards (TxGMS). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the College. Therefore, some amounts may differ from the amounts presented in, or used in the preparation of the financial statements.

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 accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the TxGMS. The expenditures reported on Schedule G 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 basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Relationship to State Financial Reports

Amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedule of expenditures of 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
ANNUAL COMPREHENSIVE FINANCIAL REPORT



SINGLE AUDIT SECTION

Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
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Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
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Glenda J. Hiers, CPA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Panola College
Carthage, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Panola College (the College) as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Panola College's basic financial statements and have issued our report thereon dated December 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Public Funds Investment Act

We have performed tests designed to verify the College’s compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2023, no instances of noncompliance were found.

Purpose of this Report

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
December 1, 2023

Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
Brenda A. Johnson



4000 S. Medford Drive
Lufkin, Texas 75901

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

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

Board of Trustees
Panola College
Carthage, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Panola College's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Panola College's major federal programs for the year ended August 31, 2023. 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.

In our opinion, Panola College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Panola College's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Panola College’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Panola College’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College’s internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.

Certified Public Accountants

Lufkin, Texas

December 1, 2023

**PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2023**

A. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	___	Yes	___	No
Significant deficiencies identified?	___	Yes	___	None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___	Yes	___	No
Significant deficiencies identified?	___	Yes	___	None Reported

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

Version of compliance supplement used May 2023

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ Yes X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program
21.027	Student Financial Aid Cluster Coronavirus State and Local Fiscal Recovery Funds

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

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

B. Financial Statements Findings

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

None

C. Federal Awards Findings and Questioned Costs

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

None

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PANOLA COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT



STATISTICAL SUPPLEMENTS
(UNAUDITED)

PANOLA COLLEGE
STATISTICAL SECTION OBJECTIVES
(UNAUDITED)

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

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

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

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

Panola College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2014 to 2023
(unaudited)
(amounts expressed in thousands)

	For the Fiscal Year Ended August 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Investment in capital assets	\$ 29,967	\$ 24,596	\$ 23,495	\$ 21,149	\$ 21,180	\$ 21,560	\$ 21,198	\$ 20,680	\$ 13,643	\$ 12,311
Restricted - expendable	4,570	4,766	4,328	3,408	3,249	1,827	1,376	577	2,201	5,140
Restricted - nonexpendable	6,388	5,258	6,282	4,930	4,062	3,791	3,271	3,153	3,131	3,104
Unrestricted	17,201	15,306	10,307	9,129	6,838	5,790	15,652	13,831	15,247	10,833
Total	58,126	49,926	44,412	38,616	35,329	32,968	41,497	38,241	34,222	31,388
Net position, beginning of year*	49,926	44,412	38,616	35,329	32,968	41,497	38,241	34,222	31,388	26,083
Cumulative effect of change in accounting principle (Note 2)	N/A	N/A	N/A	N/A	N/A	(12,821)	N/A	N/A	(2,665)	N/A
Net position, beginning of year, as restated (Note 2)	N/A	N/A	N/A	N/A	N/A	28,676	N/A	N/A	28,723	N/A
(Increase) decrease in net position	\$ (8,200)	\$ (5,514)	\$ (5,796)	\$ (3,287)	\$ (2,361)	\$ (4,292)	\$ (3,256)	\$ (4,019)	\$ (2,834)	\$ (5,305)

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

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

Panola College
Statistical Supplement 2
Revenues by Source
Fiscal years 2014 to 2023
(unaudited)

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tuition and Fees (Net of Discounts)	\$4,366	\$3,824	\$3,903	\$3,758	\$3,794	\$3,828	\$3,264	\$3,180	\$2,974	\$3,410
Governmental Grants and Contracts										
Federal Grants and Contracts	598	578	675	770	715	580	566	523	486	402
State Grants and Contracts	684	358	545	395	504	658	937	188	737	307
Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	121	123	94	2	3	2	6	4	16	2
Sales and services of educational activities	18	28	18	2	56	73	93	84	99	98
Auxiliary enterprises	1,126	1,216	1,157	1,003	1,257	1,095	1,080	1,085	1,189	1,118
Other Operating Revenues	398	376	324	305	317	366	257	292	260	257
Total Operating Revenues	7,311	6,503	6,716	6,235	6,646	6,602	6,203	5,356	5,761	5,594
State Appropriations	6,355	6,249	6,186	6,108	6,096	6,512	5,916	5,968	5,355	5,305
Ad Valorem Taxes	13,233	11,783	11,088	10,049	8,972	8,602	8,451	8,939	9,623	9,011
Federal Revenue, Non Operating	5,213	10,186	10,275	7,162	6,989	8,933	9,414	8,893	8,876	9,100
Gifts	918	399	150	501	280	1,187	345	609	545	165
Insurance Recoveries	-	-	138	-	-	-	-	-	-	-
Transfer to Panola College Foundation	-	-	-	-	-	-	-	(57)	-	-
Investment income	2,383	(1,071)	1,305	935	684	533	201	188	153	187
Gain(Loss) on Disposal of Capital Assets	14	298	(67)	(91)	-	(309)	-	(177)	11	(50)
Other non-operating revenues	796	1,332	318	145	196	292	44	92	85	32
Total Non-Operating Revenues	28,912	29,176	29,393	24,809	23,217	25,750	24,371	24,455	24,648	23,750
Additions to Permanent Endowments	407	221	101	241	158	330	79	55	-	-
Total Revenues	\$ 36,630	\$ 35,900	\$ 36,210	\$ 31,285	\$ 30,021	\$ 32,682	\$ 30,653	\$ 29,866	\$ 30,409	\$ 29,344

For the Year Ended August 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tuition and fees (net of discounts)	11.92%	10.65%	10.78%	12.01%	12.64%	11.71%	10.65%	10.65%	9.78%	11.62%
Governmental grants and contracts										
Federal grants and contracts	1.63%	1.61%	1.86%	2.46%	2.38%	1.77%	1.85%	1.75%	1.60%	1.37%
State grants and contracts	1.87%	1.00%	1.51%	1.26%	1.68%	2.01%	3.06%	0.63%	2.42%	1.05%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.33%	0.34%	0.26%	0.01%	0.01%	0.01%	0.02%	0.01%	0.05%	0.01%
Sales and services of educational activities	0.05%	0.08%	0.05%	0.01%	0.19%	0.22%	0.30%	0.28%	0.33%	0.33%
Auxiliary enterprises	3.07%	3.39%	3.20%	3.21%	4.19%	3.35%	3.52%	3.63%	3.91%	3.81%
Other operating revenues	1.08%	1.04%	0.90%	0.98%	1.06%	1.12%	0.84%	0.98%	0.86%	0.88%
Total Operating Revenues	19.95%	18.10%	18.55%	19.93%	22.14%	20.20%	20.24%	17.93%	18.95%	19.06%
State appropriations	17.36%	17.42%	17.08%	19.52%	20.31%	19.93%	19.30%	19.98%	17.61%	18.08%
Ad valorem taxes	36.13%	32.82%	30.62%	32.12%	29.89%	26.32%	27.57%	29.93%	31.65%	30.71%
Non-Governmental Grants and Contracts	14.23%	28.37%	28.38%	22.89%	23.28%	27.33%	30.71%	29.78%	29.19%	31.01%
Gifts	2.51%	1.11%	0.41%	1.60%	0.93%	3.63%	1.13%	2.04%	1.79%	0.56%
Transfer to Panola College Foundation	0.00%	0.00%	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income	6.51%	-2.98%	3.60%	2.99%	2.28%	1.63%	0.66%	0.63%	0.50%	0.64%
Gain on Disposal of Capital Assets	0.04%	0.83%	-0.19%	-0.29%	0.00%	-0.95%	0.00%	-0.59%	0.04%	-0.17%
Other non-operating revenues	2.17%	3.71%	0.88%	0.46%	0.65%	0.89%	0.14%	0.31%	0.28%	0.11%
Total Non-Operating Revenues	78.93%	81.27%	81.18%	79.30%	77.34%	78.79%	79.51%	81.88%	81.05%	80.94%
Additions to Permanent Endowments	1.11%	0.62%	0.28%	0.77%	0.53%	1.01%	0.26%	0.18%	0.00%	0.00%
Total Revenues	100.00%	100.00%	100.00%	99.23%	99.47%	98.99%	99.74%	99.82%	100.00%	100.00%

Panola College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2014 to 2023
(unaudited)

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction	\$9,361	\$8,541	\$9,124	\$9,290	\$8,907	\$8,883	\$8,383	\$8,365	\$8,137	\$7,959
Research	-	-	-	-	-	-	-	-	-	-
Public service	220	215	32	376	419	365	401	206	305	291
Academic support	3,292	2,874	2,943	3,047	3,035	2,880	2,608	2,604	2,317	2,223
Student services	1,860	1,882	1,664	1,630	1,651	1,597	1,371	1,561	1,441	1,302
Institutional support	3,230	5,111	4,953	3,435	2,948	2,760	2,522	2,532	2,362	2,162
Operation and maintenance of plant	2,278	2,097	1,972	1,529	1,693	1,794	1,771	1,711	1,507	1,725
Scholarships and fellowships	1,969	3,911	4,300	3,389	3,242	4,292	4,470	3,771	4,049	4,293
Auxiliary enterprises	2,531	2,366	2,275	2,080	2,487	2,579	2,671	2,903	2,806	2,712
Depreciation	2,649	2,518	2,266	2,321	2,347	2,277	2,202	2,025	926	868
Total Operating Expenses	27,390	29,515	29,529	27,097	26,729	27,427	26,399	25,678	23,850	23,535
Interest on capital related debt	1,040	872	885	901	931	963	998	170	461	341
Bond issuance costs	-	-	-	-	-	-	-	-	599	163
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	1,040	872	885	901	931	963	998	170	1,060	504
Total Expenses	\$ 28,430	\$ 30,387	\$ 30,414	\$ 27,998	\$ 27,660	\$ 28,390	\$ 27,397	\$ 25,848	\$ 24,910	\$ 24,039

For the Year Ended August 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction	32.93%	28.11%	30.00%	33.18%	32.20%	31.29%	30.60%	32.36%	32.67%	33.11%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	0.77%	0.71%	0.11%	1.34%	1.51%	1.29%	1.46%	0.80%	1.22%	1.21%
Academic support	11.58%	9.46%	9.68%	10.88%	10.97%	10.14%	9.52%	10.07%	9.30%	9.25%
Student services	6.54%	6.19%	5.47%	5.82%	5.97%	5.63%	5.00%	6.04%	5.78%	5.42%
Institutional support	11.36%	16.82%	16.29%	12.27%	10.66%	9.72%	9.21%	9.80%	9.48%	8.99%
Operation and maintenance of plant	8.01%	6.90%	6.48%	5.46%	6.12%	6.32%	6.46%	6.62%	6.05%	7.18%
Scholarships and fellowships	6.93%	12.87%	14.14%	12.10%	11.72%	15.12%	16.32%	14.59%	16.25%	17.86%
Auxiliary enterprises	8.90%	7.79%	7.48%	7.43%	8.99%	9.08%	9.75%	11.23%	11.26%	11.28%
Depreciation	9.32%	8.29%	7.45%	8.29%	8.49%	8.02%	8.04%	7.83%	3.72%	3.61%
Total Operating Expenses	96.34%	97.13%	97.09%	96.78%	96.63%	96.61%	96.36%	99.34%	95.74%	97.90%
Interest on capital related debt	3.66%	2.87%	2.91%	3.22%	3.37%	3.39%	3.64%	0.66%	1.85%	1.42%
Bond issuance costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.40%	0.68%
Loss on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	3.66%	2.87%	2.91%	3.22%	3.37%	3.39%	3.64%	0.66%	4.26%	2.10%
Total Expenses	100.00%									
Change in Net Position	\$ 8,200	\$ 5,513	\$ 5,796	\$ 3,287	\$ 2,361	\$ 4,292	\$ 3,256	\$ 4,018	\$ 5,499	\$ 5,305

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

**Resident
 Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	General Fees	Out-of-District Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2022	\$ 0	\$ 33	\$ 33	\$ 0	\$ 59	\$ 68	\$ 1,104	\$ 1,920	4.55%	4.58%
2021	0	33	33	0	55	65	1,056	1,836	2.33%	2.68%
2020	0	33	33	0	53	63	1,032	1,788	2.38%	4.20%
2019	0	33	33	0	51	59	1,008	1,716	5.00%	5.15%
2018	0	29	29	0	51	56	960	1,632	2.56%	4.62%
2017	0	27	27	0	51	52	936	1,560	2.63%	3.17%
2016	0	25	25	0	51	50	912	1,512	4.11%	4.13%
2015	0	25	25	0	48	48	876	1,452	4.29%	2.54%
2014	0	25	25	0	45	48	840	1,416	0.00%	4.42%
2013	0	25	25	0	45	43	840	1,356	4.48%	5.61%

**Non-Resident
 Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	General Fees	Out-of-State/International Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2022	\$ 0	\$ 33	\$ 33	\$ 0	\$ 59	\$ 112	\$ 2,448	\$ 2,448	4.62%	4.62%
2021	0	33	33	0	55	107	2,340	2,340	2.63%	2.63%
2020	0	33	33	0	53	104	2,280	2,280	4.40%	4.40%
2019	0	33	33	0	51	98	2,184	2,184	5.20%	5.20%
2018	0	29	29	0	51	93	2,076	2,076	4.85%	4.85%
2017	0	27	27	0	51	87	1,980	1,980	3.77%	3.77%
2016	0	25	25	0	51	83	1,908	1,908	4.61%	4.61%
2015	0	25	25	0	48	79	1,824	1,824	2.01%	2.01%
2014	0	25	25	0	45	79	1,788	1,788	4.20%	4.20%
2013	0	25	25	0	45	73	1,716	1,716	5.93%	5.93%

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

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

Fiscal Year	(amounts expressed in thousands)						Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Residential Property	Commercial Property	Personal Property	Mineral	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2022-23	\$ 1,758,819	\$ 564,545	\$ 89,652	\$ 4,738,326	\$ 1,287,757	\$ 5,863,585	81.99%	0.185450	0.033020	0.218470
2021-22	1,675,714	546,115	90,806	3,044,259	1,226,518	4,130,376	77.10%	0.233080	0.044670	0.277750
2020-21	1,615,037	519,825	91,391	2,635,295	1,198,178	3,663,370	75.35%	0.232840	0.057950	0.290790
2019-20	1,568,805	516,962	91,250	2,987,039	1,188,113	3,975,943	76.99%	0.198760	0.052360	0.251120
2018-19	1,498,995	497,673	96,402	2,463,566	1,214,265	3,342,371	73.35%	0.205640	0.064750	0.270390
2017-18	1,673,397	325,928	75,199	2,456,134	1,156,295	3,374,363	74.48%	0.193870	0.063130	0.257000
2016-17	1,646,277	316,633	83,286	2,626,783	1,138,531	3,534,448	75.64%	0.183950	0.059390	0.243340
2015-16	1,638,659	310,743	84,940	3,550,968	1,145,162	4,440,148	79.50%	0.161050	0.046820	0.207870
2014-15	1,628,304	304,379	77,740	3,603,137	1,136,346	4,477,214	79.76%	0.154830	0.060000	0.214830
2013-14	1,621,302	300,582	76,670	3,090,417	1,138,763	3,950,208	77.62%	0.154830	0.060000	0.214830

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

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

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

	For the Fiscal Year Ended August 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State Appropriation Contact Hour Funding (CH)	\$ 3,504,036	\$ 3,504,037	\$ 3,734,086	\$ 3,734,384	\$ 4,053,504	\$ 4,053,505	\$ 3,868,996	\$ 3,861,990	\$ 3,508,821	\$ 3,508,821
State Appropriation Student Success Points (SSP)	631,087	631,087	448,467	448,467	341,250	341,250	313,989	313,989	306,905	306,905
State Appropriation Core Operations (CO)	680,406	680,406	680,406	680,406	680,406	341,251	500,000	500,000	500,000	500,000
State Appropriation Bachelor of Applied Technology (BAT)	-	-	-	-	-	-	-	-	-	-
State Appropriation Non-Formula Items	500,000	500,000	-	-	-	-	-	-	-	-
Total	5,315,529	5,315,530	4,862,959	4,863,257	5,075,160	4,736,006	4,682,985	4,675,979	4,315,726	4,315,726

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

* FY Formula Funding Changed Methodology

Source: THE CB - Ten Pay Schedule

Statistical Supplement 6b

State Appropriation per FTSE			
Fiscal Year	Appropriation	(1)	Appropriation
2022-23	\$5,315,529	1,622	\$3,277
2021-22	\$5,315,530	1,675	\$3,173
2020-21	\$4,862,959	1,698	\$2,864
2019-20	\$4,863,257	1,703	\$2,856
2018-19	\$5,075,160	1,855	\$2,736
2017-18	\$5,075,262	1,986	\$2,556
2016-17	\$4,682,985	1,944	\$2,409
2015-16	\$4,675,980	1,954	\$2,393
2014-15	\$4,315,726	1,911	\$2,258
2013-14	\$4,315,726	1,932	\$2,234

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

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

FY/30SCH) plus State Funded Continuing Education

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

* FY Year Formula Funding Changed Methodology

Source: CBM004 and CMB00C.

Statistical Supplement 6c

State Appropriation per Funded Contact Hour						
Contact Hour (CH) portion only of State Appropriation						
Fiscal Year	CH-State Appropriation (Unrestricted) (1)	Academic Contact Hours	Voc/Tech Contact Hours	Continuing Education Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2022-23	\$5,315,529	647,760	409,824	50,000	1,107,584	\$4.80
2021-22	\$5,315,530	679,728	426,368	43,753	1,149,849	\$4.62
2020-21	\$4,862,959	689,872	411,840	44,347	1,146,059	\$4.24
2019-20	\$4,863,257	698,640	413,888	47,333	1,159,861	\$4.19
2018-19	\$4,053,504	753,296	454,624	49,219	1,257,139	\$3.22
2017-18	\$4,053,505	848,884	471,504	61,406	1,381,794	\$2.93
2016-17	\$3,868,996	838,592	500,464	34,553	1,373,609	\$2.82
2015-16	\$3,861,990	766,160	530,128	44,764	1,341,052	\$2.88
2014-15	\$3,508,821	711,584	569,536	48,575	1,329,695	\$2.64
2013-14	\$3,508,821	732,752	543,152	45,134	1,321,038	\$2.66

CH = State funded Academic, Technical and Continuing Education Contact hours for Fall, Spring and Summer of the Current FY - Source: CBM004 and CMB00C.

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

* FY Formula Funding Changed Methodology

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

Statistical Supplement 6d

State Appropriation per Student Success Point - Annualized

Fiscal Year	SSP -State Appropriation (Unrestricted) (1)	Average Student Success Points (2)	State Appropriation per FTSE
2022-23	\$631,087	N/A**	N/A**
2021-22	\$631,087	N/A**	N/A**
2020-21	\$448,467	4,277	\$105
2019-20	\$448,467	4,383	\$102
2018-19	\$341,250	4,561	\$75
2017-18	\$341,250	4,311	\$79
2016-17	\$313,989	4,432	\$71
2015-16	\$313,989	4,251	\$74
2014-15	\$306,905	3,316	\$93

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

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

* FY Year Formula Funding Changed Methodology

** Information not currently available

Statistical Supplement 6e

Success Point Elements (1)	Student Success Points (SSP)					
	2023	2022	2021	2020	2019	2018
Math Readiness	N/A**	N/A**	143	160	196	207
Read Readiness	N/A**	N/A**	95	91	106	138
Write Readiness	N/A**	N/A**	45	46	55	85
Students Who Pass FCL Math Course	N/A**	N/A**	491	412	421	345
Students Who Pass FCL Read Course	N/A**	N/A**	729	771	816	715
Students Who Pass FCL Write Course	N/A**	N/A**	513	556	595	544
Students Who Complete 15 SCH	N/A**	N/A**	871	913	865	878
Students Who Complete 30 SCH	N/A**	N/A**	607	552	598	610
Student Transfers to a 4-Yr Inst	N/A**	N/A**	220	279	282	244
Degrees, CCCs, or Certs (Undup)	N/A**	N/A**	371	368	393	315
Degrees or Certs in Critical Fields	N/A**	N/A**	192	235	234	230
Annual Success Points - Total	N/A**	N/A**	4277	4383	4561	4311

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

* FY Year Formula Funding Changed Methodology

Source: THE CB - Ten Pay Schedule

** Information not currently available

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

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

Taxpayer	Type of Business	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Rockcliff Energy OP	Petroleum	\$ 1,206,904	\$ 904,487	\$ 485,927	\$ 248,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sabine Oil & Gas	Petroleum	495,983	335,005	160,387	129,703	-	-	-	-	-	-
Comstock	Petroleum	304,480	83,650	-	-	-	-	-	-	-	-
R. Lacy Operations Ltd.	Petroleum	302,722	317,035	92,344	-	-	-	-	-	-	66,241
TGNR East Texas LLC	Petroleum	233,490	193,387	104,633	-	-	-	-	-	-	-
Sheridan Production Company	Petroleum	191,331	142,004	80,686	85,189	126,923	78,370	-	-	-	-
Gemini Carthage Pipeline LLC	Petroleum	165,892	117,857	85,084	-	-	-	-	-	-	-
BTA ETG Gathering LLC	Petroleum	147,393	126,755	109,069	-	-	-	-	-	-	-
Silver Hill Energy Operating	Petroleum	121,154	-	-	-	-	-	-	-	-	-
Teco Gas Processing	Petroleum	119,643	109,761	96,196	100,071	-	-	-	-	-	-
MarkWest Eastern TX Gas Co LP	Petroleum	-	101,848	107,896	131,016	141,237	152,344	174,735	171,043	158,252	153,956
MarkWest Carthage Plant & East	Petroleum	-	-	73,101	81,334	112,001	113,339	123,431	121,464	81,656	78,246
CCI East Tx Upstream	Petroleum	-	-	-	192,962	342,040	351,247	-	-	-	-
DCP East Tx Gathering LP-Plant	Petroleum	-	-	-	71,201	134,375	168,711	172,494	206,667	-	-
Midcoast P/L ETX G&P-Beckville	Petroleum	-	-	-	60,898	-	-	-	-	-	-
ETC Tiger Pipeline	Petroleum	-	-	-	59,832	53,161	51,878	55,280	-	-	77,288
Anadarko E&P Company LP (MIN)	Petroleum	-	-	-	-	-	-	302,668	459,711	504,403	256,522
Anadarko E&P Company LP (MI)	Petroleum	-	-	-	-	-	-	156,681	182,003	-	-
Devon Energy (Pennzenergy)	Petroleum	-	-	-	-	-	-	101,146	238,005	315,366	328,213
Samson Lone Star LP	Petroleum	-	-	-	-	-	-	60,030	107,198	97,163	-
XTO Energy (Min)	Petroleum	-	-	-	-	-	-	50,448	98,537	101,024	112,289
Luminant	Coal Mining	-	-	-	-	-	-	-	75,064	76,199	-
Memorial Production	Petroleum	-	-	-	-	-	-	-	65,480	77,401	-
Chevron USA Inc.	Petroleum	-	-	-	-	-	-	-	-	-	69,830
Exxon Mobile Corp.	Petroleum	-	-	-	-	-	-	-	-	-	62,964
XTO Energy (Hunt Pet)	Petroleum	-	-	-	-	-	-	-	-	78,896	-
DCP Midstream LP	Petroleum	-	-	-	-	-	-	-	-	194,905	136,948
Enbridge	Petroleum	-	-	-	-	61,472	65,498	70,128	-	-	-
Enable Gas Transmission	Petroleum	-	-	-	-	45,098	45,255	-	-	-	-
Amplify Energy Operating	Petroleum	-	-	-	-	41,270	43,375	-	-	-	-
Louisiana Pacific	Timber	-	-	-	-	32,490	-	-	-	-	-
Red River Nacogdoches I GP	Petroleum	-	-	-	-	-	74,236	-	-	-	-
Totals		\$ 3,288,992	\$ 2,431,789	\$ 1,395,323	\$ 1,161,180	\$ 1,090,067	\$ 1,070,017	\$ 1,267,041	\$ 1,725,172	\$ 1,685,265	\$ 1,342,497
Total Taxable Assessed Value		\$ 12,810,173	\$ 11,472,121	\$ 10,652,716	\$ 9,984,389	\$ 9,037,439	\$ 8,686,796	\$ 8,600,726	\$ 9,229,735	\$ 9,618,399	\$ 8,486,233

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Rockcliff Energy OP	Petroleum	9.42%	7.88%	4.56%	2.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sabine Oil & Gas	Petroleum	3.87%	2.92%	1.51%	1.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Comstock	Petroleum	2.38%	0.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
R. Lacy Operations Ltd.	Petroleum	2.36%	2.76%	0.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%
TGNR East Texas LLC	Petroleum	1.82%	1.69%	0.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sheridan Production Company	Petroleum	1.49%	1.24%	0.76%	0.85%	1.40%	0.90%	0.00%	0.00%	0.00%	0.00%
Gemini Carthage Pipeline LLC	Petroleum	1.30%	1.03%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BTA ETG Gathering LLC	Petroleum	1.15%	1.10%	1.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Silver Hill Energy Operating	Petroleum	0.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Teco Gas Processing	Petroleum	0.93%	0.96%	0.90%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MarkWest Eastern TX Gas Co LP	Petroleum	0.00%	0.89%	1.01%	1.31%	1.56%	1.75%	2.03%	1.85%	1.65%	1.81%
MarkWest Carthage Plant & East	Petroleum	0.00%	0.00%	0.69%	0.81%	1.24%	1.30%	1.44%	1.32%	0.85%	0.92%
CCI East Tx Upstream	Petroleum	0.00%	0.00%	0.00%	1.93%	3.78%	4.04%	0.00%	0.00%	0.00%	0.00%
DCP East Tx Gathering LP-Plant	Petroleum	0.00%	0.00%	0.00%	0.71%	1.49%	1.94%	2.01%	2.24%	0.00%	0.00%
Midcoast P/L ETX G&P-Beckville	Petroleum	0.00%	0.00%	0.00%	0.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ETC Tiger Pipeline	Petroleum	0.00%	0.00%	0.00%	0.60%	0.59%	0.60%	0.64%	0.00%	0.00%	0.91%
Anadarko E&P Company LP (MIN)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.52%	4.98%	5.24%	3.02%
Anadarko E&P Company LP (MI)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.82%	1.97%	0.00%	0.00%
Devon Energy (Pennzenergy)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.18%	2.58%	3.28%	3.87%
Samson Lone Star LP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.70%	1.16%	1.01%	0.00%
XTO Energy (Min)	Coal Mining	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.59%	1.07%	1.05%	1.32%
Luminant	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.81%	0.79%	0.00%
Memorial Production	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.71%	0.80%	0.00%
Chevron USA Inc.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.82%
Exxon Mobile Corp.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.74%
XTO Energy (Hunt Pet)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.82%	0.00%
DCP Midstream LP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.03%	1.61%
Enbridge	Petroleum	0.00%	0.00%	0.00%	0.00%	0.68%	0.75%	0.82%	0.00%	0.00%	0.00%
Enable Gas Transmission	Petroleum	0.00%	0.00%	0.00%	0.00%	0.50%	0.52%	0.00%	0.00%	0.00%	0.00%
Amplify Energy Operating	Timber	0.00%	0.00%	0.00%	0.00%	0.46%	0.50%	0.00%	0.00%	0.00%	0.00%
Louisiana Pacific	Petroleum	0.00%	0.00%	0.00%	0.00%	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%
Red River Nacogdoches I GP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.85%	0.00%	0.00%	0.00%	0.00%
Totals		25.67%	21.20%	13.10%	11.63%	12.06%	12.32%	14.73%	18.69%	17.52%	15.82%

Source: Local County Appraisal District

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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
2023	\$ 12,810	\$ 729	\$ 13,539	\$ 13,065	96.50%	\$ 166	\$ 2	13,233	97.69%
2022	11,472	590	12,062	11,700	97.00%	29	54	11,783	97.69%
2021	10,653	823	11,476	10,792	94.04%	158	138	11,088	96.62%
2020	9,984	724	10,708	9,897	92.43%	143	56	10,096	94.28%
2019	9,037	489	9,526	9,168	96.24%	129	-	9,297	97.60%
2018	8,687	117	8,804	8,507	96.63%	179	-	8,686	98.66%
2017	8,601	118	8,719	8,493	97.41%	-	-	8,493	97.41%
2016	9,230	20	9,250	9,078	98.14%	-	72	9,150	98.92%
2015	9,618	290	9,908	9,753	98.44%	71	21	9,845	99.36%
2014	8,483	886	9,369	9,136	97.51%	176	7	9,319	99.47%

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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Bonded Debt										
General obligation bonds	\$ 22,995	\$ 24,330	\$ 25,425	\$ 26,470	\$ 27,470	\$ 28,430	\$ 29,350	\$ 30,235	\$ 31,090	\$ 7,360
General obligation bonds premium	347	47	110	201	382	461	625	814	1,027	316
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ 23,342	\$ 24,377	\$ 25,535	\$ 26,671	\$ 27,852	\$ 28,891	\$ 29,975	\$ 31,049	\$ 32,117	\$ 7,676
Other Debt										
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ 420	\$ 1,220	\$ 2,012	\$ 2,979	\$ 3,575
Notes	-	-	-	-	-	-	-	-	-	-
Lease obligations	286	351	-	-	-	-	-	-	-	-
Net other debt	\$ 286	\$ 351	\$ -	\$ -	\$ 213	\$ 420	\$ 1,220	\$ 2,012	\$ 2,979	\$ 3,575
Total Outstanding Debt	\$ 23,628	\$ 24,728	\$ 25,535	\$ 26,671	\$ 28,065	\$ 29,311	\$ 31,195	\$ 33,061	\$ 35,096	\$ 11,251
General Bonded Debt Ratios										
Per Capita	\$ 1.03	\$ 1.08	\$ 1.07	\$ 1.12	\$ 1.17	\$ 1.24	\$ 1.28	\$ 1.31	\$ 1.35	\$ 0.32
Per FTSE	\$ 14.39	\$ 14.55	\$ 15.04	\$ 15.66	\$ 15.01	\$ 14.55	\$ 15.42	\$ 15.89	\$ 17	\$ 4
As a percentage of Taxable Assessed Value	0.40%	0.59%	0.70%	0.67%	0.83%	0.86%	0.85%	0.70%	0.72%	0.19%
Total Outstanding Debt Ratios										
Per Capita	\$ 0.01	\$ 0.02	\$ -	\$ -	\$ 0.01	\$ 0.02	\$ 0.05	\$ 0.08	\$ 0.13	\$ 0.15
Per FTSE	\$ 0.17	\$ 0.21	\$ -	\$ -	\$ 0.11	\$ 0.21	\$ 0.63	\$ 1.03	\$ 2	\$ 2
As a percentage of Taxable Assessed Value	0.00%	0.01%	0.00%	0.00%	0.01%	0.01%	0.03%	0.05%	0.07%	0.09%

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

	2023	2022	2021
Taxable Assessed Value (amount expressed in thousands)	\$ 5,863,585	\$ 4,130,376	\$ 3,663,371
General Obligation Bonds			
Statutory Tax Levy Limit for Debt Service	2,931,793	2,065,188	1,831,686
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-
Total Net General Obligation Debt	2,931,793	2,065,188	1,831,686
Current Year Debt Service Requirements	1,150,000	1,095,000	1,045,000
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 1,781,793	\$ 970,188	\$ 786,686
Net Current Requirements as a % of Statutory Limit	39.23%	53.02%	57.05%

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.

2020	2019	2018	2017	2016	2015	2014
\$ 3,975,943	\$ 3,342,372	\$ 3,374,363	\$ 3,534,448	\$ 4,440,148	\$ 4,477,214	\$ 3,950,208
1,987,972	1,671,186	1,687,182	1,767,224	2,220,074	2,238,607	1,975,104
-	-	-	-	-	-	-
1,987,972	1,671,186	1,687,182	1,767,224	2,220,074	2,238,607	1,975,104
1,000,000	960,000	920,000	885,000	855,000	1,425,000	1,965,000
\$ 987,972	\$ 711,186	\$ 767,182	\$ 882,224	\$ 1,365,074	\$ 813,607	\$ 10,104
50.30%	57.44%	54.53%	50.08%	38.51%	63.66%	99.49%

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	
2023	\$ 2,564	\$ 6,435	\$ 398	\$ 2,306	\$ 2,383	\$ 14,086
2022	2,270	6,287	377	2,335	(1,071)	10,198
2021	2,411	6,243	324	2,255	1,305	12,538
2020	2,294	6,041	305	2,155	935	11,730
2019	2,240	6,467	317	2,612	683	12,319
2018	2,317	6,757	366	2,890	533	12,863
2017	1,885	6,614	257	2,970	201	11,927
2016	1,864	6,274	292	3,126	188	11,744
2015	1,808	5,793	260	3,113	126	11,100
2014	2,123	5,613	257	3,077	127	11,197

The Series 2005 and Series 2008 Revenue Bonds require virtually all tuition, fees and general revenues of the College be pledged toward payment of principal and interest on the bonds. These bonds matured during the year ended August 31, 2020.

Debt Service Requirements (\$000
omitted)

Principal	Interest	Total	Coverage Ratio
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
213	8	221	53.07
207	16	223	55.24
800	42	842	15.28
792	66	858	13.90
785	91	876	13.41
778	115	910	12.20
771	139	927	12.08

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
2022	22,675	\$ 1,208,405	\$ 53,292	4.1%
2021	22,675	1,094,229	47,191	5.7%
2020	23,796	1,054,569	45,467	8.4%
2019	23,796	1,007,115	43,508	3.9%
2018	23,796	939,265	40,411	3.6%
2017	23,243	891,054	37,930	4.4%
2016	23,492	952,436	40,543	7.1%
2015	23,766	1,049,942	44,173	5.2%
2014	23,769	1,091,774	45,738	4.9%
2013	23,870	1,070,065	44,549	5.1%

Sources:

Panola County ACFR

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

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

Employer	Number of Employees	Percentage of Total Employment
Natural Resource and Mining	835	9.66%
Construction	1,157	15.93%
Manufacturing	856	11.26%
Trade, Transportation, Utilities	1,386	20.08%
Information	59	0.74%
Financial Activities	211	2.74%
Professional Business Services	785	8.91%
Education Health Services	632	8.04%
Leisure Hospitality	460	5.45%
Other Services	212	2.01%
Federal	57	0.76%
State	32	0.38%
Local	1,112	14.04%
Total	7,794	100.00%

Source:
Texas Workforce Commission

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Faculty										
Full-Time	70	70	71	72	75	75	70	69	69	69
Part-Time	88	78	71	71	77	66	82	78	78	76
Total	158	148	142	143	152	141	152	147	147	145
Percent										
Full-Time	44.3%	47.3%	50.0%	50.3%	49.3%	53.2%	46.1%	46.9%	46.9%	47.6%
Part-Time	55.7%	52.7%	50.0%	49.7%	50.7%	46.8%	53.9%	53.1%	53.1%	52.4%
Staff and Administrators										
Full-Time	82	82	80	80	81	81	81	83	80	77
Part-Time	74	70	64	65	68	64	56	63	63	62
Total	156	152	144	145	149	145	137	146	143	139
Percent										
Full-Time	52.6%	53.9%	55.6%	55.2%	54.4%	55.9%	59.1%	56.8%	55.9%	55.4%
Part-Time	47.4%	46.1%	44.4%	44.8%	45.6%	44.1%	40.9%	43.2%	44.1%	44.6%
FTSE per Full-time Faculty	23.2	23.9	23.9	23.7	24.7	26.5	27.8	28.3	27.7	28.0
FTSE per Full-Time Staff Member	19.8	20.4	21.2	21.3	22.9	24.5	24.0	23.5	23.9	25.1
Average Annual Faculty Salary	\$57,151	\$55,750	\$54,415	\$52,255	\$53,272	\$54,367	\$53,272	\$51,541	\$51,965	\$54,794

Panola College
Statistical Supplement 17
Transfers to Senior Institutions
2021 Fall Students as of Fall 2022
(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		
1.00 Angelo State University				-	-
2.00 Lamar University	5.00			5.00	0.02
3.00 Midwestern State University				-	-
4.00 Prairie View A & M University	3.00			3.00	0.01
5.00 Sam Houston State University	11.00		1.00	12.00	0.04
6.00 Southwest Texas State University				-	-
7.00 Stephen F Austin State University	82.00	7.00	2.00	91.00	0.34
8.00 Sul Ross State University				-	-
9.00 Tarleton State University	1.00	1.00		2.00	0.01
10.00 Texas A & M International University				-	-
11.00 Texas A & M University	31.00		1.00	32.00	0.12
12.00 Texas A & M University at Commerce	2.00			2.00	0.01
13.00 Texas A & M University at Corpus Christi	3.00			3.00	0.01
14.00 Texas A & M University at Galveston				-	-
15.00 Texas A & M University at Kingsville	1.00			1.00	0.00
16.00 Texas A & M University at Texarkana				-	-
16.00 Texas A & M University HSC				-	-
17.00 Texas Southern University	1.00			1.00	0.00
18.00 Texas State University	7.00			7.00	0.03
19.00 Texas Tech University	3.00			3.00	0.01
20.00 Texas Tech University Health Sciences Center				-	-
21.00 Texas Women's University	3.00		1.00	4.00	0.01
22.00 The University of Texas at Arlington	7.00			7.00	0.03
23.00 The University of Texas at Austin	8.00	1.00		9.00	0.03
24.00 The University of Texas at Rio Grande Valley				-	-
25.00 The University of Texas at Dallas	2.00			2.00	0.01
26.00 The University of Texas Medical Branch at Galveston				-	-
27.00 The University of Texas HSC Houston				-	-
27.00 The University of Texas San Antonio				-	-
28.00 The University of Texas at Tyler	55.00	10.00	2.00	67.00	0.25
29.00 The University of Texas at Permian Basin	2.00			2.00	0.01
30.00 The University of Texas at Brownsville				-	-
31.00 University of Houston	3.00			3.00	0.01
32.00 University of Houston - Clear Lake				-	-
33.00 University of Houston - Downtown				-	-
34.00 University of North Texas	8.00	2.00	1.00	11.00	0.04
35.00 University of North Texas - Dallas				-	-
36.00 West Texas A & M University	2.00			2.00	0.01
Totals	240.00	21.00	8.00	269.00	1.00

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

Panola College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2013 to 2022
(unaudited)

	Fiscal Year									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Academic buildings	9	9	7	7	7	7	7	7	9	9
Square footage (in thousands)	223	223	172	169	161	161	161	161	146	146
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	32	32	32	32	32	32	32	32	32	32
Number of Volumes (in thousands)	120	120	120	120	120	120	120	120	120	120
Administrative and support buildings	2	2	2	2	2	2	2	2	3	3
Square footage (in thousands)	55	55	30	30	30	30	30	30	25	25
Dormitories	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	20	20	20	20	20	20	20	20	20	20
Number of Beds	94	94	94	94	94	94	94	94	94	94
Apartments	4	4	4	4	4	4	4	4	4	4
Square footage (in thousands)	29	29	29	29	29	29	29	29	29	29
Number of beds	160	160	160	160	160	160	160	160	160	160
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	25	25	25	25	25	25	25	25	25	25
Average daily customers	270	270	270	270	270	270	270	270	105	105
Athletic Facilities	1	1	1	1	1	1	1	1	2	2
Square footage (in thousands)	28	28	28	28	28	28	28	28	37	37
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	17	17	17	17	17	17	17	17	17	17
Transportation	2	2	2	2	2	2	2	2	2	2
Cars	-	-	-	-	-	-	-	-	-	-
Light Trucks/Vans	9	9	11	9	9	9	9	9	9	9
Buses	2	2	2	2	2	2	2	2	2	2