

PANOLA COLLEGE
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2025 AND 2024



PREPARED BY:
FISCAL SERVICES DEPARTMENT
PANOLA COLLEGE

PANOLA COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT

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PANOLA COLLEGE

ANNUAL COMPREHENSIVE FINANCIAL REPORT



INTRODUCTORY SECTION



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

January 12, 2026

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, 2025. 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 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 in the College's service area at a reasonable cost. The College offers a wide variety of study areas, including 6 Associate of Science degrees, 5 Associate of Arts degrees, 16 Associate of Applied Science degrees, 31 certificate programs, and 39 occupational skills awards.

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 last 15 years of the bonds' payment period. 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 district tax base.

The College continues to have strong enrollment. 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 249 resident students.

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 lab, and a spare lab for new technology training as well as drone training. This new building was available for classes beginning with the Fall 2024 semester. A new rodeo pole barn was also started during FY 23-24 and was available for use beginning with the Fall semester. On September 25, 2023, the College entered into a contract with the Construction Manager to replace the baseball bleachers at the baseball field. The baseball bleachers were completed in November 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

The College continually updates their Master Plan for future projects. On August 18, 2025, the College entered into a contract with Corgan Associates, Inc. for architect services for the new Gateway Building, the new Digital Learning Building and new fiber optic outside cable infrastructure projects. These projects began in September 2025.

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 the fiscal 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.

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.

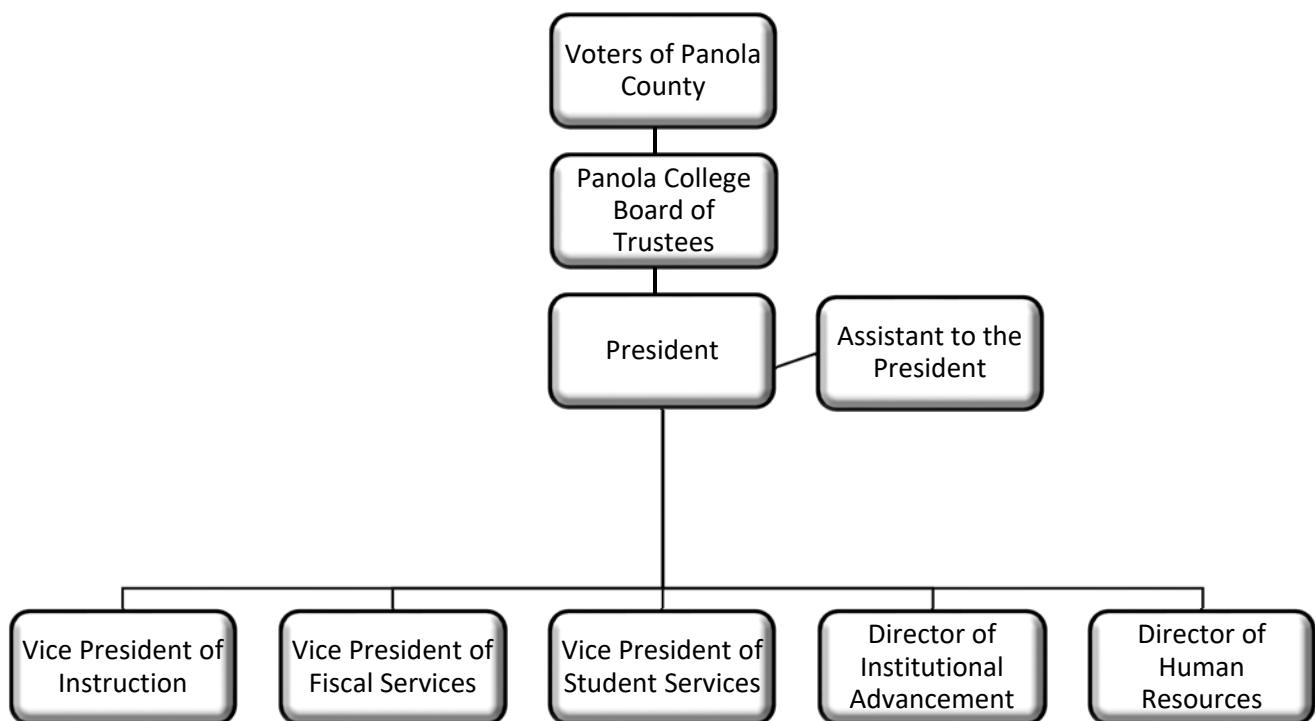
Sincerely,

Rachael Payne, CPA, MPA
Vice President of Fiscal Services

ORGANIZATIONAL CHART

PANOLA COLLEGE

Carthage, Texas



**PANOLA COLLEGE
PRINCIPAL OFFICIALS
AUGUST 31, 2025**

BOARD OF TRUSTEES

OFFICERS

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

**Chair
Vice-Chair
Secretary**

MEMBERS

| | Term Expires |
|-----------------------------|--------------|
| Mrs. Faitha Burchett | 2026 |
| Mr. Mark Roberson | 2026 |
| Mr. William Goolsby | 2028 |
| Mr. Bobby Phillips | 2028 |
| Mr. Kevin Smith | 2028 |
| Mrs. Brooke Lipsey | 2030 |
| Mr. Richard Thomas | 2030 |

ADMINISTRATION

Dr. Jessica Pace

President

Ms. Natalie Oswalt

Vice President of Instruction

Ms. Rachael Payne, CPA

**Vice President of Fiscal
Services**

Mr. Don Clinton

**Vice President of Student
Services**

Ms. Joanna Huckabee

**Director of Institutional
Advancement**

Mr. Jeremy Dorman

Director of Human Resources

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
(1947-2024)
Glenda J. Hiers, CPA
(Retired)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Panola College
Carthage, Texas

Report on the Audit of the 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, 2025 and 2024, 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, 2025 and 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the 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 GAAS 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 GAAS 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.
- 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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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 ___ through ___ and ___ through ___ 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 GAAS, 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 and the schedule of expenditures of state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Texas Grant Management Standards, 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 GAAS. In our opinion, the supplementary schedules, including the schedule of expenditures of federal awards and the schedule of expenditures of state awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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 January 12, 2026 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

January 12, 2026

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, 2025. 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, 2025 by \$78,561,288 (net position). Of this amount, \$27.3M of unrestricted funds may be used to meet the College's ongoing obligations. The calculation on page 15 reflects adjustments to the unrestricted net position to arrive at \$42.9M of operational resources.

The Net Position for the College increased by \$9,851,617 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, 2025, 2024 and 2023

| | 2025 | % of Total | from 2024 to 2025 | | 2024 | from 2023 to 2024 | | 2023 |
|-------------------------------------|---------------|---------------|------------------------|-------------|---------------|------------------------|-------------|---------------|
| | | | Increase (Decrease) | % Change | | Increase (Decrease) | % Change | |
| Assets: | | | | | | | | |
| Current assets | \$ 54,618,931 | 43.8% | \$ 11,859,586 | 27.7% | \$ 42,759,345 | \$ (1,279,127) | (2.9%) | \$ 44,038,472 |
| Noncurrent assets: | | | | | | | | |
| Capital assets, net | 59,363,846 | 47.6% | (2,602,076) | (4.2%) | 61,965,922 | 8,370,854 | 15.6% | 53,595,068 |
| Other | 10,776,187 | 8.6% | (1,827,694) | (14.5%) | 12,603,881 | 1,387,026 | 12.4% | 11,216,855 |
| Total assets | 124,758,964 | 100.0% | 7,429,816 | 6.3% | 117,329,148 | 8,478,753 | 7.8% | 108,850,395 |
| Deferred outflows | 2,137,141 | 100.0% | (815,346) | (27.6%) | 2,952,487 | (667,465) | (18.4%) | 3,619,952 |
| Liabilities: | | | | | | | | |
| Current liabilities | 8,658,238 | 19.7% | (566,500) | (6.1%) | 9,224,738 | (1,007,368) | (9.8%) | 10,232,106 |
| Non-current liabilities | 35,249,048 | 80.3% | (2,378,417) | (6.3%) | 37,627,465 | (1,177,342) | (3.0%) | 38,804,807 |
| Total liabilities | 43,907,286 | 100.0% | (2,944,917) | (6.3%) | 46,852,203 | (2,184,710) | (4.5%) | 49,036,913 |
| Deferred Inflows | 4,427,530 | 100.0% | (292,231) | (6.2%) | 4,719,761 | (587,633) | (11.1%) | 5,307,394 |
| Net position: | | | | | | | | |
| Net investment in capital assets | 38,171,487 | 48.6% | (1,147,274) | (2.9%) | 39,318,761 | 9,352,421 | 31.2% | 29,966,340 |
| Restricted | 13,041,966 | 16.6% | 1,367,322 | 11.7% | 11,674,644 | 716,048 | 6.5% | 10,958,596 |
| Unrestricted | 27,347,835 | 34.8% | 9,631,569 | 54.4% | 17,716,266 | 515,162 | 3.0% | 17,201,104 |
| Total net position | \$ 78,561,288 | 100.0% | \$ 9,851,617 | 14.3% | \$ 68,709,671 | \$ 10,583,631 | 18.2% | \$ 58,126,040 |

Current assets increased from 2024 to 2025 by \$11.9M. This increase was mainly in cash and cash equivalents and is primarily due to increases in revenues from tuition and fees and state appropriations and to decreased spending on capital improvement projects. The 2024-25 year's activity increased the College's overall net position by \$9.9M, an increase of 14.3%. The 2023-24 year's activity increased the overall net position of the College by 18.2% over the previous year's position. The College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,561,288 at August 31, 2025. Assets amounted to \$124,758,964 with investment in capital assets comprising \$59.4M 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 48.6% of total net position. It should be noted that the capital assets may not be used to liquidate liabilities. Additionally, \$13.0M (17%) of total net position is externally restricted. The remaining balance of \$27.3M represents unrestricted net position that may be used to meet the College's ongoing obligations; the calculation on page 15 reflects adjustments to the unrestricted net position to arrive at \$42.9M of operational resources available to the College. Total liabilities amounted to \$43.9M, down 6.3% 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, 2025, 2024 and 2023**

| | 2025 | % of Total | from 2024 to 2025 | | from 2023 to 2024 | | | 2023 |
|-------------------------------------|----------------------|---------------|------------------------|---------------|----------------------|------------------------|----------------|----------------------|
| | | | Increase (Decrease) | % Change | 2024 | Increase (Decrease) | % Change | |
| | | | | | | | | |
| Operating revenues | | | | | | | | |
| Tuition & fees, net | \$ 4,611,720 | 11.4% | \$ 1,376,116 | 42.5% | \$ 3,235,604 | \$ (1,130,115) | (25.9%) | \$ 4,365,719 |
| Grants and contracts | 1,846,470 | 4.6% | 354,563 | 23.8% | 1,491,907 | 88,789 | 6.3% | 1,403,118 |
| Auxiliary enterprises | 1,387,278 | 3.4% | 157,252 | 12.8% | 1,230,026 | 104,279 | 9.3% | 1,125,747 |
| Other operating revenues | 398,976 | 1.0% | 128 | 0.0% | 398,848 | (17,642) | (4.2%) | 416,490 |
| Total operating revenues | 8,244,444 | 20.4% | 1,888,059 | 29.7% | 6,356,385 | (954,689) | (13.1%) | 7,311,074 |
| Non-operating revenues | | | | | | | | |
| State appropriations | 9,069,003 | 22.5% | 857,220 | 10.4% | 8,211,783 | 1,856,859 | 29.2% | 6,354,924 |
| Ad-valorem taxes | 14,333,579 | 35.4% | (2,442) | 0.0% | 14,336,021 | 1,102,706 | 8.3% | 13,233,315 |
| Federal revenue | 3,939,856 | 9.8% | (1,556,528) | (28.3%) | 5,496,384 | 282,835 | 5.4% | 5,213,549 |
| Gifts/ Endowments | 892,076 | 2.2% | (226,247) | (20.2%) | 1,118,323 | (206,796) | (15.6%) | 1,325,119 |
| Gain (loss) on assets | 3,481 | 0.0% | 11,450 | 143.7% | (7,969) | (21,970) | (156.9%) | 14,001 |
| Other non-operating | 553,268 | 1.4% | 360,520 | 187.0% | 192,748 | 192,748 | - | - |
| Investment income | 3,331,403 | 8.3% | (265,260) | (7.4%) | 3,596,663 | 417,616 | 13.1% | 3,179,047 |
| Total non-operating revenues | 32,122,666 | 79.6% | (821,287) | (2.5%) | 32,943,953 | 3,623,998 | 12.4% | 29,319,955 |
| Total revenues | 40,367,110 | 100.0% | 1,066,772 | 2.7% | 39,300,338 | 2,669,309 | 7.3% | 36,631,029 |
| Operating expenses | | | | | | | | |
| Instruction | 9,559,063 | 31.3% | 387,456 | 4.2% | 9,171,607 | (189,846) | (2.0%) | 9,361,453 |
| Public service | - | 0.0% | - | 0.0% | - | (220,348) | (100.0%) | 220,348 |
| Academic support | 3,314,078 | 10.9% | 80,992 | 2.5% | 3,233,086 | (58,941) | (1.8%) | 3,292,027 |
| Student services | 2,279,618 | 7.5% | 318,675 | 16.3% | 1,960,943 | 100,795 | 5.4% | 1,860,148 |
| Institutional support | 3,497,716 | 11.5% | (104,802) | (2.9%) | 3,602,518 | 372,421 | 11.5% | 3,230,097 |
| O & M of plant | 2,397,755 | 7.8% | (188,337) | (7.3%) | 2,586,092 | 308,175 | 13.5% | 2,277,917 |
| Scholarships & fellowships | 2,839,687 | 9.3% | 720,617 | 34.0% | 2,119,070 | 149,763 | 7.6% | 1,969,307 |
| Auxiliary enterprises | 2,608,359 | 8.5% | 66,709 | 2.6% | 2,541,650 | 11,023 | 0.4% | 2,530,627 |
| Depreciation & Amortization | 3,262,303 | 10.7% | 558,579 | 20.7% | 2,703,724 | 55,163 | 2.1% | 2,648,561 |
| Total operating expenses | 29,758,579 | 97.5% | 1,839,889 | 6.6% | 27,918,690 | 528,205 | 1.9% | 27,390,485 |
| Non-operating expenses | 756,914 | 2.5% | (41,103) | (5.2%) | 798,017 | (242,075) | (23.3%) | 1,040,092 |
| Total expenses | 30,515,493 | 100.0% | 1,798,786 | 6.3% | 28,716,707 | 286,130 | 1.0% | 28,430,577 |
| Changes in net position | 9,851,617 | 12.5% | (732,014) | (6.9%) | 10,583,631 | 2,383,179 | 29.1% | 8,200,452 |
| Beginning net position | 68,709,671 | 87.5% | 10,583,631 | 18.2% | 58,126,040 | 8,200,452 | 16.4% | 49,925,588 |
| Ending net position | \$ 78,561,288 | 100.0% | \$ 9,851,617 | 14.3% | \$ 68,709,671 | \$ 10,583,631 | 18.2% | \$ 58,126,040 |

For the 2024-25 fiscal year, the operating revenues amounted to \$8.2M and non-operating revenues \$32.1M for a total of \$40.3M. Major operating revenues include (net of discounts) \$4.6M in tuition and fees, \$1.8M in grants and contracts, and \$1.4M in auxiliary enterprises. Major non-operating revenues include \$9.1M in state appropriations, \$14.3M in ad-valorem taxes, and \$3.9M in federal revenues. Investment income amounted to \$3.3M and represented a decrease \$0.3M from the prior year due to the performance of the Texas Presbyterian Funds investment and lower interest rates on cash investment accounts. Operating expenses totaled \$29.7M and non-operating expenses were \$0.8M for total expenses of \$30.5M. The FY 2024-25 change in net position was an increase of \$9.9M over the prior year. The increase in net position is primarily due to increased revenues from tuition and fees and state appropriations. The change in net position for fiscal year 2023-24 was an increase of \$10.6M over fiscal year 2022-23 and was mainly due to an increase in net capital assets and increased revenues from tax revenues and state appropriations.

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, 2025, 2024 and 2023

| | 2025 | Increase (Decrease) | 2024 | Increase (Decrease) | 2023 |
|--|----------------------|------------------------|----------------------|------------------------|----------------------|
| Cash provided by/(used) for: | | | | | |
| Operating activities | \$ (20,739,563) | \$ (2,365,766) | \$ (18,373,797) | \$ (3,839,164) | \$ (14,534,633) |
| Noncapital financing activities | 28,868,629 | 1,269,391 | 27,599,238 | 2,350,438 | 25,248,800 |
| Capital and related financing activities | (2,838,546) | 10,072,130 | (12,910,676) | (3,909,043) | (9,001,633) |
| Investing activities | 5,217,021 | 3,014,909 | 2,202,112 | 259,921 | 1,942,191 |
| Net increase (decrease) in cash and cash equivalents | 10,507,541 | 11,990,664 | (1,483,123) | (5,137,848) | 3,654,725 |
| Cash and cash equivalents – beginning of year | 37,792,553 | (1,483,123) | 39,275,676 | 3,654,725 | 35,620,951 |
| Cash and cash equivalents – end of year | <u>\$ 48,300,094</u> | <u>\$ 10,507,541</u> | <u>\$ 37,792,553</u> | <u>\$ (1,483,123)</u> | <u>\$ 39,275,676</u> |

Cash and cash equivalents at August 31, 2025 were \$48.3M, which is an increase of \$10.5M or 28.0% 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, 2025 amounts to \$59,363,846 (net of accumulated depreciation) and represents a decrease of 4.2% from the previous year. This investment includes land, library books, buildings and improvements, construction-in-progress, furniture and equipment, and right-to-use assets.

Capital Assets
(net of depreciation)
as of August 31, 2025, 2024 and 2023

| | 2025 | Increase (Decrease) | % Change | 2024 | Increase (Decrease) | % Change | 2023 |
|--------------------------------|----------------------|------------------------|---------------|----------------------|------------------------|--------------|----------------------|
| Land | \$ 2,355,378 | \$ 73,505 | 3.2% | \$ 2,281,873 | \$ - | 0.0% | \$ 2,281,873 |
| Library Books | 39,255 | (7,719) | (16.4%) | 46,974 | (11,087) | (19.1%) | 58,061 |
| Buildings and Improvements | 55,042,382 | 12,647,229 | 29.8% | 42,395,153 | (2,063,044) | (4.6%) | 44,458,197 |
| Construction in Progress | - | (14,832,079) | (100.0%) | 14,832,079 | 9,875,964 | 199.3% | 4,956,115 |
| Furniture and Equipment | 1,641,954 | (282,030) | (14.7%) | 1,923,984 | 358,728 | 22.9% | 1,565,256 |
| Right-to-Use Asset - Bldgs/Sub | 284,877 | (200,982) | (41.4%) | 485,859 | 210,293 | 76.3% | 275,566 |
| Total | \$ 59,363,846 | \$ (2,602,076) | (4.2%) | \$ 61,965,922 | \$ 8,370,854 | 15.6% | \$ 53,595,068 |

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 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, 2025 principal balance of the bonds issued in 2023 was \$4,745,000. In September 2014, the College issued 25-year general obligation bonds of \$25,155,000. The principal balance at August 31, 2025 was \$15,885,000 as shown in footnote 9.

Long-term Liabilities
as of August 31, 2025, 2024 and 2023

| | 2025 | Increase (Decrease) | % Change | 2024 | Increase (Decrease) | % Change | 2023 |
|----------------------------------|----------------------|------------------------|---------------|----------------------|------------------------|---------------|----------------------|
| General obligation bonds | \$ 20,630,000 | \$ (1,230,000) | (5.6%) | \$ 21,860,000 | \$ (1,135,000) | (4.9%) | \$ 22,995,000 |
| General obligation bonds premium | 301,117 | (23,163) | (7.1%) | 324,280 | (23,163) | (6.7%) | 347,443 |
| Total | \$ 20,931,117 | \$ (1,253,163) | (5.6%) | \$ 22,184,280 | \$ (1,158,163) | (5.0%) | \$ 23,342,443 |

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.

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, 2025, 2024 and 2023

| | 2025 | Increase (Decrease) | % Change | 2024 | Increase (Decrease) | % Change | 2023 |
|-------------------------------------|----------------------|------------------------|--------------|----------------------|------------------------|-------------|----------------------|
| Unrestricted Net Position - Audited | \$ 27,347,835 | \$ 9,631,569 | 54.4% | \$ 17,716,266 | \$ 515,162 | 3.0% | \$ 17,201,104 |
| Compensated Absences (current) | 120,208 | (22,609) | (15.8%) | 142,817 | (10,334) | (6.7%) | 153,151 |
| Compensated Absences (non-current) | 279,296 | 30,864 | 12.4% | 248,432 | (32,000) | (11.4%) | 280,432 |
| Net OPEB Liability (GASB 75) | 10,618,477 | (374,815) | (3.4%) | 10,993,292 | (664,158) | (5.7%) | 11,657,450 |
| Net Pension Liability (GASB 68) | 4,537,996 | (581,475) | (11.4%) | 5,119,471 | 678,846 | 15.3% | 4,440,625 |
| Total UNPEP | \$ 42,903,812 | \$ 8,683,534 | 25.4% | \$ 34,220,278 | \$ 487,516 | 1.4% | \$ 33,732,762 |

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 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.

CONSTRUCTION PROJECTS

On August 18, 2025, the College entered into a contract with Corgan Associates, Inc. for architect services for the new Gateway Building, the new Digital Learning Building and new fiber optic outside cable infrastructure projects. The total contract amount is \$1,132,738, and the project began in September 2025.

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. 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 Energy Building, the new rodeo barn, and the new baseball bleachers were completed in FY 24-25.

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, 2025 and 2024

| | 2025 Primary Institution | 2024 Primary Institution |
|---|--------------------------------|--------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 48,300,094 | \$ 37,792,553 |
| Accounts receivable (net) | 3,853,602 | 3,356,017 |
| Inventories | 306,185 | 285,705 |
| Other assets | 2,159,049 | 1,325,070 |
| Total Current Assets | <u>54,618,930</u> | <u>42,759,345</u> |
| Noncurrent Assets | | |
| Endowment and other investments | 10,776,187 | 12,603,881 |
| Capital assets, net (See note) | <u>59,363,846</u> | <u>61,965,922</u> |
| Total Noncurrent Assets | <u>70,140,033</u> | <u>74,569,803</u> |
| Total Assets | <u>124,758,963</u> | <u>117,329,148</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows related to pensions | 963,357 | 1,839,261 |
| Deferred outflows related to OPEB | <u>1,173,784</u> | <u>1,113,226</u> |
| Total Deferred Outflows of Resources | <u>2,137,141</u> | <u>2,952,487</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 579,178 | 1,684,863 |
| Accrued liabilities | 284,918 | 281,996 |
| Compensated absences - current portion | 120,208 | 142,817 |
| Funds held for others | 816,097 | 715,972 |
| Unearned revenues | 5,478,758 | 5,018,200 |
| Lease Payable - current portion | 73,023 | 70,168 |
| SBITA Payable - current portion | 36,056 | 80,722 |
| Bonds payable - current portion | <u>1,270,000</u> | <u>1,230,000</u> |
| Total Current Liabilities | <u>8,658,238</u> | <u>9,224,738</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 279,296 | 248,432 |
| Leases payable | 75,666 | 148,689 |
| SBITA payable | 76,496 | 163,301 |
| Bonds payable | 19,661,117 | 20,954,280 |
| Net pension liability | 4,537,996 | 5,119,471 |
| Net OPEB liability | <u>10,618,477</u> | <u>10,993,292</u> |
| Total Noncurrent Liabilities | <u>35,249,048</u> | <u>37,627,465</u> |
| Total Liabilities | <u>43,907,286</u> | <u>46,852,203</u> |
| Deferred Inflows of Resources | | |
| Deferred inflows related to pensions | 203,929 | 376,836 |
| Deferred inflows related to leases | 526,483 | 548,119 |
| Deferred inflows related to OPEB | <u>3,697,118</u> | <u>3,794,806</u> |
| Total Deferred Inflows of Resources | <u>4,427,530</u> | <u>4,719,761</u> |
| NET POSITION | | |
| Net investment in capital assets | 38,171,487 | 39,318,761 |
| Restricted for | | |
| Nonexpendable | | |
| Student Aid | 9,411,517 | 7,751,640 |
| Expendable | | |
| Construction | 2,481,323 | 2,481,323 |
| Debt Service | 858,439 | 925,649 |
| Student Aid | 290,687 | 516,032 |
| Unrestricted | <u>27,347,835</u> | <u>17,716,266</u> |
| Total Net Position | <u>\$ 78,561,288</u> | <u>\$ 68,709,671</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, 2025 and 2024

| | 2025 | 2024 |
|----------------------------------|----------------------------|----------------------------|
| | Panola | Panola |
| | College | College |
| | Foundation | Foundation |
| Assets | | |
| Cash and cash equivalents | \$ 153,738 | \$ 250,660 |
| Certificates of deposit | 119,584 | 119,273 |
| Mutual fund investments | 5,559,808 | 4,419,145 |
| Exchange traded fund investments | 49,768 | 15,393 |
| Annuity contracts | 171,086 | 152,394 |
| Total Assets | <u>6,053,984</u> | <u>4,956,865</u> |
| Liabilities | | |
| Accounts payable | <u>51,878</u> | <u>40,952</u> |
| Total Liabilities | <u>51,878</u> | <u>40,952</u> |
| Net Assets | | |
| Without donor restrictions | 2,574,908 | 1,972,776 |
| With donor restrictions | 3,427,198 | 2,943,137 |
| Total Net Assets | <u>\$ 6,002,106</u> | <u>\$ 4,915,913</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, 2025 and 2024

| | 2025 Primary Institution | 2024 Primary Institution |
|--|---|---|
| Operating Revenues | | |
| Tuition and fees (net of discounts of \$5,323,596 for 2025 and \$5,758,141 for 2024) | \$ 4,611,720 | \$ 3,235,604 |
| Federal grants and contracts | 595,741 | 633,046 |
| State grants and contracts | 1,181,263 | 698,809 |
| Non-governmental grants and contracts | 44,614 | 137,873 |
| Sales and services of educational activities | 24,852 | 22,179 |
| Auxiliary enterprises (net of discounts of \$835,211 for 2025 and \$1,284,664 for 2024) | 1,387,278 | 1,230,026 |
| Other operating revenues (net of discounts of \$-0-) | 398,976 | 398,848 |
| Total Operating Revenues (Schedule A) | 8,244,444 | 6,356,385 |
| Operating Expenses | | |
| Instruction | 9,559,063 | 9,171,607 |
| Public service | - | - |
| Academic support | 3,314,078 | 3,233,086 |
| Student services | 2,279,618 | 1,960,943 |
| Institutional support | 3,497,716 | 3,602,518 |
| Operation and maintenance of plant | 2,397,755 | 2,586,092 |
| Scholarships and fellowships | 2,839,687 | 2,119,070 |
| Auxiliary enterprises | 2,608,359 | 2,541,650 |
| Depreciation and amortization | 3,262,303 | 2,703,724 |
| Total Operating Expenses (Schedule B) | 29,758,579 | 27,918,690 |
| Operating Loss | (21,514,135) | (21,562,305) |
| Non-Operating Revenues (Expenses) | | |
| State appropriations | 9,069,003 | 8,211,783 |
| Ad-valorem taxes - maintenance & operations | 12,410,282 | 12,320,927 |
| Ad-valorem taxes - debt service | 1,923,297 | 2,015,094 |
| Federal revenue, non-operating | 3,939,856 | 5,496,384 |
| Other, non-operating | 553,268 | 192,748 |
| Gifts | 332,226 | 1,021,807 |
| Investment income (net of investment expenses) | 3,072,248 | 3,351,485 |
| Gain (loss) on disposal of capital assets | 3,481 | (7,969) |
| Royalty income | 259,155 | 245,178 |
| Interest on capital related debt | (756,914) | (798,017) |
| Net Non-Operating Revenues (Schedule C) | 30,805,902 | 32,049,420 |
| Income Before Other Revenues | 9,291,767 | 10,487,115 |
| Other Revenues | | |
| Additions to Permanent Endowments | 559,850 | 96,516 |
| Total Other Revenues | 559,850 | 96,516 |
| Increase in Net Position | 9,851,617 | 10,583,631 |
| Net Position | | |
| Net position - beginning of year | 68,709,671 | 58,126,040 |
| Net position - end of year | \$ 78,561,288 | \$ 68,709,671 |

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, 2025 and 2024

| | 2025 | 2025 | 2025 |
|--|-----------------------|-----------------------|-----------------------|
| | Panola College | Panola College | Panola College |
| | Foundation | Foundation | Foundation |
| | Without Donor | With Donor | Total |
| | Restrictions | Restrictions | Restrictions |
| Revenue | | | |
| Investment income | \$ 199 | \$ 183,315 | \$ 183,514 |
| Unrealized investment loss | - | 395,390 | 395,390 |
| Realized investment loss | - | 13,007 | 13,007 |
| Gifts | 680,950 | - | 680,950 |
| Other | 5 | - | 5 |
| Net Assets released from restrictions | 107,651 | (107,651) | - |
| Total Revenue | 788,805 | 484,061 | 1,272,866 |
| Expenses | | | |
| Scholarships and support | 186,673 | - | 186,673 |
| Total Expenses | 186,673 | - | 186,673 |
| Increase (decrease) in Net Assets | 602,132 | 484,061 | 1,086,193 |
| Net assets - beginning of year | 1,972,776 | 2,943,137 | 4,915,913 |
| Net assets - end of year | \$ 2,574,908 | \$ 3,427,198 | \$ 6,002,106 |

| | 2024 | 2024 | 2024 |
|--|-----------------------|-----------------------|-----------------------|
| | Panola College | Panola College | Panola College |
| | Foundation | Foundation | Foundation |
| | Without Donor | With Donor | Total |
| | Restrictions | Restrictions | Restrictions |
| Revenue | | | |
| Investment income | \$ 190 | \$ 150,868 | \$ 151,058 |
| Unrealized investment income | - | 523,803 | 523,803 |
| Realized investment income | - | 18,172 | 18,172 |
| Gifts | 244,524 | - | 244,524 |
| Other | 1,605 | - | 1,605 |
| Net Assets released from restrictions | 107,053 | (107,053) | - |
| Total Revenue | 353,372 | 585,790 | 939,162 |
| Expenses | | | |
| Scholarships and support | 200,429 | - | 200,429 |
| Total Expenses | 200,429 | - | 200,429 |
| Increase (decrease) in Net Assets | 152,943 | 585,790 | 738,733 |
| Net assets - beginning of year | 1,819,833 | 2,357,347 | 4,177,180 |
| Net assets - end of year | \$ 1,972,776 | \$ 2,943,137 | \$ 4,915,913 |

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, 2025 and 2024

| | 2025 Primary Institution | 2024 Primary Institution |
|---|--------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from students and other customers | \$ 4,430,429 | \$ 3,867,705 |
| Receipts from grants and contracts | 1,843,378 | 1,452,080 |
| Payments to or on behalf of employees | (14,707,429) | (13,434,351) |
| Payments to suppliers for goods or services | (9,466,254) | (8,140,161) |
| Payments of scholarships | (2,839,687) | (2,119,070) |
| Net cash used for operating activities | <u>(20,739,563)</u> | <u>(18,373,797)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Receipts from state appropriations | 7,487,640 | 6,729,578 |
| Ad valorem tax revenues | 14,172,852 | 14,288,179 |
| Receipts from non-operating federal revenue | 5,694,473 | 5,324,980 |
| Receipts from other non-operating revenue | 553,268 | 192,748 |
| Gifts and grants (other than capital) | 860,271 | 1,118,323 |
| Student organization and other agency transactions | 100,125 | (54,570) |
| Net cash provided by noncapital financing activities | <u>28,868,629</u> | <u>27,599,238</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from sale of capital assets | - | 2,075 |
| Purchases of capital assets | (675,686) | (10,755,042) |
| Interest expense paid | (781,967) | (869,723) |
| Payments on capital debt | (1,230,000) | (1,135,000) |
| Payments on lease obligations | (70,168) | (67,428) |
| Payments on SBITAs | (80,725) | (85,558) |
| Net cash used for capital and related financing activities | <u>(2,838,546)</u> | <u>(12,910,676)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale and maturity of investments | 4,232,681 | 7,507,027 |
| Investment earnings | 2,606,702 | 2,650,265 |
| Purchases of investments | (1,622,362) | (7,955,180) |
| Net cash provided by investing activities | <u>5,217,021</u> | <u>2,202,112</u> |
| Increase in cash and cash equivalents | 10,507,541 | (1,483,123) |
| Cash and cash equivalents - beginning of year | <u>37,792,553</u> | <u>39,275,676</u> |
| Cash and cash equivalents - end of year | <u>\$ 48,300,094</u> | <u>\$ 37,792,553</u> |
| Noncash investing, capital, and financing activities: | | |
| Increase (decrease) in fair value of investments | <u>\$ 782,625</u> | <u>\$ 938,872</u> |
| SBITA Payable - Proceeds/(Cancellation) | <u>\$ (50,746)</u> | <u>\$ 329,581</u> |
| Amortization of bond premium | <u>\$ 23,163</u> | <u>\$ 23,163</u> |
| Right-to-use Asset - Subscriptions - Additions/(Cancellation) | <u>\$ (47,265)</u> | <u>\$ 329,581</u> |
| Donated Capital Assets | <u>\$ 31,805</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, 2025 and 2024

| | 2025 Primary Institution | 2024 Primary Institution |
|--|---|---|
| Reconciliation of operating loss to net cash used for operating activities | | |
| Operating loss | \$ <u>(21,514,135)</u> | \$ <u>(21,562,305)</u> |
| Adjustments to reconcile operating loss to net cash used for operating activities | | |
| Depreciation and Amortization expense | 3,262,303 | 2,703,724 |
| On-behalf state benefits (excluding pension and OPEB expense) | 1,161,496 | 1,151,451 |
| Pension expense | 988,079 | 1,420,634 |
| College's contributions to TRS made subsequent to the measurement date | (448,938) | (418,614) |
| OPEB expense | (97,587) | (164,698) |
| College's contributions to ERS made subsequent to the measurement date | (433,227) | (390,412) |
| Changes in assets and liabilities | | |
| (Increase) decrease in Receivables, net | (2,149,399) | (137,682) |
| (Increase) decrease in Inventories | (20,480) | 67,012 |
| (Increase) in Other assets | (833,979) | 93,446 |
| Increase in Unearned revenue | 460,558 | (617,122) |
| Increase (decrease) in Accounts payable | (1,105,685) | (409,329) |
| Increase in Accrued liabilities-payroll related | 4,812 | (45,932) |
| Increase in Compensated absences | 8,255 | (42,334) |
| (Decrease) in Deferred Inflows Related to Leases | (21,636) | (21,636) |
| Total Adjustments | <u>774,572</u> | <u>3,188,508</u> |
| Net cash used for operating activities | <u>\$ (20,739,563)</u> | <u>\$ (18,373,797)</u> |

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

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 56.033). 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, 2025 AND 2024**

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, 2025 and 2024, 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 16 and ERS Note 20.

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 \$43,733,967 and \$32,261,999 at August 31, 2025 and 2024, respectively, to be short-term investments). Investments in Treasury bills are valued at amortized cost. During fiscal year 2024, the College was 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, 2025 AND 2024

| | |
|---|--------------------|
| Buildings and Other Improvements | 10-30 years |
| Furniture, Fixtures, Machinery & Equipment and | |
| Other Equipment | 5-20 years |
| Library Books | 10-15 years |
| Right-to-Use Assets-Buildings | 6 years |
| Right-to-Use Assets-Subscriptions | 5 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, 2025 and 2024 have been reported as unearned revenues.

Compensated Balances

The College recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The College has elected to use the last in first out flow assumption to measure the compensated absences liability.

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.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

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 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. The College recognizes lease payables and the related right-to-use asset with an initial individual value of \$100,000 or more.

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.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

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 and the related right-to-use assets 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.

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 noncancelable 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.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Implementation of New Standards

GASB Statement No. 101, *Compensated Absences*

The College implemented GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – should not be recognized until the leave commences. A liability for specific types of compensated absences should not be recognized until the leave is used.

This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

There was no impact or disclosures as a result of the implementation of this standard.

GASB Statement No. 102, *Certain Risk Disclosures*

The College implemented GASB Statement No. 102, *Certain Risk Disclosures*. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued.

There was no impact to amounts or disclosures as a result of the implementation of this standard.

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, 2025 and 2024 amounted to approximately \$186,673 and \$200,429 respectively.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Deposits were fully covered by FDIC insurance at August 31, 2025 and 2024, and consisted of deposits in bank, certificates of deposit and money market funds. Investments in mutual funds, exchange traded funds (ETFs) 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 and ETFs are all rated “**” or better by Morningstar Rating Services except for Destra International & Event-Driven Credit Fund and Cliffwater Corporate Lending I which are not rated. 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 2025 and 2024 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 Lincoln Financial Advisors 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. Lone Star Investment Pool is administered by First Public. The fair value of the investment in Lone Star Investment Pool was the same as its carrying value of \$43,733,967 and \$32,261,999 for the years ended August 31, 2025 and 2024, respectively.

Lincoln Financial Advisors is the broker for the College's investment in nine 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 \$764,039 and \$660,524 for the years ended August 31, 2025 and 2024, respectively.

Texas Presbyterian Foundation is the custodian of the College's investment in TPF Balanced Fund, a common trust fund (CTF). The CTF is valued using the net asset value per share. The fair value of the CTF was the same as its carrying value, \$9,262,148 and \$7,810,109 for the years ended August 31, 2025 and 2024, 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.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Details of the composition and classification of the deposit balances are summarized below:

Composition of Cash, Deposits and Investments

| | August 31, 2025 | August 31, 2024 |
|--|-----------------------------|-----------------------------|
| Cash and Deposits | | |
| Cash in Banks: | | |
| Demand Deposits | \$ 4,563,563 | \$ 5,528,044 |
| Time Deposits | 750,000 | 750,000 |
| Petty Cash on Hand | 2,564 | 2,510 |
| Total Cash and Deposits | <u>5,316,127</u> | <u>6,280,554</u> |
| Investments | | |
| Short-Term Investments: | | |
| Lone Star Investment Pool Government Overnight Fund | 43,733,967 | 32,261,999 |
| Treasury Bills | - | 3,383,248 |
| Mutual Fund Investments | 764,039 | 660,524 |
| Common Trust Fund | 9,262,148 | 7,810,109 |
| Total Investments | <u>53,760,154</u> | <u>44,115,880</u> |
| Total Deposits and Investments | <u>\$ 59,076,281</u> | <u>\$ 50,396,434</u> |

Classification in Statement of Net Position, Exhibit 1

| | August 31, 2025 | August 31, 2024 |
|--|-----------------------------|-----------------------------|
| Cash and Cash Equivalents | | |
| Cash in Banks: | | |
| Demand Deposits | \$ 4,563,563 | \$ 5,528,044 |
| Short-Term Investments | | |
| Lone Star Investment Pool Government Overnight Fund | 43,733,967 | 32,261,999 |
| Petty Cash on Hand | 2,564 | 2,510 |
| Total Cash and Cash Equivalents | <u>48,300,094</u> | <u>37,792,553</u> |
| Endowment and Other Investments | | |
| Cash in Banks – Time Deposits | 750,000 | 750,000 |
| Treasury Bills | - | 3,383,248 |
| Mutual Fund Investments | 764,039 | 660,524 |
| Common Trust Fund | 9,262,148 | 7,810,109 |
| Total Investments | <u>10,776,187</u> | <u>12,603,881</u> |
| Total Cash, Deposits and Investments | <u>\$ 59,076,281</u> | <u>\$ 50,396,434</u> |

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. Investment in obligations of or guaranteed by the U.S. government are exempted from this disclosure. Lone Star Investment Pool was rated AAAm by Standard & Poor's as of August 31, 2025 and August 31, 2024. The investment in the CTF is unrated.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

- 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, 2025 and 2024, the bank balances of the College's deposits were \$5,409,117 and \$6,402,730, respectively. Of these balances, the amounts covered by FDIC insurance were \$879,430 and \$831,971 at August 31, 2025 and 2024, respectively. The remaining balance at August 31, 2025 and 2024 of \$4,529,687 and \$5,570,759, 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, 2025 and 2024.
- c. **Concentration of credit risk:** This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's investment policy does not limit the amount it may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, and other pooled investments are excluded from this disclosure. All of the College's investments are exempt from this disclosure.
- d. **Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy limits maturities of investments to one year or less unless the Board of Trustees has specifically authorized a longer maturity. At August 31, 2025 and August 31, 2024, the weighted average maturity of the Lone Star Investment Pool was 26 days and 23 days, respectively.

6. DERIVATIVES

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

7. ENDOWMENTS

The investment policy of the Board of Trustees is reviewed and adopted annually. Within that investment policy, the investment objective for the endowment fund is to preserve the real purchasing power of the principal and to provide a stable source of perpetual financial support to scholarships in accordance with the endowment spending policy. The current policy allows for a 4% annual spending rate. 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, 2025 and 2024, endowment interest, dividend earnings, and capital gains totaled \$301,949 and \$284,033 respectively. Gifts to endowments totaled \$559,850 and \$96,516 for the fiscal years ended August 31, 2025 and 2024, respectively. Realized and unrealized gains and losses for the years ended August 31, 2025 and 2024 totaled \$798,078 gain and \$982,879 gain, 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, 2025 AND 2024

8. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2025 was as follows:

| Description | Balance September 1, 2024 | Increases | Decreases | Balance August 31, 2025 |
|---|---------------------------------|-----------------------------|-----------------------------|-------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,281,873 | \$ 73,505 | \$ - | \$ 2,355,378 |
| Construction in Progress | <u>14,832,079</u> | <u>471,231</u> | <u>15,249,310</u> | <u>-</u> |
| Total capital assets not being depreciated | <u>17,113,952</u> | <u>490,736</u> | <u>15,249,310</u> | <u>2,355,378</u> |
| Capital assets being depreciated or amortized: | | | | |
| Buildings and Improvements | 67,511,785 | 15,281,593 | - | 82,793,378 |
| Furniture, Fixtures, Machinery & Equipment and Other Equipment | 8,911,432 | 178,479 | - | 9,089,911 |
| Library Books | 251,987 | 5,993 | 28,054 | 229,926 |
| Right-to-Use Asset - Buildings | 413,348 | - | - | 413,348 |
| Right-to-Use Asset - Subscriptions | <u>329,581</u> | <u>-</u> | <u>141,802</u> | <u>187,779</u> |
| Total capital assets being depreciated or amortized | <u>77,418,133</u> | <u>15,466,065</u> | <u>169,856</u> | <u>92,714,342</u> |
| Less accumulated depreciation and amortization: | | | | |
| Building and Improvements | (25,116,632) | (2,634,364) | - | (27,750,996) |
| Furniture, Fixtures, Machinery & Equipment and Other Equipment | (6,987,448) | (460,509) | - | (7,447,957) |
| Library Books | (205,013) | (13,713) | (28,055) | (190,671) |
| Right-to-Use Asset - Buildings | (206,673) | (68,892) | - | (275,565) |
| Right-to-Use Asset - Subscriptions | <u>(50,397)</u> | <u>(84,825)</u> | <u>(94,537)</u> | <u>(40,685)</u> |
| Total accumulated depreciation and amortization | <u>(32,566,163)</u> | <u>(3,262,303)</u> | <u>(122,592)</u> | <u>(35,705,874)</u> |
| Total capital assets being depreciated or amortized, net | <u>44,851,970</u> | <u>12,203,762</u> | <u>47,264</u> | <u>57,008,468</u> |
| Net Capital Assets | <u>\$ 61,965,922</u> | <u>\$ 12,694,498</u> | <u>\$ 15,296,574</u> | <u>\$ 59,363,846</u> |

PANOLA COLLEGE
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Capital assets activity for the year ended August 31, 2024 was as follows:

| Description | Balance September 1, 2023 | Increases | Decreases | Balance August 31, 2024 |
|---|---------------------------------|----------------------------|-------------------------|-------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,281,873 | \$ - | \$ - | \$ 2,281,873 |
| Construction in Progress | <u>4,956,115</u> | <u>9,875,964</u> | <u>-</u> | <u>14,832,079</u> |
| Total capital assets not being depreciated | <u>7,237,988</u> | <u>9,875,964</u> | <u>-</u> | <u>17,113,952</u> |
| Capital assets being depreciated or amortized: | | | | |
| Buildings and Improvements | 67,442,040 | 69,745 | - | 67,511,785 |
| Furniture, Fixtures, Machinery & Equipment and Other Equipment | 8,205,452 | 803,305 | 97,325 | 8,911,432 |
| Library Books | 274,638 | 6,028 | 28,679 | 251,987 |
| Right-to-Use Asset - Buildings | 413,348 | - | - | 413,348 |
| Right-to-Use Asset - Subscriptions | - | <u>329,581</u> | <u>-</u> | <u>329,581</u> |
| Total capital assets being depreciated or amortized | <u>76,335,478</u> | <u>1,208,659</u> | <u>126,004</u> | <u>77,418,133</u> |
| Less accumulated depreciation and amortization: | | | | |
| Building and Improvements | (22,983,843) | (2,132,789) | - | (25,116,632) |
| Furniture, Fixtures, Machinery & Equipment and Other Equipment | (6,640,196) | (434,532) | (87,280) | (6,987,448) |
| Library Books | (216,577) | (17,115) | (28,679) | (205,013) |
| Right-to-Use Asset - Buildings | (137,782) | (68,891) | - | (206,673) |
| Right-to-Use Asset - Subscriptions | - | <u>(50,397)</u> | <u>-</u> | <u>(50,397)</u> |
| Total accumulated depreciation and amortization | <u>(29,978,398)</u> | <u>(2,703,724)</u> | <u>(115,959)</u> | <u>(32,566,163)</u> |
| Total capital assets being depreciated or amortized, net | <u>46,357,080</u> | <u>(1,495,065)</u> | <u>10,045</u> | <u>44,851,970</u> |
| Net Capital Assets | <u>\$ 53,595,068</u> | <u>\$ 8,380,899</u> | <u>\$ 10,045</u> | <u>\$ 61,965,922</u> |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2025 was as follows:

| | <u>Balance</u> <u>September 1,</u> <u>2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>August 31,</u> <u>2025</u> | <u>Current</u> <u>Portion</u> |
|------------------------------------|--|---------------------|---------------------|--|----------------------------------|
| Notes and Bonds | | | | | |
| Revenue Bonds Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| General Obligation Bonds Payable | 21,860,000 | - | 1,230,000 | 20,630,000 | 1,270,000 |
| General Obligation Bond Premium | 324,280 | - | 23,163 | 301,117 | - |
| Other Long-Term Liabilities | | | | | |
| Compensated Absences * | 391,249 | 8,255 | - | 399,504 | 120,208 |
| Leases Payable | 218,857 | - | 70,168 | 148,689 | 73,023 |
| SBITAs Payable | 244,023 | - | 131,471 | 112,552 | 36,056 |
| Net Pension Liability | 5,119,471 | - | 581,475 | 4,537,996 | - |
| Net OPEB Liability | 10,993,292 | 2,445,676 | 2,820,491 | 10,618,477 | - |
| Total Long-Term Liabilities | \$ 39,151,172 | \$ 2,453,931 | \$ 4,856,768 | \$ 36,748,335 | \$ 1,499,287 |

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30.

Long-term liability activity for the year ended August 31, 2024 was as follows:

| | <u>Balance</u> <u>September 1,</u> <u>2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>August 31,</u> <u>2024</u> | <u>Current</u> <u>Portion</u> |
|------------------------------------|--|---------------------|---------------------|--|----------------------------------|
| Notes and Bonds | | | | | |
| Revenue Bonds Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| General Obligation Bonds Payable | 22,995,000 | - | 1,135,000 | 21,860,000 | 1,230,000 |
| General Obligation Bond Premium | 347,4435 | - | 23,163 | 324,280 | - |
| Other Long-Term Liabilities | | | | | |
| Compensated Absences | 433,583 | 87,176 | 129,510 | 391,249 | 142,817 |
| Leases Payable | 286,285 | - | 67,428 | 218,857 | 70,168 |
| SBITAs Payable | - | 329,581 | 85,558 | 244,023 | 80,722 |
| Net Pension Liability | 4,440,625 | 1,061,946 | 383,100 | 5,119,471 | - |
| Net OPEB Liability | 11,657,450 | 961,358 | 1,625,516 | 10,993,292 | - |
| Total Long-Term Liabilities | \$ 40,160,386 | \$ 2,440,061 | \$ 3,449,275 | \$ 39,151,172 | \$ 1,523,707 |

PANOLA COLLEGE
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General Obligation Bonds Payable

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

On September 26, 2013, the College issued \$9,325,000 in general obligation bonds approved by the voters in the May 2013 \$35 million bond election to finance construction and equipping of buildings and the renovation of current buildings. On September 25, 2014, the College issued the remaining \$25,155,000 in general obligation bonds approved by the voters in the May 2013 \$35 million bond election. The bonds were sold in \$5,000 increments with interest rates varying from 2% to 5% and maturity dates from February 15, 2014 to February 15, 2038. A call option can be exercised 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 \$25,910,187 and \$27,905,274 at August 31, 2025 and 2024, respectively. Principal and interest paid during the years ended August 31, 2025 and 2024 was \$1,995,087 and \$1,993,716, 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% | \$15,885,000 |
| Series 2023 | Construction, renovation | 4.00-5.00% | <u>4,745,000</u> |
| Total outstanding general obligation bonds | | | <u>\$20,630,000</u> |

Interest expense on the bonds amounted to \$740,035 and \$787,009 for the year ended August 31, 2025 and 2024, respectively. Accrued interest on the bonds at August 31, 2025 and 2024 amounted to approximately \$33,484 and \$35,374 respectively, and is included in the financial statements.

The original premiums associated with the bonds were \$347,443 and \$944,171 for the Series 2023 and Series 2014, respectively. Amortization amounted to \$23,163 and \$23,163 for the years ended August 31, 2025 and 2024.

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

| Year Ending August 31, | 2025 | | | 2024 | | |
|------------------------------|--------------|---------------|----------------------|--------------|---------------|----------------------|
| | Interest | Principal | Total Requirement | Interest | Principal | Total Requirement |
| 2025 | \$ - | \$ - | \$ - | \$ 765,087 | \$ 1,230,000 | \$ 1,995,087 |
| 2026 | 722,337 | 1,270,000 | 1,992,337 | 722,337 | 1,270,000 | 1,992,337 |
| 2027 | 677,938 | 1,320,000 | 1,997,938 | 677,938 | 1,320,000 | 1,997,938 |
| 2028 | 631,937 | 1,360,000 | 1,991,937 | 631,937 | 1,360,000 | 1,991,937 |
| 2029 | 584,288 | 1,410,000 | 1,994,288 | 584,288 | 1,410,000 | 1,994,288 |
| 2030 | 534,081 | 1,460,000 | 1,994,081 | 534,081 | 1,460,000 | 1,994,081 |
| 2031-2035 | 1,810,209 | 8,155,000 | 9,965,209 | 1,810,209 | 8,155,000 | 9,965,209 |
| 2036-2038 | 319,397 | 5,655,000 | 5,974,397 | 319,397 | 5,655,000 | 5,974,397 |
| Total | \$ 5,280,187 | \$ 20,630,000 | \$ 25,910,187 | \$ 6,045,274 | \$ 21,860,000 | \$ 27,905,274 |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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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. During the years ended August 31, 2025 and 2024, the College recognized \$21,637 in lease revenue for each year. The balance in the deferred inflows of resources at August 31, 2025 and August 31, 2024 was \$526,483 and \$548,119, respectively.

The College is also the lessor of approximately 1,590 square feet of the WSB Building to Hope Community Medicine. The lease is for five years with minimal rent increases each year. Rent was \$37 and \$305 per month for the years ended August 31, 2025 and 2024, respectively. The renewal of the lease was evaluated and 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. As of August 31, 2025 and August 31, 2024, the balance of the lease payable is \$148,689 and \$218,857, respectively. 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 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, 2025, were as follows:

| <u>August 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------|-------------------|-----------------|-------------------|
| 2026 | \$ 73,023 | \$ 4,589 | \$ 77,612 |
| 2027 | 75,666 | 1,945 | 77,611 |
| TOTAL | \$ 148,689 | \$ 6,534 | \$ 155,223 |

The future principal and interest lease payments as of August 31, 2024, were as follows:

| <u>August 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------|-------------------|------------------|-------------------|
| 2025 | \$ 70,168 | \$ 7,444 | \$ 77,612 |
| 2026 | 73,023 | 4,589 | 77,612 |
| 2027 | 75,666 | 1,945 | 77,611 |
| TOTAL | \$ 218,857 | \$ 13,978 | \$ 232,835 |

PANOLA COLLEGE
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11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The College has entered into subscription arrangements during fiscal year 2024 that allow the right to use information technology software over the terms of the subscriptions. The College is required to make annual payments for these arrangements. The right-to-use subscription assets associated with these subscription liabilities are amortized over the terms of the arrangements. Amortization is included with depreciation and details of the subscription assets are detailed in Note 8.

The subscription rate, terms and ending liability balance are as follows:

| Vendor | Software | Interest | Subscription | August 31, 2025 | | August 31, 2024 |
|----------------|--------------------|----------|--------------|-----------------|------------|-----------------|
| | | Rate | Term | Balance | Balance | |
| Upswing Int'l | Upswing Platform | 4.00% | 5 years | \$ 112,552 | \$ 147,221 | |
| Jenzabar, Inc. | Campus Marketplace | 4.00% | 3 years | - | 96,802 | |
| | | | | \$ 112,552 | \$ 244,023 | |

The Campus Marketplace SBITA was canceled during fiscal year 2025.

The future principal and interest SBITA payments as of August 31, 2025, were as follows:

| August 31, | Principal | Interest | Total |
|--------------|-------------------|-----------------|-------------------|
| 2026 | \$ 36,056 | \$ 4,502 | \$ 40,558 |
| 2027 | 37,498 | 3,060 | 40,558 |
| 2028 | 38,998 | 1,560 | 40,558 |
| TOTAL | \$ 112,552 | \$ 9,122 | \$ 121,674 |

The future principal and interest SBITA payments as of August 31, 2024, were as follows:

| August 31, | Principal | Interest | Total |
|--------------|-------------------|------------------|-------------------|
| 2025 | \$ 80,722 | \$ 8,436 | \$ 89,158 |
| 2026 | 86,805 | 6,253 | 93,058 |
| 2027 | 37,498 | 3,060 | 40,558 |
| 2028 | 38,998 | 1,560 | 40,558 |
| TOTAL | \$ 244,023 | \$ 19,309 | \$ 263,332 |

12. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2025 and 2024 were as follows:

| | 2025 | | | 2024 | | |
|---------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|
| | Total Receivable | Less Allowance | | Total Receivable | Less Allowance | |
| | | For Uncollectibles | Net Receivable | | For Uncollectibles | Net Receivable |
| Student Receivables | \$ 4,339,984 | \$ 1,114,000 | \$ 3,225,984 | \$ 1,919,615 | \$ 864,529 | \$ 1,055,086 |
| Taxes Receivable | 978,737 | 489,997 | 488,740 | 735,250 | 407,237 | 328,013 |
| Federal Receivables | 112,391 | - | 112,391 | 1,867,088 | - | 1,867,088 |
| State Receivables | 5,648 | - | 5,648 | 27,408 | - | 27,408 |
| Interest Receivable | 12,000 | - | 12,000 | 69,924 | - | 69,924 |
| Other Receivables | 8,839 | - | 8,839 | 8,578 | - | 8,578 |
| TOTAL | \$ 5,457,599 | \$ 1,603,997 | \$ 3,853,602 | \$ 4,627,783 | \$ 1,271,766 | \$ 3,356,017 |

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Payables

Payables at August 31, 2025 and 2024 were as follows:

| | 2025 | 2024 |
|--------------------------------------|----------------------------|----------------------------|
| Vendors Payable | \$ 579,178 | \$ 1,684,863 |
| Salaries and Benefits Payable | 650,938 | 637,871 |
| Students Payable | 291,747 | 253,958 |
| Accrued Interest | 33,484 | 35,374 |
| Other Payables | 524,350 | 462,014 |
| TOTAL | <u>\$ 2,079,697</u> | <u>\$ 3,074,080</u> |

13. 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.

14. 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.

Taxes levied for current year operations are summarized below:

| | 2025 | 2024 |
|--|-----------------------------|-----------------------------|
| Original tax levy | \$ 14,566,386 | \$ 14,434,084 |
| Supplemental levy and adjustments | 359,811 | 302,867 |
| Adjusted levy | 14,926,197 | 14,736,951 |
| Penalty and interest assessments | (224,407) | (95,422) |
| Total Levy | <u>\$ 14,701,790</u> | <u>\$ 14,641,529</u> |

Tax collections for the years ended August 31, 2025 and 2024, including delinquent collections, exceeded 97% of the levy for both years.

PANOLA COLLEGE
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A summary of tax data is presented as follows:

| | 2025 | 2024 |
|--|-------------------------|-------------------------|
| Assessed valuation of the District | \$ 6,875,314,239 | \$ 8,865,291,807 |
| Less: Exemptions | (324,490,674) | (294,745,020) |
| Less: Special Valuations | (1,461,951,990) | (1,186,685,980) |
| Net Assessed Valuation of the District | <u>\$ 5,088,571,576</u> | <u>\$ 7,383,860,807</u> |
| Tax Rate Per \$100 authorized: | | |
| Current Operations | \$ 0.35000 | \$ 0.35000 |
| Debt Service | 0.50000 | 0.50000 |
| Total | <u>\$ 0.85000</u> | <u>\$ 0.85000</u> |
| Tax Rate Per \$100 assessed | | |
| Current Operations | \$ 0.24797 | \$ 0.16799 |
| Debt Service | 0.03827 | 0.02755 |
| Total | <u>\$ 0.28624</u> | <u>\$ 0.19554</u> |
| Gross Taxes Collected (Current Operations) | \$ 14,418,432 | \$ 14,442,106 |
| Discounts Allowed | (328,939) | (247,312) |
| Delinquent Taxes Collected | 210,768 | 102,398 |
| Refunds | - | - |
| Penalties and Interest Collected | 121,623 | 148,641 |
| Other Collections | 4,532 | 9,499 |
| Provisions for Bad Debts | 55,228 | 28,255 |
| Collection Fees | (148,065) | (147,566) |
| Total Collections | <u>\$ 14,333,579</u> | <u>\$ 14,336,021</u> |

15. 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:

| | 2025 | 2024 |
|------------------------------|---------------------|---------------------|
| Tuition and Fees | \$ 3,629,892 | \$ 3,538,608 |
| Housing and Residential Life | 675,596 | 620,221 |
| Other | <u>1,173,270</u> | <u>859,371</u> |
| Total | <u>\$ 5,478,758</u> | <u>\$ 5,018,200</u> |

16. 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.

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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/learning-resources/publications>; or by writing to TRS at attention: Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

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. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc COLA.

One-Time Stipend

Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time \$2,400 stipend to eligible annuitants age 70 to 74.

COLA

A COLA was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 and August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 and August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. 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 2019 through 2025.

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| | <u>Contribution Rates</u> | | |
|---|---------------------------|-------------|-------------|
| | <u>2023</u> | <u>2024</u> | <u>2025</u> |
| Member | 8.00% | 8.25% | 8.25% |
| Non-Employer Contributing Entity (NECE-State) | 8.00% | 8.25% | 8.25% |
| Employers | 8.00% | 8.25% | 8.25% |
| College's Employer Contributions (fiscal year) | \$347,958 | \$418,614 | \$448,655 |
| College's Member Contributions (fiscal year) | \$644,516 | \$751,388 | \$814,126 |
| NECE On-behalf Contributions (measurement year) | \$268,499 | \$299,888 | \$322,362 |

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. The rate for fiscal year 2025 was 1.9 percent.
- 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.

Actuarial Assumptions. The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

| | |
|--|---|
| • Valuation Date | August 31, 2023 rolled forward to August 31, 2024 |
| • 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 |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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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, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

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 9.54% of payroll in the fiscal year 2025 and thereafter. 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, 2024, are summarized below:

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2024

| | Target Allocation ** | Long-Term Expected Geometric Real Rate of Return *** | Expected Contribution to Long-Term Portfolio Returns |
|---|-----------------------------|---|---|
| Global Equity | | | |
| USA | 18.00% | 4.40% | 1.00% |
| Non-U.S. Developed | 13.00% | 4.20% | 0.80% |
| Emerging Markets | 9.00% | 5.20% | 0.70% |
| Private Equity* | 14.00% | 6.70% | 1.20% |
| Stable Value | | | |
| Government Bonds | 16.00% | 1.90% | 0.40% |
| Absolute Return* | - | 4.00% | - |
| Stable Value Hedge Funds | 5.00% | 3.00% | 0.20% |
| Real Return | | | |
| Real Estate | 15.00% | 6.60% | 1.20% |
| Energy & Natural Resources & Infrastructure | 6.00% | 5.60% | 0.40% |
| Commodities | - | 2.50% | - |
| Risk Parity | | | |
| Risk Parity | 8.00% | 4.00% | 0.40% |
| Leverage | | | |
| Cash | 2.00% | 1.00% | - |
| Asset Allocation Leverage | <u>(6.00)%</u> | 1.30% | (0.01)% |
| Inflation Expectation | | | |
| Volatility Drag **** | | | 2.40% |
| Expected Return | <u>100.00%</u> | | (0.70)% |
| | | | <u>7.90%</u> |

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2024 policy model.

*** Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023)

**** The volatility drag results from the conversion between arithmetic and geometric mean returns.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (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 | \$7,248,328 | \$4,537,996 | \$2,292,292 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2025, Panola College reported a liability of \$4,537,996 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 | \$4,537,996 |
| State's proportionate share that is associated with Panola College | <u>3,494,232</u> |
| Total | <u>\$8,032,228</u> |

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024, 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, 2023 through August 31, 2024.

At the measurement date as of August 31, 2024, the employer's proportion of the collective net pension liability was 0.0074291%, which was an increase (decrease) of 0.000023884% from its proportion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation. The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability. The 2023 Texas Legislature passed SB 10, which provided a stipend payment to certain retirees and variable ad hoc COLAs to certain retirees in early fiscal year 2024. Due to its timing, the legislature and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and HJS 2 of the 88th regular legislative session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended August 31, 2025, Panola College recognized pension expense of \$417,619 and revenue of \$417,619 for support provided by the State. The College also recognized their proportionate share of pension expense of \$570,460.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

At August 31, 2025, 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 | \$ 250,128 | \$ 35,430 | |
| Change in actuarial assumptions | 234,306 | | 31,412 |
| Difference between projected and actual investment earnings | 27,585 | | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 2,400 | | 137,087 |
| Contributions paid to TRS subsequent to the measurement date (calculated by employer) | 448,938 | | - |
| Total | \$ 963,357 | \$ 203,929 | |

At August 31, 2024, 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 | \$ 182,408 | \$ 61,991 | |
| Change in actuarial assumptions | 484,202 | | 118,495 |
| Difference between projected and actual investment earnings | 745,008 | | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 9,029 | | 196,350 |
| Contributions paid to TRS subsequent to the measurement date (calculated by employer) | 418,614 | | - |
| Total | \$ 1,839,261 | \$ 376,836 | |

The College reported \$448,938 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ending August 31, 2026. 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 |
|--|----|-----------------------------------|
| 2025 | \$ | (45,905) |
| 2026 | | 434,676 |
| 2027 | | 27,956 |
| 2028 | | (120,098) |
| 2029 | | 13,861 |
| Thereafter | | - |

At August 31, 2025, the College's payable to the pension plan for legally required contributions for the month of August was \$113,453. This was paid in the subsequent month.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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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 <u>Payroll</u> |
|---------------------------------|---|--|-------------------------------------|-------------------------------|---------------------------|
| 2025 | \$26,043 | \$32,828 | \$52,480 | \$111,351 | \$789,180 |
| 2024 | 38,248 | 51,643 | 77,076 | 166,967 | 1,159,041 |
| 2023 | 34,179 | 45,632 | 68,876 | 148,687 | 1,035,733 |

17. 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, 2025 and 2024, the College had fourteen and seventeen employees participating in the tax sheltered annuity program, respectively. A total of \$78,642 and \$40,856 in payroll deductions was invested in approved plans during the years ending August 31, 2025 and 2024, respectively.

18. 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.

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 amounted to \$399,504 at August 31, 2025 and \$391,249 at August 31, 2024. The liability is shown in the statement of net position split between current and noncurrent in the amounts of \$120,208 and \$279,296 respectively for August 31, 2025 and \$142,817 and \$248,432 respectively for August 31, 2024.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

19. 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, 2025 and 2024, 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 |
|------------------------------|----------------------------------|-----------------------|-------------------------------|-----------------------|
| 2025 | 150 | 3 | \$ 710,192 | \$ 1,081,085 |
| 2024 | 150 | 3 | 708,302 | 736,214 |
| 2023 | 150 | 3 | 643,323 | 969,554 |

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.

20. 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.

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/; 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.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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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 | 983 |
| Retiree & Children | 865 |
| Retiree & Family | 1,223 |

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

| Measurement (Fiscal) Year | <u>2024(2025)</u> | <u>2023(2024)</u> |
|--|-------------------|-------------------|
| Employer Contribution | \$ 433,227 | \$ 390,412 |
| Nonemployer Contributing Entity (State of Texas) | \$ 425,262 | \$ 404,901 |

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| Valuation Date | August 31, 2024 |
|---|--|
| 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% |
| Discount rate | 3.87% |
| Annual healthcare trend rate (HealthSelect) | 5.60% for FY26, 5.60% for FY27, 5.25% for FY28, 5.00% for FY29, 4.75% for FY30, 4.50% for FY31 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY33 and later years |
| Medical (HealthSelect Medicare Advantage) | 36.00% for FY26, 8.00% for FY27, 5.25% for FY28, 5.00% for FY29, 4.75% for FY30, 4.5% fpr FY31 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY33 and later years |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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| | |
|--|---|
| Pharmacy | 11.50% for FY26, 11.00% for FY27, 10.00% for FY28, 8.50% for FY29, 7.00% for FY30 decreasing 100 basis points per year to 5.00% for FY32 and 4.30% for FY33 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-2021 Projection Scale from Year 2021 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-2021 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, 2015 to August 31, 2021 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.

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.81%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.87%, which amounted to an increase of 0.06%. 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 2.87% | Discount Rate 3.87% | 1% Increase in Discount Rate 4.87% |
|---|---------------------------------------|---------------------|---------------------------------------|
| Panola College's proportionate share of the net OPEB liability: | \$12,354,658 | \$10,618,477 | \$9,225,171 |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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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 (HealthSelect: 4.60% decreasing to 3.30%; HealthSelect Medicare Advantage: 35.00% to 3.30%; Pharmacy: 10.00% decreasing to 4.00%) | Current Healthcare Cost Trend Rates (HealthSelect: 5.60% decreasing to 4.30%; HealthSelect Medicare Advantage: 36.00% to 4.30%; Pharmacy: 11.50% decreasing to 5.00%) | 1% Increase (HealthSelect: 6.60% decreasing to 5.30%; HealthSelect Medicare Advantage: 37.00% to 5.30%; Pharmacy: 12.00% decreasing to 6.00%) |
|--|--|---|--|
| Panola College's proportionate share of the net OPEB liability | \$9,111,186 | \$10,618,477 | \$12,539,864 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2025, the College reported a liability of \$10,618,477 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 | \$ 10,618,477 |
| State's proportionate share that is associated with the College | <u>10,906,889</u> |
| Total | <u>\$ 21,525,366</u> |

The net OPEB liability was measured as of August 31, 2024, 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, 2023 through August 31, 2024. At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.03623362%, which is a decrease of 0.00491274% from the proportion measured as of August 31, 2023. For the year ended August 31, 2025, the College recognized OPEB (benefit) expense of \$2,247 and revenue of \$2,247 for support provided by the State. The College also recognized their proportionate share of OPEB expense of \$99,834.

The following assumptions have been changed since the previous valuation:

Demographic Assumptions

Since the last valuation was prepared for this plan, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends, as well as demographic assumptions recently adopted by the ERS Trustees for purposes of the retirement plan valuation:

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 be married and electing coverage for their spouse.

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

**PANOLA COLLEGE
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Demographic assumptions, including mortality projection scale for all State Agency members: base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members.

Economic Assumptions

The expenses directly related to the payment of GBP health benefits for (a) HealthSelect medical services and (b) prescription drug benefits under HealthSelect and HealthSelect Medicare Advantage have been updated since the previous valuation to reflect recent new administrative services contracts.

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 and the rate of future increases in the fee have been updated to reflect the most recent available information.

Other Inputs

The discount rate was changed from 3.81% to 3.87% as a result of requirements by GASB 74 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.

Please see our valuation report dated August 26, 2024 for a complete list of our previous assumptions and other inputs.

Benefit Changes

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 FY 2025, are provided for in the FY 2025 Assumed Per Capita Benefit Costs.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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At August 31, 2025, 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 | \$ - | \$ 175,192 |
| Changes in actuarial assumptions | 581,357 | 2,115,282 |
| Difference between projected and actual investment earnings | - | 406 |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 159,200 | 1,406,238 |
| Contributions paid to ERS subsequent to the measurement date | 433,227 | - |
| Total | \$ 1,173,784 | \$ 3,697,118 |

At August 31, 2024, 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 | \$ - | \$ 290,778 |
| Changes in actuarial assumptions | 366,724 | 3,433,352 |
| Difference between projected and actual investment earnings | 888 | - |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 355,202 | 70,676 |
| Contributions paid to ERS subsequent to the measurement date | 390,412 | - |
| Total | \$ 1,113,226 | \$ 3,794,806 |

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

The College reported \$433,227 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability for the year ending August 31, 2026. 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, | OPEB Expense Amount |
|--------------------------------------|------------------------|
| 2025 | \$ (910,678) |
| 2026 | (923,774) |
| 2027 | (708,856) |
| 2028 | (296,269) |
| 2029 | (116,984) |
| Thereafter | - |

At August 31, 2025, the College's payable to the OPEB plan for legally required contributions for the month of August was \$66,097. This was paid in the subsequent month.

21. 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. There are no other related party transactions.

22. 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, 2024 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 \$106,438 at August 31, 2024. At August 31, 2025, there were no funds held in trust by others.

23. 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.

24. 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, 2025 and 2024, respectively. A corresponding amount is also included in operating expenses.

25. PENDING CLAIMS

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

26. OTHER DISCLOSURES

On August 18, 2025 the College entered into a contract with Corgan Associates, Inc. for architect services for the new Gateway Building and Digital Learning projects. The total contract amount is \$1,132,738.

As of August 31, 2024, the College has remaining commitments to Jacobe Brothers Construction for the energy building, rodeo barn, and baseball bleachers of \$19,933, \$20,713 and \$399,880, respectively. Also, \$195,520 of contingency funds for these projects was not used at August 31, 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, 2025 or 2024.

27. 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. 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.

28. ADOPTION OF NEW STANDARD

The College has adopted GASB Statement No. 101 which is described in Note 2. Prior to the implementation of this statement, a liability for compensated absences was only recorded if the leave was paid out at separation. After implementation, liabilities for compensated absences are recorded for leave that meets the criteria in the statement as described in Note 2. The College evaluated the different types of leave and determined that the only leave that would be recorded in accordance with this statement was for vacation. As of the date of implementation and at August 31, 2025, the College was already accruing vacation; therefore, no adjustment to the financial statements was necessary as a result of implementation.

The District also adopted GASB Statement No. 102 as described in Note 2. There was not impact on financial statement amounts or disclosures as a result of the implementation.

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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>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| College's proportion of the net pension liability (asset) | 0.0074291% | 0.0074530% | 0.0074799% | 0.0076198% | 0.0079406% | 0.0083377% | 0.0082265% | 0.0083847% | 0.0081012% | 0.0083059% |
| College's proportionate share of the net pension liability (asset) | \$4,537,996 | \$5,119,471 | \$4,440,625 | \$1,940,497 | \$4,252,820 | \$4,334,220 | \$4,528,049 | \$2,680,991 | \$3,061,315 | \$2,936,025 |
| State's proportionate share of the net pension liability (asset) associated with the College | \$3,494,232 | \$4,007,484 | \$3,437,625 | \$1,602,287 | \$3,489,271 | \$3,466,382 | \$3,604,606 | \$2,025,285 | \$2,412,436 | \$2,264,490 |
| Total | \$8,032,228 | \$9,126,955 | \$7,878,250 | \$3,542,784 | \$7,742,091 | \$7,800,602 | \$8,132,655 | \$4,706,276 | \$5,473,751 | \$5,200,515 |
| College's covered payroll | \$9,226,700 | \$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 |
| College's proportionate share of the net pension liability (asset) as a percentage of its payroll | 49.18% | 59.19% | 55.12% | 24.52% | 53.39% | 55.41% | 61.51% | 37.82% | 45.28% | 45.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 77.51% | 73.15% | 75.62% | 88.79% | 75.54% | 75.24% | 73.74% | 82.17% | 78.00% | 78.43% |

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

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>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution | \$448,938 | \$418,614 | \$383,022 | \$347,958 | \$324,721 | \$327,417 | \$291,895 | \$282,747 | \$274,803 | \$257,395 |
| Contributions in relation to the contractually required contribution | <u>\$ (448,938)</u> | <u>\$ (418,614)</u> | <u>\$ (383,022)</u> | <u>\$ (347,958)</u> | <u>\$ (324,721)</u> | <u>\$ (327,417)</u> | <u>\$ (291,895)</u> | <u>\$ (282,747)</u> | <u>\$ (274,803)</u> | <u>\$ (257,395)</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| College's covered payroll | \$9,868,181 | \$9,107,730 | \$8,648,851 | \$8,055,810 | \$7,915,067 | \$7,965,357 | \$7,821,633 | \$7,361,886 | \$7,089,656 | \$6,760,871 |
| Contributions as a percentage of covered payroll | 4.55% | 4.60% | 4.43% | 4.32% | 4.10% | 4.11% | 3.73% | 3.84% | 3.88% | 3.81% |

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, 2023 - August 31, 2024.

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>2025</u> | <u>2024</u> | <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) | 0.0362336% | 0.0411464% | 0.0409221% | 0.0409345% | 0.0406525% | 0.0384888% | 0.0402991% | 0.0032235% |
| College's proportionate share of the net OPEB liability (asset) | \$10,618,477 | \$10,993,292 | \$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 | \$10,906,889 | \$9,244,269 | \$9,968,797 | \$11,788,274 | \$10,855,657 | \$12,198,622 | \$9,962,553 | \$10,714,106 |
| Total | \$21,525,366 | \$20,237,561 | \$21,626,247 | \$26,473,737 | \$24,289,111 | \$25,501,366 | \$21,906,282 | \$21,697,499 |
| College's covered employee payroll | \$9,489,569 | \$9,007,748 | \$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 | 111.90% | 122.04% | 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 | 0.47% | 0.63% | 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 eight 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>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | \$433,227 | \$390,412 | \$364,208 | \$395,380 | \$273,951 | \$348,374 | \$330,907 | \$327,217 |
| Contributions in relation to the contractually required contribution | (\$433,227) | (\$390,412) | (\$364,208) | (\$395,380) | (\$273,951) | (\$348,374) | (\$330,907) | (\$327,217) |
| Contribution deficiency (excess) | \$ - |
| College's covered employee payroll | \$9,542,428 | \$9,489,569 | \$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 | 4.54% | 4.11% | 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, 2023 - August 31, 2024.

Note: Only eight 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, 2025

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 are the same as used in the determination of the prior year's Net Pension Liability. The 2023 Texas Legislature passed SB 10, which provided a stipend payment to certain retirees and variable ad hoc COLAs to certain retirees in early fiscal year 2024. Due to its timing, the legislature and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and HJS 2 of the 88th regular legislative session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

Defined Benefit OPEB Plan

Changes in Assumptions

Demographic Assumptions

Since the last valuation was prepared for this plan, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends, as well as demographic assumptions recently adopted by the ERS Trustees for purposes of the retirement plan valuation:

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 be married and electing coverage for their spouse.

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

Demographic assumptions, including mortality projection scale for all State Agency members: base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members.

Economic Assumptions

The expenses directly related to the payment of GBP health benefits for (a) HealthSelect medical services and (b) prescription drug benefits under HealthSelect and HealthSelect Medicare Advantage have been updated since the previous valuation to reflect recent new administrative services contracts.

See independent auditor's report on required supplementary information.

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 and the rate of future increases in the fee have been updated to reflect the most recent available information.

Other Inputs

The discount rate was changed from 3.81% to 3.87% as a result of requirements by GASB 74 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.

Please see our valuation report dated August 26, 2024 for a complete list of our previous assumptions and other inputs.

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 FY2025, are provided for in the FY2025 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, 2025 (With Memorandum Totals for the Year Ended August 31, 2024)

| | Unrestricted | Restricted | Total Educational Activities | Auxiliary Enterprises | 2025 Total | 2024 Total |
|--|---------------------|---------------------|------------------------------------|--------------------------|---------------------|---------------------|
| Tuition | | | | | | |
| State funded courses | | | | | | |
| In-district resident tuition | \$ 381,522 | \$ - | \$ 381,522 | \$ - | \$ 381,522 | \$ 360,015 |
| Out-of-district resident tuition | 1,138,092 | - | 1,138,092 | - | 1,138,092 | 1,085,960 |
| TPEG (set aside)* | 125,032 | - | 125,032 | - | 125,032 | 115,327 |
| Non-resident tuition | 235,245 | - | 235,245 | - | 235,245 | 191,143 |
| State funded continuing education | 371,555 | - | 371,555 | - | 371,555 | 315,124 |
| Non-state funded continuing education | 97,837 | - | 97,837 | - | 97,837 | 44,350 |
| Total tuition | 2,349,283 | - | 2,349,283 | - | 2,349,283 | 2,111,919 |
| Fees | | | | | | |
| General fee | 3,657,174 | - | 3,657,174 | - | 3,657,174 | 3,231,988 |
| Out-of-district fees | 2,683,598 | - | 2,683,598 | - | 2,683,598 | 2,483,940 |
| Laboratory fee | 413,208 | - | 413,208 | - | 413,208 | 339,345 |
| Other fees | 832,053 | - | 832,053 | - | 832,053 | 826,553 |
| Total fees | 7,586,033 | - | 7,586,033 | - | 7,586,033 | 6,881,826 |
| Scholarship allowances and discounts | | | | | | |
| Institutional scholarships | (990,605) | - | (990,605) | - | (990,605) | (925,241) |
| Remissions and exemptions-state | (148,406) | - | (148,406) | - | (148,406) | (109,957) |
| Remissions and exemptions-local | (1,897,595) | - | (1,897,595) | - | (1,897,595) | (1,334,096) |
| Title IV federal grants | (859,402) | - | (859,402) | - | (859,402) | (2,612,489) |
| TPEG allowances | (203,562) | - | (203,562) | - | (203,562) | (187,190) |
| Other allowances | (553,268) | - | (553,268) | - | (553,268) | (192,748) |
| State grants to students | (670,758) | - | (670,758) | - | (670,758) | (396,120) |
| Total scholarship allowances | (5,323,596) | - | (5,323,596) | - | (5,323,596) | (5,757,841) |
| Total net tuition and fees | 4,611,720 | - | 4,611,720 | - | 4,611,720 | 3,235,904 |
| Additional operating revenues | | | | | | |
| Federal grants and contracts | - | 595,741 | 595,741 | - | 595,741 | 633,046 |
| State grants and contracts | - | 1,181,263 | 1,181,263 | - | 1,181,263 | 698,809 |
| Nongovernmental grants and contracts | - | 44,614 | 44,614 | - | 44,614 | 137,873 |
| Sales and services of educational activities | 24,852 | - | 24,852 | - | 24,852 | 22,179 |
| General operating revenues | 398,976 | - | 398,976 | - | 398,976 | 398,848 |
| Total other operating revenues | 423,828 | 1,821,618 | 2,245,446 | - | 2,245,446 | 1,890,755 |
| Auxiliary enterprises | | | | | | |
| Bookstore | - | - | - | 1,084,819 | 1,084,819 | 1,165,651 |
| Less allowances and discounts | - | - | - | (259,301) | (259,301) | (436,353) |
| Residential life | - | - | - | 1,137,670 | 1,137,670 | 1,349,039 |
| Less allowances and discounts | - | - | - | (575,910) | (575,910) | (848,311) |
| Total net auxiliary enterprises | - | - | - | 1,387,278 | 1,387,278 | 1,230,026 |
| Total Operating Revenues | \$ 5,035,548 | \$ 1,821,618 | \$ 6,857,166 | \$ 1,387,278 | \$ 8,244,444 | \$ 6,356,685 |
| | | | | | (Exhibit 2) | (Exhibit 2) |

*In accordance with Education Code 56.033, \$125,032 and \$115,327 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, 2025 (With Memorandum Totals for the Year Ended August 31, 2024)

| | Benefits | | | | 2025 | 2024 |
|--|-------------------------------|---------------------------|---------------------------|---------------------------|----------------------|----------------------|
| | Salaries And Wages | State Benefits | Local Benefits | Other Expenses | Total | |
| Unrestricted Educational Activities | | | | | | |
| Instruction | \$ 5,782,561 | \$ - | \$ 887,884 | \$ 1,034,525 | \$ 7,704,970 | \$ 7,565,522 |
| Academic Support | 1,974,808 | - | 339,589 | 676,580 | 2,990,977 | 2,938,849 |
| Student Services | 1,478,459 | - | 277,790 | 302,752 | 2,059,001 | 1,792,628 |
| Institutional Support | 1,315,470 | - | 341,225 | 1,638,392 | 3,295,087 | 3,345,353 |
| Operation and Maintenance of Plant | 898,369 | - | 79,008 | 1,420,378 | 2,397,755 | 2,586,092 |
| Scholarship and Fellowships | - | - | - | - | - | - |
| Total Unrestricted Educational Activities | 11,449,667 | - | 1,925,496 | 5,072,627 | 18,447,790 | 18,228,444 |
| Restricted Educational Activities | | | | | | |
| Instruction | 337,861 | 835,015 | 110,076 | 571,141 | 1,854,093 | 1,606,085 |
| Public Service | - | - | - | - | - | - |
| Academic Support | - | 323,101 | - | - | 323,101 | 294,237 |
| Student Services | - | 220,617 | - | - | 220,617 | 168,315 |
| Institutional Support | - | 202,629 | - | - | 202,629 | 257,165 |
| Operation and Maintenance of Plant | - | - | - | - | - | - |
| Scholarship and Fellowships | - | - | - | 2,839,687 | 2,839,687 | 2,119,070 |
| Total Restricted Educational Activities | 337,861 | 1,581,362 | 110,076 | 3,410,828 | 5,440,127 | 4,444,872 |
| Auxiliary Enterprises | | | | | | |
| | 367,669 | - | 118,188 | 2,122,502 | 2,608,359 | 2,541,650 |
| Depreciation Expense-Buildings & other improvements | | | | | | |
| | - | - | - | 2,634,364 | 2,634,364 | 2,132,789 |
| Amortization Expense-Leases | | | | | | |
| | - | - | - | 68,892 | 68,892 | 68,891 |
| Amortization Expense-SBITA | | | | | | |
| | - | - | - | 84,825 | 84,825 | 50,397 |
| Depreciation Expense-Equipment & fixtures | | | | | | |
| | - | - | - | 460,509 | 460,509 | 434,532 |
| Depreciation Expense-Library books | | | | | | |
| | - | - | - | 13,713 | 13,713 | 17,115 |
| Total | \$ 12,155,197 | \$ 1,581,362 | \$ 2,153,760 | \$ 13,868,260 | \$ 29,758,579 | \$ 27,918,690 |

(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, 2025 (With Memorandum Totals for the Year Ended August 31, 2024)

| | Unrestricted | Restricted | Auxiliary Enterprises | 2025 Total | 2024 Total |
|--|--------------------------|-------------------------|----------------------------------|--------------------------|--------------------------|
| NON-OPERATING REVENUES | | | | | |
| State Appropriations | | | | | |
| Education and General State Support | \$ 7,487,640 | \$ - | \$ - | \$ 7,487,640 | \$ 6,729,578 |
| State Group Insurance | - | 1,137,701 | - | 1,137,701 | 838,862 |
| State Retirement Matching | - | 443,662 | - | 443,662 | 643,343 |
| Total State Appropriations | 7,487,640 | 1,581,363 | - | 9,069,003 | 8,211,783 |
| Ad-Valorem Taxes - Maintenance & Operations | 12,410,282 | - | - | 12,410,282 | 12,320,927 |
| Ad-Valorem Taxes - Debt Service | 1,923,297 | - | - | 1,923,297 | 2,015,094 |
| Federal Revenue, Non Operating | - | 3,939,856 | - | 3,939,856 | 5,496,384 |
| Other, Non Operating | 553,268 | - | - | 553,268 | 192,748 |
| Gifts | 322,726 | - | 9,500 | 332,226 | 1,021,807 |
| Investment Income | 1,970,316 | 1,101,333 | 599 | 3,072,248 | 3,351,485 |
| Gain (Loss) on Disposal of Asset | 3,481 | - | - | 3,481 | (7,969) |
| Royalty Income | - | 259,155 | - | 259,155 | 245,178 |
| Total Non-Operating Revenues | 17,183,370 | 5,300,344 | 10,099 | 22,493,813 | 24,635,654 |
| NON-OPERATING EXPENSES | | | | | |
| Interest on Long Term Liabilities | 756,914 | - | - | 756,914 | 798,017 |
| Total Non-Operating Expenses | 756,914 | - | - | 756,914 | 798,017 |
| Net Non-Operating Revenues | \$ 23,914,096 | \$ 6,881,707 | \$ 10,099 | \$ 30,805,902 | \$ 32,049,420 |
| | | | | 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, 2025
With Memorandum Totals for the Year Ended August 31, 2024

| | Detail By Source | | | | Available for Current Operations | | |
|--|---------------------|---------------------|---------------------|---|----------------------------------|---------------------|---------------------|
| | Restricted | | | | | | |
| | Unrestricted | Expendable | Non-Expendable | Capital Assets Net of Depreciation & Related Debt | Total | Yes | No |
| Current | | | | | | | |
| Unrestricted | \$ 31,095,469 | \$ - | \$ - | \$ 31,095,469 | \$ 31,095,469 | \$ - | - |
| Restricted | - | 290,687 | - | - | 290,687 | | 290,687 |
| Auxiliary enterprises | (1,574,936) | - | - | - | (1,574,936) | (1,574,936) | - |
| Endowment | | | | | | | |
| Quasi: | | | | | | | |
| Unrestricted | - | - | - | - | - | - | - |
| Restricted | - | - | 9,411,517 | | 9,411,517 | | 9,411,517 |
| Plant | | | | | | | |
| Unexpended | (2,172,698) | 2,481,323 | - | - | 308,625 | - | 308,625 |
| Debt Service | | 858,439 | | | 858,439 | | 858,439 |
| Investment in Plant | - | - | - | 38,171,487 | 38,171,487 | - | 38,171,487 |
| Total Net Position, August 31, 2025 | 27,347,835 | 3,630,449 | 9,411,517 | 38,171,487 | 78,561,288 | 29,520,533 | 49,040,755 |
| | | | | | | (Exhibit 1) | |
| Total Net Position, August 31, 2024 | 17,716,266 | 3,923,004 | 7,751,640 | 39,318,761 | 68,709,671 | 24,198,376 | 44,511,295 |
| | | | | | | (Exhibit 1) | |
| Net Increase (Decrease) in Net Position | \$ 9,631,569 | \$ (292,555) | \$ 1,659,877 | \$ (1,147,274) | \$ 9,851,617 | \$ 5,322,157 | \$ 4,529,460 |
| | | | | | | (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, 2025 and 2024

| | 2025 Panola College Foundation | 2024 Panola College Foundation |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from donors | \$ 680,950 | \$ 244,524 |
| Payments for scholarships and support | (175,747) | (213,705) |
| Other income | 5 | 1,605 |
| Investment receipts | 183,514 | 151,058 |
| Net cash provided by (used in) operating activities | <u>688,722</u> | <u>183,482</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Maturities and liquidation of investments | 126,908 | 549,258 |
| Purchase of investments and annuities | (912,552) | (683,880) |
| Net cash (used in) investing activities | <u>(785,644)</u> | <u>(134,622)</u> |
| Increase (decrease) in cash and cash equivalents | (96,922) | 48,860 |
| Cash and cash equivalents-beginning | <u>250,660</u> | <u>201,800</u> |
| Cash and cash equivalents-ending | <u>\$ 153,738</u> | <u>\$ 250,660</u> |
| Reconciliation of change in net position to net cash provided by operating activities | | |
| Change in net position | <u>\$ 1,086,193</u> | <u>\$ 738,733</u> |
| Adjustments to reconcile change in net position to net cash provided by for operating activities | | |
| (Increase) decrease in fair value of investments | (395,390) | (523,803) |
| Realized (gain)/loss on investments | (13,007) | (18,172) |
| Changes in assets and liabilities | | |
| Increase (decrease) in accounts payable | <u>10,926</u> | <u>(13,276)</u> |
| Total Adjustments | <u>(397,471)</u> | <u>(555,251)</u> |
| Net cash provided by (used in) operating activities | <u>\$ 688,722</u> | <u>\$ 183,482</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, 2025

| 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 Education | | | | |
| Direct: | | | | |
| Student Financial Aid Cluster: | | | | |
| Federal Supplemental Educational Opportunity Grant | 84.007 | | | 32,126 |
| Federal Workstudy Program | 84.033 | | | 35,084 |
| Federal Pell Grant Program | 84.063 | | | 2,972,104 |
| Federal Direct Student Loans | 84.268 | | | 900,542 |
| Total Student Financial Aid Cluster | | | | 3,939,856 |
| Passed Through From: | | | | |
| Literacy Council of Tyler | | | | |
| Adult Education - Basic Grants to States | 84.002 | 2924ALA020 | | 148,658 |
| Adult Education - Basic Grants to States | 84.002 | 2924ALAB20 | | 29,382 |
| Angelina College | | | | |
| Adult Education - Basic Grants to States | 84.002 | 2924ALA050 | | 125,191 |
| Subtotal Adult Education - Basic Grants to States | | | | 303,231 |
| Texas Higher Education Coordinating Board | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | 1164 | | 275,780 |
| Total U. S. Department of Education | | | | 4,518,867 |
| U.S. Department of Health and Human Services | | | | |
| Temporary Assistance for Needy Families | | | | |
| Passed Through From: | | | | |
| Literacy Council of Tyler | | | | |
| Adult Education - Temporary Assistance for Needy Families | 93.558 | 2924ALA020 | | 16,729 |
| Total U.S. Department of Health and Human Services | | | | 16,729 |
| Total Federal Awards | | | \$ - \$ | 4,535,596 |

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, 2025

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 | \$ 595,741 |
| Add: Federal Revenue, Non-Operating – Schedule C | <u>3,939,856</u> |
| Total Federal Awards – Schedule F | <u>\$ 4,535,596</u> |

PANOLA COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2025

| Grantor Agency/ Program Title | Grant Contract Number | Expenditures |
|---|--------------------------------------|---------------------|
| Texas Workforce Commission | | |
| Passed Through From: | | |
| Literacy Council of Tyler | | |
| Adult Education - Basic Grants to States | 2924ALA020 | 26,780 |
| Subtotal Texas Workforce Commission | | 26,780 |
| Texas Higher Education Coordinating Board | | |
| Texas Educational Opportunity Grant | | 693,682 |
| Texas Nursing Grant | | 70,592 |
| College Readiness and Success Models 2023 | | 78,881 |
| College Readiness and Success Models 2024 | | 24,020 |
| Nursing Shortage Reduction Program | | 32,368 |
| Nursing Shortage Reduction Program #916 | | 3,196 |
| Pathways Design and Planning Grant (TRUE) | | 11,565 |
| Student Success Acceleration Program (SSAP) 2.0 | | 78,554 |
| Texas Reskilling and Upskilling (TRUE) | | 109,425 |
| Texas Reskilling and Upskilling (TRUE) | | 32,272 |
| Subtotal Texas Higher Education Coordinating Board | | 1,134,555 |
| Texas Veterans Commission | | |
| Hazelwood Legacy Program | | 19,928 |
| Subtotal Texas Veterans Commission | | 19,928 |
| Total State Awards | | \$ 1,181,263 |
| State Grants and Revenues -Per Schedule A | | \$ 1,181,263 |

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, 2025

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
Brenda A. Johnson



4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(1947-2024)
Glenda J. Hiers, CPA
(Retired)

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

Board of Trustees
Panola College
Carthage, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise Panola College's basic financial statements and have issued our report thereon dated January 12, 2026.

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 or significant deficiencies may exist that were not 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, 2025, 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

January 12, 2026

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



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

Board of Trustees
Panola College
Carthage, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Panola College's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of Panola College's major federal and state programs for the year ended August 31, 2025. Panola College's major federal and state 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 and state programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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); and TxGMS. Our responsibilities under those standards, the Uniform Guidance, and TxGMS 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 and state 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 AND
THE TEXAS GRANT MANAGEMENT STANDARDS - 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 and state 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS 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 or state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, 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 and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

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

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal or state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Panola College's response to the noncompliance findings identified in our compliance audit in the accompanying schedule of findings and questioned costs. Panola College's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state 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 were not 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.

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

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.

Certified Public Accountants

Lufkin, Texas

January 12, 2026

PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Auditor's Results

Financial Statements

| | | | |
|---|--------------------------|-----|---|
| Type of auditor's report issued: | <u>UNMODIFIED</u> | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> No |
| Significant deficiencies identified? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> None Reported |
| Noncompliance material to financial statements noted? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> No |

Federal and State Awards

| | | | |
|---------------------------------------|--------------------------|-----|---|
| Internal control over major programs: | | | |
| Material weakness(es) identified? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> No |
| Significant deficiencies identified? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> None Reported |

| | |
|---|--------------------------|
| Type of auditor's report issued on compliance for major programs: | <u>UNMODIFIED</u> |
|---|--------------------------|

| | |
|---------------------------------------|---------------|
| Version of Compliance Supplement used | November 2025 |
|---------------------------------------|---------------|

| | | |
|---|---|-----------------------------|
| Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|---|---|-----------------------------|

| | |
|-----------------------------------|-------------------------------------|
| Identification of major programs: | |
| Assistance Listing Number(s) | Name of Federal Program |
| | Federal: |
| | Student Financial Aid Cluster |
| | State: |
| | Texas Educational Opportunity Grant |

| | |
|--|------------------|
| Dollar threshold used to distinguish between type A and type B federal programs: | <u>\$750,000</u> |
|--|------------------|

| | |
|--|------------------|
| Dollar threshold used to distinguish between type A and type B state programs: | <u>\$750,000</u> |
|--|------------------|

| | | |
|--|---|-----------------------------|
| Auditee qualified as low-risk auditee for federal awards | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|--|---|-----------------------------|

B. Financial Statement Findings

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

None

PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED AUGUST 31, 2025

C. Federal and State Award Findings and Questioned Costs

Required to be reported in accordance with 2 CFR section 200.516(a) or the Texas Grant Management Standards:

Federal Programs:

DEPARTMENT OF EDUCATION

2025-001 Direct Loan Program – ALN 84.268; Grant Award No. P268K252297

Criteria: In 34 CFR section 668.165(a)(2), institutions are required to notify the student of the date and amount of loan disbursements credited to the student's account, the right to cancel the loan, and the procedures and time by which the student must notify the institution that they wish to cancel within the timeframe noted in 34 CFR Section 668.165 (a)(3).

Condition: The College did not provide the notifications required by 34 CFR section 668.165(a)(2).

Context: As part of our audit procedures, we requested copies of the notifications sent to students selected as part of our testing. In response to our request, College personnel informed us that notifications of loan disbursements were not made.

Cause and Effect: The College failed to notify the student when loan disbursements were credited to their student account. Students were not aware of when loans were applied to their accounts. While the College did provide notice of the right to cancel loans and the procedures required to notify the College if they wish to cancel the loan as part of the Financial Aid Offer letter for the 24-25 year, that letter was not always in the timeframe required.

Recommendation: We recommend that the notifications required by 34 CFR section 668.165(a)(2) be made to students.

Views of Responsible Officials and Planned Corrective Actions: We agree with this finding. The loan disbursement notifications were not possible in the POISE system due to how loans were applied to student accounts. As a result of the implementation of a new system that changed how aid is applied to student accounts, loan disbursement notifications have been sent out to students as required in Fall 2025.

State Programs:

None



Financial Aid
1109 W. Panola
Carthage, TX 75633
Phone 903.693.2039
Fax 903.693.1122

Panola College
Schedule of Corrective Action
December 1, 2025

Direct Loan Disbursement Notifications

Correction Action Planned: For the 2025-2026 academic year, notifications are scheduled in our FAMS system to be sent immediately after student loans are disbursed to the student account. This action started with the Fall 2025 semester. Policy and Procedures have been updated to include the Direct Loan notification statement. This is in Section 10.5, Student & Parent Notifications, on Page 48 of the Financial Aid Policies and Procedures manual.

This action has already been completed and in progress as of September 2025.

Person Responsible for the Corrective Action: Denise Welch, Director of Financial Aid

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 2016 to 2025
(unaudited)
(amounts expressed in thousands)

| | For the Fiscal Year Ended August 31, | | | | | | | | | |
|--|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net Investment in capital assets | \$ 38,172 | \$ 39,319 | \$ 29,967 | \$ 24,596 | \$ 23,495 | \$ 21,149 | \$ 21,180 | \$ 21,560 | \$ 21,198 | \$ 20,680 |
| Restricted - expendable | 3,630 | 3,923 | 4,570 | 4,766 | 4,328 | 3,408 | 3,249 | 1,827 | 1,376 | 577 |
| Restricted - nonexpendable | 9,412 | 7,752 | 6,388 | 5,258 | 6,282 | 4,930 | 4,062 | 3,791 | 3,271 | 3,153 |
| Unrestricted | 27,348 | 17,716 | 17,201 | 15,306 | 10,307 | 9,129 | 6,838 | 5,790 | 15,652 | 13,831 |
| Total | 78,562 | 68,710 | 58,126 | 49,926 | 44,412 | 38,616 | 35,329 | 32,968 | 41,497 | 38,241 |
| Net position, beginning of year* | 68,710 | 58,126 | 49,926 | 44,412 | 38,616 | 35,329 | 32,968 | 41,497 | 38,241 | 34,222 |
| Cumulative effect of change in accounting principle (Note 2) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | (12,821) | N/A | N/A |
| Net position, beginning of year, as restated (Note 2) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 28,676 | N/A | N/A |
| (Increase) decrease in net position | \$ (9,852) | \$ (10,584) | \$ (8,200) | \$ (5,514) | \$ (5,796) | \$ (3,287) | \$ (2,361) | \$ (4,292) | \$ (3,256) | \$ (4,019) |

*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 2016 to 2025
(unaudited)

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Tuition and Fees (Net of Discounts) | \$4,612 | \$3,236 | \$4,366 | \$3,824 | \$3,903 | \$3,758 | \$3,794 | \$3,828 | \$3,264 | \$3,180 |
| Governmental Grants and Contracts | | | | | | | | | | |
| Federal Grants and Contracts | 596 | 633 | 598 | 578 | 675 | 770 | 715 | 580 | 566 | 523 |
| State Grants and Contracts | 1,181 | 699 | 684 | 358 | 545 | 395 | 504 | 658 | 937 | 188 |
| Local Grants and Contracts | - | - | - | - | - | - | - | - | - | - |
| Non-Governmental Grants and Contracts | 44 | 138 | 121 | 123 | 94 | 2 | 3 | 2 | 6 | 4 |
| Sales and services of educational activities | 25 | 22 | 18 | 28 | 18 | 2 | 56 | 73 | 93 | 84 |
| Auxiliary enterprises | 1,387 | 1,230 | 1,126 | 1,216 | 1,157 | 1,003 | 1,257 | 1,095 | 1,080 | 1,085 |
| Other Operating Revenues | 399 | 399 | 398 | 376 | 324 | 305 | 317 | 366 | 257 | 292 |
| Total Operating Revenues | 8,244 | 6,357 | 7,311 | 6,503 | 6,716 | 6,235 | 6,646 | 6,602 | 6,203 | 5,356 |
| State Appropriations | 9,069 | 8,212 | 6,355 | 6,249 | 6,186 | 6,108 | 6,096 | 6,512 | 5,916 | 5,968 |
| Ad Valorem Taxes | 14,334 | 14,336 | 13,233 | 11,783 | 11,088 | 10,049 | 8,972 | 8,602 | 8,451 | 8,939 |
| Federal Revenue, Non Operating | 3,940 | 5,496 | 5,213 | 10,186 | 10,275 | 7,162 | 6,989 | 8,933 | 9,414 | 8,893 |
| Gifts | 332 | 1,022 | 918 | 399 | 150 | 501 | 280 | 1,187 | 345 | 609 |
| Insurance Recoveries | - | - | - | - | 138 | - | - | - | - | - |
| Transfer to Panola College Foundation | - | - | - | - | - | - | - | - | - | (57) |
| Investment income | 3,072 | 3,351 | 2,383 | (1,071) | 1,305 | 935 | 684 | 533 | 201 | 188 |
| Gain(Loss) on Disposal of Capital Assets | 3 | (8) | 14 | 298 | (67) | (91) | - | (309) | - | (177) |
| Other non-operating revenues | 813 | 438 | 796 | 1,332 | 318 | 145 | 196 | 292 | 44 | 92 |
| Total Non-Operating Revenues | 31,563 | 32,847 | 28,912 | 29,176 | 29,393 | 24,809 | 23,217 | 25,750 | 24,371 | 24,455 |
| Additions to Permanent Endowments | 560 | 97 | 407 | 221 | 101 | 241 | 158 | 330 | 79 | 55 |
| Total Revenues | \$ 40,367 | \$ 39,301 | \$ 36,630 | \$ 35,900 | \$ 36,210 | \$ 31,285 | \$ 30,021 | \$ 32,682 | \$ 30,653 | \$ 29,866 |

For the Year Ended August 31,

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tuition and fees (net of discounts) | 11.42% | 8.23% | 11.92% | 10.65% | 10.78% | 12.00% | 12.63% | 11.70% | 10.64% | 10.64% |
| Governmental grants and contracts | | | | | | | | | | |
| Federal grants and contracts | 1.48% | 1.61% | 1.63% | 1.61% | 1.86% | 2.46% | 2.38% | 1.78% | 1.85% | 1.75% |
| State grants and contracts | 2.93% | 1.78% | 1.87% | 1.00% | 1.51% | 1.26% | 1.68% | 2.01% | 3.06% | 0.63% |
| 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 | 0.11% | 0.35% | 0.33% | 0.34% | 0.26% | 0.01% | 0.01% | 0.01% | 0.02% | 0.01% |
| Sales and services of educational activities | 0.06% | 0.06% | 0.05% | 0.08% | 0.05% | 0.01% | 0.19% | 0.22% | 0.30% | 0.28% |
| Auxiliary enterprises | 3.44% | 3.13% | 3.07% | 3.39% | 3.20% | 3.21% | 4.19% | 3.35% | 3.52% | 3.63% |
| Other operating revenues | 0.98% | 1.01% | 1.08% | 1.04% | 0.90% | 0.97% | 1.05% | 1.11% | 0.83% | 0.97% |
| Total Operating Revenues | 20.42% | 16.17% | 19.95% | 18.10% | 18.55% | 19.93% | 22.14% | 20.20% | 20.24% | 17.93% |
| State appropriations | 22.48% | 20.91% | 17.36% | 17.42% | 17.08% | 19.53% | 20.32% | 19.94% | 19.31% | 19.99% |
| Ad valorem taxes | 35.51% | 36.48% | 36.13% | 32.82% | 30.62% | 32.12% | 29.89% | 26.32% | 27.57% | 29.93% |
| Non-Governmental Grants and Contracts | 9.76% | 13.98% | 14.23% | 28.37% | 28.38% | 22.89% | 23.28% | 27.33% | 30.71% | 29.78% |
| Gifts | 0.82% | 2.60% | 2.51% | 1.11% | 0.41% | 1.60% | 0.93% | 3.63% | 1.13% | 2.04% |
| Insurance Recoveries | 0.00% | 0.00% | 0.00% | 0.00% | 0.38% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Transfer to Panola College Foundation | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -0.19% |
| Investment income | 7.61% | 8.53% | 6.51% | -2.98% | 3.60% | 2.99% | 2.28% | 1.63% | 0.66% | 0.63% |
| Gain on Disposal of Capital Assets | 0.01% | -0.02% | 0.04% | 0.83% | -0.19% | -0.29% | 0.00% | -0.95% | 0.00% | -0.59% |
| Other non-operating revenues | 2.01% | 1.11% | 2.17% | 3.71% | 0.88% | 0.46% | 0.65% | 0.89% | 0.14% | 0.31% |
| Total Non-Operating Revenues | 78.19% | 83.58% | 78.93% | 81.27% | 81.18% | 79.30% | 77.34% | 78.79% | 79.51% | 81.88% |
| Additions to Permanent Endowments | 1.39% | 0.25% | 1.11% | 0.62% | 0.28% | 0.77% | 0.53% | 1.01% | 0.26% | 0.18% |
| Total Revenues | 100.00% |

Panola College

Statistical Supplement 3

Program Expenses by Function

Fiscal Years 2016 to 2025

(unaudited)

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Instruction | \$9,559 | \$9,172 | \$9,361 | \$8,541 | \$9,124 | \$9,290 | \$8,907 | \$8,883 | \$8,383 | \$8,365 |
| Research | - | - | - | - | - | - | - | - | - | - |
| Public service | - | - | 220 | 215 | 32 | 376 | 419 | 365 | 401 | 206 |
| Academic support | 3,314 | 3,233 | 3,292 | 2,874 | 2,943 | 3,047 | 3,035 | 2,880 | 2,608 | 2,604 |
| Student services | 2,279 | 1,961 | 1,860 | 1,882 | 1,664 | 1,630 | 1,651 | 1,597 | 1,371 | 1,561 |
| Institutional support | 3,498 | 3,602 | 3,230 | 5,111 | 4,953 | 3,435 | 2,948 | 2,760 | 2,522 | 2,532 |
| Operation and maintenance of plant | 2,398 | 2,586 | 2,278 | 2,097 | 1,972 | 1,529 | 1,693 | 1,794 | 1,771 | 1,711 |
| Scholarships and fellowships | 2,840 | 2,119 | 1,969 | 3,911 | 4,300 | 3,389 | 3,242 | 4,292 | 4,470 | 3,771 |
| Auxiliary enterprises | 2,608 | 2,542 | 2,531 | 2,366 | 2,275 | 2,080 | 2,487 | 2,579 | 2,671 | 2,903 |
| Depreciation | 3,262 | 2,704 | 2,649 | 2,518 | 2,266 | 2,321 | 2,347 | 2,277 | 2,202 | 2,025 |
| Total Operating Expenses | 29,758 | 27,919 | 27,390 | 29,515 | 29,529 | 27,097 | 26,729 | 27,427 | 26,399 | 25,678 |
| Interest on capital related debt | 757 | 798 | 1,040 | 872 | 885 | 901 | 931 | 963 | 998 | 170 |
| Bond issuance costs | - | - | - | - | - | - | - | - | - | - |
| Loss on disposal of capital assets | - | - | - | - | - | - | - | - | - | - |
| Total Non-Operating Expenses | 757 | 798 | 1,040 | 872 | 885 | 901 | 931 | 963 | 998 | 170 |
| Total Expenses | \$ 30,515 | \$ 28,717 | \$ 28,430 | \$ 30,387 | \$ 30,414 | \$ 27,998 | \$ 27,660 | \$ 28,390 | \$ 27,397 | \$ 25,848 |

For the Year Ended August 31,

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Instruction | 31.32% | 31.94% | 32.93% | 28.11% | 30.00% | 33.18% | 32.20% | 31.29% | 30.60% | 32.36% |
| Research | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Public service | 0.00% | 0.00% | 0.77% | 0.71% | 0.11% | 1.34% | 1.51% | 1.29% | 1.46% | 0.80% |
| Academic support | 10.86% | 11.26% | 11.58% | 9.46% | 9.68% | 10.88% | 10.97% | 10.14% | 9.52% | 10.07% |
| Student services | 7.47% | 6.83% | 6.54% | 6.19% | 5.47% | 5.82% | 5.97% | 5.63% | 5.00% | 6.04% |
| Institutional support | 11.46% | 12.54% | 11.36% | 16.82% | 16.29% | 12.27% | 10.66% | 9.72% | 9.21% | 9.80% |
| Operation and maintenance of plant | 7.86% | 9.01% | 8.01% | 6.90% | 6.48% | 5.46% | 6.12% | 6.32% | 6.46% | 6.62% |
| Scholarships and fellowships | 9.31% | 7.38% | 6.93% | 12.87% | 14.14% | 12.10% | 11.72% | 15.12% | 16.32% | 14.59% |
| Auxiliary enterprises | 8.55% | 8.85% | 8.90% | 7.79% | 7.48% | 7.43% | 8.99% | 9.08% | 9.75% | 11.23% |
| Depreciation | 10.69% | 9.42% | 9.32% | 8.29% | 7.45% | 8.29% | 8.49% | 8.02% | 8.04% | 7.83% |
| Total Operating Expenses | 97.52% | 97.22% | 96.34% | 97.13% | 97.09% | 96.78% | 96.63% | 96.61% | 96.36% | 99.34% |
| Interest on capital related debt | 2.48% | 2.78% | 3.66% | 2.87% | 2.91% | 3.22% | 3.37% | 3.39% | 3.64% | 0.66% |
| Bond issuance costs | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 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 | 2.48% | 2.78% | 3.66% | 2.87% | 2.91% | 3.22% | 3.37% | 3.39% | 3.64% | 0.66% |
| Total Expenses | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Change in Net Position | \$ 9,852 | \$ 10,584 | \$ 8,200 | \$ 5,513 | \$ 5,796 | \$ 3,287 | \$ 2,361 | \$ 4,292 | \$ 3,256 | \$ 4,018 |

Panola College

Statistical Supplement 4

Tuition and Fees

Last Ten Academic Years

(unaudited)

Resident

Fees per Semester Credit Hour (SCH)

| Academic Year (Fall) | In-District Tuition | Out-of-District Tuition | 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 |
|----------------------|---------------------|-------------------------|--------------|----------------------|-----------------------------|---------------------------------|--------------------------------------|--|
| 2024 | \$ 33 | \$ 33 | \$ 65 | \$ 72 | \$ 1,176 | \$ 2,040 | 3.16% | 3.03% |
| 2023 | 33 | 33 | 62 | 70 | 1,140 | 1,980 | 3.26% | 3.13% |
| 2022 | 33 | 33 | 59 | 68 | 1,104 | 1,920 | 4.55% | 4.58% |
| 2021 | 33 | 33 | 55 | 65 | 1,056 | 1,836 | 2.33% | 2.68% |
| 2020 | 33 | 33 | 53 | 63 | 1,032 | 1,788 | 2.38% | 4.20% |
| 2019 | 33 | 33 | 51 | 59 | 1,008 | 1,716 | 5.00% | 5.15% |
| 2018 | 29 | 29 | 51 | 56 | 960 | 1,632 | 2.56% | 4.62% |
| 2017 | 27 | 27 | 51 | 52 | 936 | 1,560 | 2.63% | 3.17% |
| 2016 | 25 | 25 | 51 | 50 | 912 | 1,512 | 4.11% | 4.13% |
| 2015 | 25 | 25 | 48 | 48 | 876 | 1,452 | 4.29% | 2.54% |

Non-Resident

Fees per Semester Credit Hour (SCH)

| Academic Year (Fall) | Non-Resident Tuition Out of State | Non-Resident Tuition International | 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 |
|----------------------|-----------------------------------|------------------------------------|--------------|---------------------------------|------------------------------|-------------------------------|---------------------------------------|--|
| 2024 | \$ 33 | \$ 33 | \$ 65 | \$ 120 | \$ 2,616 | \$ 2,616 | 3.32% | 3.32% |
| 2023 | 33 | 33 | 62 | 116 | 2,532 | 2,532 | 3.43% | 3.43% |
| 2022 | 33 | 33 | 59 | 112 | 2,448 | 2,448 | 4.62% | 4.62% |
| 2021 | 33 | 33 | 55 | 107 | 2,340 | 2,340 | 2.63% | 2.63% |
| 2020 | 33 | 33 | 53 | 104 | 2,280 | 2,280 | 4.40% | 4.40% |
| 2019 | 33 | 33 | 51 | 98 | 2,184 | 2,184 | 5.20% | 5.20% |
| 2018 | 29 | 29 | 51 | 93 | 2,076 | 2,076 | 4.85% | 4.85% |
| 2017 | 27 | 27 | 51 | 87 | 1,980 | 1,980 | 3.77% | 3.77% |
| 2016 | 25 | 25 | 51 | 83 | 1,908 | 1,908 | 4.61% | 4.61% |
| 2015 | 25 | 25 | 48 | 79 | 1,824 | 1,824 | 2.01% | 2.01% |

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)

(amounts expressed in thousands)

| Fiscal Year | | | | | | | Taxable Assessed Value (TAV) | Ratio of Taxable Assessed Value to Assessed Value | Direct Rate | | |
|-------------|-------------------------|------------------------|----------------------|--------------|---------------------|---------------------------------------|---------------------------------------|--|-------------|----------|--|
| | Residential Property | Commercial Property | Personal Property | Mineral | Less: Exemptions | Maintenance & Operations (a) | Debt Service (a) | Total (a) | | | |
| 2024-25 | \$ 2,115,921 | \$ 876,223 | \$ 118,945 | \$ 3,764,225 | \$ 1,786,443 | \$ 5,088,871 | 74.02% | 0.247970 | 0.038270 | 0.286240 | |
| 2023-24 | 1,972,955 | 594,658 | 108,615 | 6,186,413 | 1,480,988 | 7,381,653 | 83.29% | 0.167990 | 0.027550 | 0.195540 | |
| 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 | |

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, | | | | | | | | | |
|--|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| 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 |
| State Appropriation Student Success Points (SSP) | - | - | 631,087 | 631,087 | 448,467 | 448,467 | 341,250 | 341,250 | 313,989 | 313,989 |
| State Appropriation Core Operations (CO) | - | - | 680,406 | 680,406 | 680,406 | 680,406 | 680,406 | 341,251 | 500,000 | 500,000 |
| State Appropriation Bachelor of Applied Technology (BAT) | - | - | - | - | - | - | - | - | - | - |
| State Appropriation Non-Formula Items | - | - | 500,000 | 500,000 | - | - | - | - | - | - |
| State Appropriation Formula Funding | 7,487,640 | 6,729,578 | - | - | - | - | - | - | - | - |
| Total | 7,487,640 | 6,729,578 | 5,315,529 | 5,315,530 | 4,862,959 | 4,863,257 | 5,075,160 | 5,075,160 | 4,736,006 | 4,682,985 |

(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 |
| 2024-25 | \$7,487,640 | 1,817 | \$4,121 |
| 2023-24 | \$6,729,578 | 1,653 | \$4,071 |
| 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 |

(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

| Fiscal Year | State Appropriation per Funded Contact Hour | | | | | |
|-------------|---|------------------------|------------------------|------------------------------------|---------------------|--------------------------------------|
| | Contact Hour (CH) portion only of State Appropriation | | | | | |
| | CH-State Appropriation (Unrestricted) (1) | Academic Contact Hours | Voc/Tech Contact Hours | Continuing Education Contact Hours | Total Contact Hours | State Appropriation per Contact Hour |
| 2024-25 | \$7,487,640 | 685,440 | 461,264 | 64,912 | 1,211,616 | \$6.18 |
| 2023-24 | \$6,729,578 | 670,336 | 412,320 | 28,572 | 1,111,228 | \$6.06 |
| 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 |

CH = State funded Academic, Technical and Continuing Education Contact hours for Fall, Spring and

Summer of the Current FY - Source: CBM004 and CBM00C.

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

* FY 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 n per FTSE |
| 2024-25 | \$0 | N/A** | N/A** |
| 2023-24 | \$0 | N/A** | N/A** |
| 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 |

(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) | | | | | | | |
|-------------------------------------|-------------------------------------|-------|-------|-------|------|------|------|------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Math Readiness | N/A** | N/A** | N/A** | N/A** | 143 | 160 | 196 | 207 |
| Read Readiness | N/A** | N/A** | N/A** | N/A** | 95 | 91 | 106 | 138 |
| Write Readiness | N/A** | N/A** | N/A** | N/A** | 45 | 46 | 55 | 85 |
| Students Who Pass FCL Math Course | N/A** | N/A** | N/A** | N/A** | 491 | 412 | 421 | 345 |
| Students Who Pass FCL Read Course | N/A** | N/A** | N/A** | N/A** | 729 | 771 | 816 | 715 |
| Students Who Pass FCL Write Course | N/A** | N/A** | N/A** | N/A** | 513 | 556 | 595 | 544 |
| Students Who Complete 15 SCH | N/A** | N/A** | N/A** | N/A** | 871 | 913 | 865 | 878 |
| Students Who Complete 30 SCH | N/A** | N/A** | N/A** | N/A** | 607 | 552 | 598 | 610 |
| Student Transfers to a 4-Yr Inst | N/A** | N/A** | N/A** | N/A** | 220 | 279 | 282 | 244 |
| Degrees, CCCs, or Certs (Undup) | N/A** | N/A** | N/A** | N/A** | 371 | 368 | 393 | 315 |
| Degrees or Certs in Critical Fields | N/A** | N/A** | N/A** | N/A** | 192 | 235 | 234 | 230 |
| Annual Success Points - Total | N/A** | N/A** | 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)

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

| Taxpayer | Type of Business | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------------------|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| TGNR East II Texas LLC | Petroleum | \$ 427,652 | \$ - | \$ 233,490 | \$ 193,387 | \$ 104,633 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sabine Oil & Gas | Petroleum | 211,708 | 212,834 | 495,983 | 335,005 | 160,387 | 129,703 | - | - | - | - |
| Gemini Carthage Pipeline LLC | Petroleum | 181,958 | 175,628 | 165,892 | 117,857 | 85,084 | - | - | - | - | - |
| BTA ETG Gathering LLC | Petroleum | 172,940 | 182,009 | 147,393 | 126,755 | 109,069 | - | - | - | - | - |
| R. Lacy Operations Ltd. | Petroleum | 157,059 | 108,129 | 302,722 | 317,035 | 92,344 | - | - | - | - | - |
| Teco Gas Processing | Petroleum | 111,510 | 123,735 | 119,643 | 109,761 | 96,196 | 100,071 | - | - | - | - |
| Sheridan Production Company | Petroleum | 101,393 | 94,148 | 191,331 | 142,004 | 80,686 | 85,189 | 126,923 | 78,370 | - | - |
| MarkWest Carthage Plant & East | Petroleum | 98,663 | 97,436 | - | - | 73,101 | 81,334 | 112,001 | 113,339 | 123,431 | 121,464 |
| TNRG East Texas LLC (MIN-WI) | Petroleum | 97,670 | - | - | - | - | - | - | - | - | - |
| MarkWest Eastern TX Gas Co LP | Petroleum | 87,272 | - | - | 101,848 | 107,896 | 131,016 | 141,237 | 152,344 | 174,735 | 171,043 |
| Rockcliff Energy OP | Petroleum | - | 452,817 | 1,206,904 | 904,487 | 485,927 | 248,974 | - | - | - | - |
| DCP East Tx Gathering LP-Plant | Petroleum | - | 122,849 | - | - | - | 71,201 | 134,375 | 168,711 | 172,494 | 206,667 |
| Comstock | Petroleum | - | 105,410 | 304,480 | 83,650 | - | - | - | - | - | - |
| Silver Hill Energy Operating | Petroleum | - | - | 121,154 | - | - | - | - | - | - | - |
| CCI East Tx Upstream | Petroleum | - | - | - | - | - | 192,962 | 342,040 | 351,247 | - | - |
| Midcoast P/L ETX G&P-Beckville | Petroleum | - | - | - | - | - | 60,898 | - | - | - | - |
| ETC Tiger Pipeline | Petroleum | - | - | - | - | - | 59,832 | 53,161 | 51,878 | 55,280 | - |
| Anadarko E&P Company LP (MIN) | Petroleum | - | - | - | - | - | - | - | - | 302,668 | 459,711 |
| Anadarko E&P Company LP (MI) | Petroleum | - | - | - | - | - | - | - | - | 156,681 | 182,003 |
| Devon Energy (Pennzenergy) | Petroleum | - | - | - | - | - | - | - | - | 101,146 | 238,005 |
| Samson Lone Star LP | Petroleum | - | - | - | - | - | - | - | - | 60,030 | 107,198 |
| XTO Energy (Min) | Petroleum | - | - | - | - | - | - | - | - | 50,448 | 98,537 |
| Luminant | Coal Mining | - | - | - | - | - | - | - | - | - | 75,064 |
| Memorial Production | Petroleum | - | - | - | - | - | - | - | - | - | 65,480 |
| Exxon Mobile Corp. | Petroleum | - | - | - | - | - | - | - | - | - | - |
| XTO Energy (Hunt Pet) | Petroleum | - | - | - | - | - | - | - | - | - | - |
| DCP Midstream LP | Petroleum | - | - | - | - | - | - | - | - | - | - |
| 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 | | \$ 1,647,825 | \$ 1,674,995 | \$ 3,288,992 | \$ 2,431,789 | \$ 1,395,323 | \$ 1,161,180 | \$ 1,090,067 | \$ 1,144,253 | \$ 1,267,041 | \$ 1,725,172 |
| Total Taxable Assessed Value | | \$ 14,566,386 | \$ 14,434,084 | \$ 12,810,173 | \$ 11,472,121 | \$ 10,652,716 | \$ 9,984,389 | \$ 9,037,439 | \$ 8,686,796 | \$ 8,600,726 | \$ 9,229,735 |

% of Taxable Assessed Value (TAV) by Tax Year

| Taxpayer | Type of Business | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| TGNR East II Texas LLC | Petroleum | 2.94% | 0.00% | 1.62% | 1.34% | 0.72% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Sabine Oil & Gas | Petroleum | 1.45% | 1.47% | 3.44% | 2.32% | 1.11% | 0.90% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gemini Carthage Pipeline LLC | Petroleum | 1.25% | 1.22% | 1.15% | 0.82% | 0.59% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| BTA ETG Gathering LLC | Petroleum | 1.19% | 1.26% | 1.02% | 0.88% | 0.76% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| R. Lacy Operations Ltd. | Petroleum | 1.08% | 0.75% | 2.10% | 2.20% | 0.64% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Teco Gas Processing | Petroleum | 0.77% | 0.86% | 0.83% | 0.76% | 0.67% | 0.69% | 0.00% | 0.00% | 0.00% | 0.00% |
| Sheridan Production Company | Petroleum | 0.70% | 0.65% | 1.33% | 0.98% | 0.56% | 0.59% | 0.88% | 0.54% | 0.00% | 0.00% |
| MarkWest Carthage Plant & East | Petroleum | 0.68% | 0.68% | 0.00% | 0.00% | 0.51% | 0.56% | 0.78% | 0.79% | 0.86% | 0.84% |
| TNRG East Texas LLC (MIN-WI) | Petroleum | 0.67% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| MarkWest Eastern TX Gas Co LP | Petroleum | 0.60% | 0.00% | 0.00% | 0.71% | 0.75% | 0.91% | 0.98% | 1.06% | 1.21% | 1.18% |
| Rockcliff Energy OP | Petroleum | 0.00% | 3.14% | 8.36% | 6.27% | 3.37% | 1.72% | 0.00% | 0.00% | 0.00% | 0.00% |
| DCP East Tx Gathering LP-Plant | Petroleum | 0.00% | 0.85% | 0.00% | 0.00% | 0.00% | 0.49% | 0.93% | 1.17% | 1.20% | 1.43% |
| Comstock | Petroleum | 0.00% | 0.73% | 2.11% | 0.58% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Silver Hill Energy Operating | Petroleum | 0.00% | 0.00% | 0.84% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| CCI East Tx Upstream | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.34% | 2.37% | 2.43% | 0.00% | 0.00% |
| Midcoast P/L ETX G&P-Beckville | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.42% | 0.00% | 0.00% | 0.00% | 0.00% |
| ETC Tiger Pipeline | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.41% | 0.37% | 0.36% | 0.38% | 0.00% |
| Anadarko E&P Company LP (MIN) | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 2.10% | 3.18% |
| Anadarko E&P Company LP (MI) | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.26% |
| Devon Energy (Pennzenergy) | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.65% |
| Samson Lone Star LP | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.42% | 0.74% |
| XTO Energy (Min) | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.35% |
| Luminant | Coal Mining | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.52% |
| Memorial Production | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.45% |
| Exxon Mobile Corp. | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| XTO Energy (Hunt Pet) | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| DCP Midstream LP | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Enbridge | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.43% | 0.45% | 0.49% | 0.00% |
| Enable Gas Transmission | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.31% | 0.31% | 0.00% | 0.00% |
| Amplify Energy Operating | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.29% | 0.30% | 0.00% | 0.00% |
| Louisiana Pacific | Timber | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.23% | 0.00% | 0.00% | 0.00% |
| Red River Nacogdoches I GP | Petroleum | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.51% | 0.00% | 0.00% | 0.00% |
| Totals | | 11.31% | 11.60% | 25.67% | 21.20% | 13.10% | 11.63% | 12.06% | 13.17% | 14.73% | 18.69% |

Source: Local County Appraisal District

Panola College

Statistical Supplement 8

Property Tax Levies and Collections

Last Ten Tax Years

(unaudited)

(amounts expressed in thousands)

| Fiscal Year Ended August 31 | Levy (a) | Cumulative Levy Adjustments | Adjusted Tax Levy (b) | Collections - Year of Levy (c) | Percentage | Prior Collections of Prior Levies (d) | | Current Collections of Prior Levies (e) | | Total Collections (C+D+E) | Cumulative Collections of Adjusted Levy |
|-----------------------------------|-------------|-----------------------------------|-----------------------------|--------------------------------------|------------|--|--------|---|--|---------------------------------|---|
| | | | | | | | | | | | |
| 2025 | \$ 14,566 | \$ 360 | \$ 14,926 | \$ 14,089 | 94.39% | \$ 78 | \$ 167 | | | 14,334 | 96.03% |
| 2024 | 14,434 | 303 | 14,737 | 14,195 | 96.32% | 55 | 86 | | | 14,336 | 97.69% |
| 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% |

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) | | | | | | | | | |
|---|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| General Bonded Debt | | | | | | | | | | |
| General obligation bonds | \$ 20,630 | \$ 21,860 | \$ 22,995 | \$ 24,330 | \$ 25,425 | \$ 26,470 | \$ 27,470 | \$ 28,430 | \$ 29,350 | \$ 30,235 |
| General obligation bonds premium | 301 | 324 | 347 | 47 | 110 | 201 | 382 | 461 | 625 | 814 |
| Notes | - | - | - | - | - | - | - | - | - | - |
| Less: Funds restricted for debt service | - | - | - | - | - | - | - | - | - | - |
| Net general bonded debt | \$ 20,931 | \$ 22,184 | \$ 23,342 | \$ 24,377 | \$ 25,535 | \$ 26,671 | \$ 27,852 | \$ 28,891 | \$ 29,975 | \$ 31,049 |
| Other Debt | | | | | | | | | | |
| Revenue bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 213 | \$ 420 | \$ 1,220 | \$ 2,012 |
| Notes | - | - | - | - | - | - | - | - | - | - |
| Lease obligations | 149 | 219 | | | | | | | | |
| SBITA obligations | 112 | 244 | 286 | 351 | - | - | - | - | - | - |
| Net other debt | \$ 261 | \$ 463 | \$ 286 | \$ 351 | \$ - | \$ - | \$ 213 | \$ 420 | \$ 1,220 | \$ 2,012 |
| Total Outstanding Debt | \$ 21,192 | \$ 22,647 | \$ 23,628 | \$ 24,728 | \$ 25,535 | \$ 26,671 | \$ 28,065 | \$ 29,311 | \$ 31,195 | \$ 33,061 |
| General Bonded Debt Ratios | | | | | | | | | | |
| Per Capita | \$ 0.92 | \$ 0.98 | \$ 1.03 | \$ 1.08 | \$ 1.07 | \$ 1.12 | \$ 1.17 | \$ 1.24 | \$ 1.28 | \$ 1.31 |
| Per FTSE | \$ 11.52 | \$ 13.42 | \$ 14.39 | \$ 14.55 | \$ 15.04 | \$ 15.66 | \$ 15.01 | \$ 14.55 | \$ 15.42 | \$ 15.89 |
| As a percentage of Taxable Assessed Value | 0.36% | 0.38% | 0.40% | 0.59% | 0.70% | 0.67% | 0.83% | 0.86% | 0.85% | 0.70% |
| Total Outstanding Debt Ratios | | | | | | | | | | |
| Per Capita | \$ 0.01 | \$ 0.02 | \$ 0.01 | \$ 0.02 | \$ - | \$ - | \$ 0.01 | \$ 0.02 | \$ 0.05 | \$ 0.08 |
| Per FTSE | \$ 0.14 | \$ 0.28 | \$ 0.17 | \$ 0.21 | \$ - | \$ - | \$ 0.11 | \$ 0.21 | \$ 0.63 | \$ 1.03 |
| As a percentage of Taxable Assessed Value | 0.00% | 0.01% | 0.00% | 0.01% | 0.00% | 0.00% | 0.01% | 0.01% | 0.03% | 0.05% |

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

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Panola College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
 (unaudited)

For the Year Ended August 31

| | 2025 | 2024 | 2023 |
|--|--------------|--------------|--------------|
| Taxable Assessed Value (amount expressed in thousands) | \$ 5,088,871 | \$ 7,381,653 | \$ 5,863,585 |
| General Obligation Bonds | | | |
| Statutory Tax Levy Limit for Debt Service | 2,544,436 | 3,690,827 | 2,931,793 |
| Less: Funds Restricted for Repayment of General Obligation Bonds | - | - | - |
| Total Net General Obligation Debt | 2,544,436 | 3,690,827 | 2,931,793 |
| Current Year Debt Service Requirements | 1,230,000 | 1,135,000 | 1,150,000 |
| Excess of Statutory Limit for Debt Service over Current Requirements | \$ 1,314,436 | \$ 2,555,827 | \$ 1,781,793 |
| Net Current Requirements as a % of Statutory Limit | 48.34% | 30.75% | 39.23% |

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.

| 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 4,130,376 | \$ 3,663,371 | \$ 3,975,943 | \$ 3,342,372 | \$ 3,374,363 | \$ 3,534,448 | \$ 4,440,148 |
| 2,065,188 | 1,831,686 | 1,987,972 | 1,671,186 | 1,687,182 | 1,767,224 | 2,220,074 |
| - | - | - | - | - | - | - |
| 2,065,188 | 1,831,686 | 1,987,972 | 1,671,186 | 1,687,182 | 1,767,224 | 2,220,074 |
| 1,095,000 | 1,045,000 | 1,000,000 | 960,000 | 920,000 | 885,000 | 855,000 |
| \$ 970,188 | \$ 786,686 | \$ 987,972 | \$ 711,186 | \$ 767,182 | \$ 882,224 | \$ 1,365,074 |
| 53.02% | 57.05% | 50.30% | 57.44% | 54.53% | 50.08% | 38.51% |

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

Revenue Bonds

| Fiscal Year Ended August 31 | Pledged Revenues (\$000 omitted) | | | | | | |
|--------------------------------|----------------------------------|----------|--------------------|---------------------|-------------------|-----------|--|
| | General | | | | | | |
| | Tuition | Fee | Operating Revenues | Auxilliary Revenues | Investment Income | Total | |
| 2025 | \$ 2,349 | \$ 7,586 | \$ 399 | \$ 2,222 | \$ 3,331 | \$ 15,887 | |
| 2024 | 2,112 | 6,882 | 399 | 2,515 | 3,351 | 15,259 | |
| 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 | |

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 |

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

| Calendar Year | District Population | District Personal Income (thousands of dollars) | District Personal Income Per Capita | District Unemployment Rate |
|---------------|---------------------|--|-------------------------------------|----------------------------|
| 2024 | 22,838 | \$ 1,380,199 | \$ 60,434 | 4.1% |
| 2023 | 22,675 | 1,292,263 | 56,986 | 4.3% |
| 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% |

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
(b unaudited)

| Employer | Number of Employees | Percentage of Total Employment |
|----------------------------------|---------------------|--------------------------------|
| Natural Resource and Mining | 813 | 10.83% |
| Construction | 1,097 | 14.61% |
| Manufacturing | 889 | 11.84% |
| Trade, Transportation, Utilities | 1,425 | 18.98% |
| Information | 49 | 0.65% |
| Financial Activities | 210 | 2.79% |
| Professional Business Services | 556 | 7.40% |
| Education Health Services | 668 | 8.90% |
| Leisure Hospitality | 403 | 5.36% |
| Other Services | 195 | 2.60% |
| Federal | 57 | 0.76% |
| State | 32 | 0.43% |
| Local | 1,115 | 14.85% |
| Total | 7,509 | 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 | | | | | | | | | |
|---------------------------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Faculty | | | | | | | | | | |
| Full-Time | 62 | 68 | 70 | 70 | 71 | 72 | 75 | 75 | 70 | 69 |
| Part-Time | 95 | 88 | 88 | 78 | 71 | 71 | 77 | 66 | 82 | 78 |
| Total | 157 | 156 | 158 | 148 | 142 | 143 | 152 | 141 | 152 | 147 |
| Percent | | | | | | | | | | |
| Full-Time | 39.5% | 43.6% | 44.3% | 47.3% | 50.0% | 50.3% | 49.3% | 53.2% | 46.1% | 46.9% |
| Part-Time | 60.5% | 56.4% | 55.7% | 52.7% | 50.0% | 49.7% | 50.7% | 46.8% | 53.9% | 53.1% |
| Staff and Administrators | | | | | | | | | | |
| Full-Time | 97 | 85 | 82 | 82 | 80 | 80 | 81 | 81 | 81 | 83 |
| Part-Time | 70 | 74 | 74 | 70 | 64 | 65 | 68 | 64 | 56 | 63 |
| Total | 167 | 159 | 156 | 152 | 144 | 145 | 149 | 145 | 137 | 146 |
| Percent | | | | | | | | | | |
| Full-Time | 58.1% | 53.5% | 52.6% | 53.9% | 55.6% | 55.2% | 54.4% | 55.9% | 59.1% | 56.8% |
| Part-Time | 41.9% | 46.5% | 47.4% | 46.1% | 44.4% | 44.8% | 45.6% | 44.1% | 40.9% | 43.2% |
| FTSE per Full-time Faculty | 29.3 | 24.3 | 23.2 | 23.9 | 23.9 | 23.7 | 24.7 | 26.5 | 27.8 | 28.3 |
| FTSE per Full-Time Staff Member | 18.7 | 19.4 | 19.8 | 20.4 | 21.2 | 21.3 | 22.9 | 24.5 | 24.0 | 23.5 |
| Average Annual Faculty Salary | \$59,600 | \$58,208 | \$57,151 | \$55,750 | \$54,415 | \$52,255 | \$53,272 | \$54,367 | \$53,272 | \$51,541 |

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

| Student Classification | Fall 2024 | | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | |
|------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| 00-30 hours | 2,151 | 79.34% | 1,819 | 76.27% | 1,867 | 78.22% | 2,234 | 90.26% | 2,235 | 88.31% |
| 31-60 hours | 452 | 16.67% | 395 | 16.56% | 382 | 16.00% | 200 | 8.08% | 238 | 9.40% |
| > 60 hours | 108 | 3.98% | 171 | 7.17% | 138 | 5.78% | 41 | 1.66% | 58 | 2.29% |
| Total | 2,711 | 100.00% | 2,385 | 100.00% | 2,387 | 100.00% | 2,475 | 100.00% | 2,531 | 100.00% |

| Semester Hour Load | Fall 2024 | | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | |
|----------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| Less than 3 | 59 | 2.18% | 62 | 2.60% | 61 | 2.56% | 63 | 2.55% | 61 | 2.41% |
| 3-5 semester hours | 618 | 22.80% | 463 | 19.41% | 472 | 19.77% | 514 | 20.77% | 531 | 20.98% |
| 6-8 Semester hours | 647 | 23.87% | 530 | 22.22% | 546 | 22.87% | 545 | 22.02% | 595 | 23.51% |
| 9-11 semester hours | 374 | 13.80% | 329 | 13.79% | 376 | 15.75% | 351 | 14.18% | 343 | 13.55% |
| 12-14 semester hours | 573 | 21.14% | 562 | 23.56% | 552 | 23.13% | 540 | 21.82% | 566 | 22.36% |
| 15-17 semester hours | 337 | 12.43% | 342 | 14.34% | 291 | 12.19% | 365 | 14.75% | 357 | 14.11% |
| 18 & over | 103 | 3.80% | 97 | 4.07% | 89 | 3.73% | 97 | 3.92% | 78 | 3.08% |
| Total | 2,711 | 100.00% | 2,385 | 100.00% | 2,387 | 100.00% | 2,475 | 100.00% | 2,531 | 100.00% |

Average course load 9.1 9.0 9.0 9.3 9.0

| Tuition Status | Fall 2024 | | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | |
|----------------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| Texas Resident (in-District) | 619 | 22.83% | 560 | 23.48% | 541 | 22.66% | 598 | 24.16% | 576 | 22.76% |
| Texas Resident (out-of-District) | 1,817 | 67.02% | 1,598 | 67.00% | 1,603 | 67.16% | 1,608 | 64.97% | 1,694 | 66.93% |
| Non-Resident Tuition | 275 | 10.14% | 227 | 9.52% | 243 | 10.18% | 269 | 10.87% | 261 | 10.31% |
| Total | 2,711 | 100.00% | 2,385 | 100.00% | 2,387 | 100.00% | 2,475 | 100.00% | 2,531 | 100.00% |

...

| Student Classification | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | |
|------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| 00-30 hours | 2,024 | 77.46% | 2,134 | 76.96% | 1,993 | 75.04% | 1,917 | 71.88% | 2,182 | 81.69% |
| 31-60 hours | 433 | 16.57% | 477 | 17.20% | 471 | 17.73% | 558 | 20.92% | 374 | 14.00% |
| > 60 hours | 156 | 5.97% | 162 | 5.84% | 192 | 7.23% | 192 | 7.20% | 115 | 4.31% |
| Total | 2,613 | 100.00% | 2,773 | 100.00% | 2,656 | 100.00% | 2,667 | 100.00% | 2,671 | 100.00% |

| Semester Hour Load | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | |
|----------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| Less than 3 | 42 | 1.61% | 60 | 2.16% | 7 | 0.26% | 9 | 0.34% | 15 | 0.56% |
| 3-5 semester hours | 587 | 22.46% | 575 | 20.74% | 366 | 13.78% | 431 | 16.16% | 407 | 15.24% |
| 6-8 Semester hours | 583 | 22.31% | 615 | 22.18% | 569 | 21.42% | 564 | 21.15% | 544 | 20.37% |
| 9-11 semester hours | 402 | 15.38% | 347 | 12.51% | 321 | 12.09% | 289 | 10.84% | 340 | 12.73% |
| 12-14 semester hours | 590 | 22.58% | 695 | 25.06% | 846 | 31.85% | 786 | 29.47% | 809 | 30.29% |
| 15-17 semester hours | 345 | 13.20% | 407 | 14.68% | 456 | 17.17% | 457 | 17.14% | 465 | 17.41% |
| 18 & over | 64 | 2.45% | 74 | 2.67% | 91 | 3.43% | 131 | 4.91% | 91 | 3.41% |
| Total | 2,613 | 100.00% | 2,773 | 100.00% | 2,656 | 100.00% | 2,667 | 100.00% | 2,671 | 100.00% |

Average course load 9.1 9.4 10.3 10.2 10.2

| Tuition Status | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | |
|----------------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| Texas Resident (in-District) | 608 | 23.27% | 618 | 22.29% | 648 | 24.40% | 692 | 25.95% | 700 | 26.21% |
| Texas Resident (out-of-District) | 1,746 | 66.82% | 1,875 | 67.62% | 1,706 | 64.23% | 1,698 | 63.67% | 1,715 | 64.21% |
| Non-Resident Tuition | 259 | 9.91% | 280 | 10.10% | 302 | 11.37% | 277 | 10.39% | 256 | 9.58% |
| Total | 2,613 | 100.00% | 2,773 | 100.00% | 2,656 | 100.00% | 2,667 | 100.00% | 2,671 | 100.00% |

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

| Gender | Fall 2024 | | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | |
|--------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| Female | 1,813 | 66.88% | 1,583 | 66.37% | 1,583 | 66.32% | 1,636 | 66.10% | 1,660 | 65.59% |
| Male | 898 | 33.12% | 802 | 33.63% | 804 | 33.68% | 839 | 33.90% | 871 | 34.41% |
| Total | 2,711 | 100.00% | 2,385 | 100.00% | 2,387 | 100.00% | 2,475 | 100.00% | 2,531 | 100.00% |

| Ethnic Origin | Fall 2024 | | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | |
|------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| White | 1,663 | 61.34% | 1,364 | 57.19% | 1,372 | 57.48% | 1,596 | 64.48% | 1,637 | 64.68% |
| Hispanic | 260 | 9.59% | 493 | 20.67% | 477 | 19.98% | 254 | 10.26% | 232 | 9.17% |
| African American | 488 | 18.00% | 373 | 15.64% | 416 | 17.43% | 457 | 18.46% | 507 | 20.03% |
| Asian | 32 | 1.18% | 27 | 1.13% | 21 | 0.88% | 32 | 1.29% | 27 | 1.07% |
| Foreign | 25 | 0.92% | 35 | 1.47% | 27 | 1.13% | 23 | 0.93% | 13 | 0.51% |
| Native American | 113 | 4.17% | 14 | 0.59% | 9 | 0.38% | 48 | 1.94% | 50 | 1.98% |
| Multi-Racial | 130 | 4.80% | 78 | 3.27% | 65 | 2.72% | 64 | 2.59% | 63 | 2.49% |
| Other | - | 0.00% | 1 | 0.04% | - | 0.00% | 1 | 0.04% | 2 | 0.08% |
| Total | 2,711 | 100.00% | 2,385 | 100.00% | 2,387 | 100.00% | 2,475 | 100.00% | 2,531 | 100.00% |

| Age | Fall 2024 | | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | |
|-----------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| Under 18 | 1,268 | 46.77% | 950 | 39.83% | 901 | 37.75% | 918 | 37.09% | 1,015 | 40.10% |
| 18 -21 | 791 | 29.18% | 838 | 35.14% | 821 | 34.39% | 860 | 34.75% | 843 | 33.31% |
| 22 - 24 | 170 | 6.27% | 157 | 6.58% | 172 | 7.21% | 165 | 6.67% | 163 | 6.44% |
| 25 - 35 | 305 | 11.25% | 294 | 12.33% | 310 | 12.99% | 336 | 13.58% | 321 | 12.68% |
| 36 - 50 | 154 | 5.68% | 121 | 5.07% | 152 | 6.37% | 167 | 6.75% | 165 | 6.52% |
| 51 & over | 23 | 0.85% | 25 | 1.05% | 31 | 1.30% | 29 | 1.17% | 24 | 0.95% |
| Total | 2,711 | 100.00% | 2,385 | 100.00% | 2,387 | 100.00% | 2,475 | 100.00% | 2,531 | 100.00% |

Average Age 21.0 21.0 21.0 22.0 21.0

| Gender | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | |
|--------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| Female | 1,679 | 64.26% | 1,898 | 68.45% | 1,819 | 68.49% | 1,844 | 69.14% | 1,812 | 67.84% |
| Male | 934 | 35.74% | 875 | 31.55% | 837 | 31.51% | 823 | 30.86% | 859 | 32.16% |
| Total | 2,613 | 100.00% | 2,773 | 100.00% | 2,656 | 100.00% | 2,667 | 100.00% | 2,671 | 100.00% |

| Ethnic Origin | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | |
|------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| White | 1,724 | 65.98% | 1,789 | 64.51% | 1,723 | 64.87% | 1,765 | 66.18% | 1,774 | 66.42% |
| Hispanic | 223 | 8.53% | 221 | 7.97% | 183 | 6.89% | 158 | 5.92% | 202 | 7.56% |
| African American | 501 | 19.17% | 586 | 21.13% | 583 | 21.95% | 586 | 21.97% | 573 | 21.45% |
| Asian | 25 | 0.96% | 20 | 0.72% | 26 | 0.98% | 22 | 0.82% | 14 | 0.52% |
| Foreign | 37 | 1.42% | 46 | 1.66% | 55 | 2.07% | 58 | 2.17% | 38 | 1.42% |
| Native American | 38 | 1.45% | 39 | 1.41% | 32 | 1.20% | 31 | 1.16% | 26 | 0.97% |
| Multi- Racial | 62 | 2.37% | 68 | 2.45% | 50 | 1.88% | 43 | 1.61% | 39 | 1.46% |
| Other | 3 | 0.11% | 4 | 0.14% | 4 | 0.15% | 4 | 0.15% | 5 | 0.19% |
| Total | 2,613 | 100.00% | 2,773 | 100.00% | 2,656 | 100.00% | 2,667 | 100.00% | 2,671 | 100.00% |

| Age | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | |
|-----------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent |
| Under 18 | 945 | 36.17% | 885 | 31.91% | 590 | 22.21% | 554 | 20.77% | 569 | 21.30% |
| 18 -21 | 883 | 33.79% | 962 | 34.69% | 1,046 | 39.38% | 1,016 | 38.10% | 1,032 | 38.64% |
| 22 - 24 | 178 | 6.81% | 234 | 8.44% | 272 | 10.24% | 285 | 10.69% | 257 | 9.62% |
| 25 - 35 | 398 | 15.23% | 468 | 16.88% | 478 | 18.00% | 516 | 19.35% | 539 | 20.18% |
| 36 - 50 | 176 | 6.74% | 187 | 6.74% | 224 | 8.43% | 238 | 8.92% | 228 | 8.54% |
| 51 & over | 33 | 1.26% | 37 | 1.33% | 46 | 1.73% | 58 | 2.17% | 46 | 1.72% |
| Total | 2,613 | 100.00% | 2,773 | 100.00% | 2,656 | 100.00% | 2,667 | 100.00% | 2,671 | 100.00% |

Average Age 22.2 22.2 23.7 23.5 23.8

Panola College**Statistical Supplement 17****Transfers to Senior Institutions****2023 Fall Students as of Fall 2024****(Includes only public senior colleges in Texas)**

(unaudited)

| | | Transfer Student Count | Transfer Student Count | Transfer Student Count | Total of all Sample Transfer Students | % of all Sample Transfer Students |
|---------------|---|------------------------------|------------------------------|------------------------------|--|--|
| | | Academic | Technical | Tech-Prep | | |
| 1 | Angelo State University | | 1 | | 1 | 0.00 |
| 2 | Lamar University | | 4 | | 4 | 0.01 |
| 3 | Midwestern State University | | 1 | | 1 | 0.00 |
| 4 | Prairie View A & M University | | 2 | 1 | 3 | 0.01 |
| 5 | Sam Houston State University | | 15 | | 15 | 0.05 |
| 6 | Southwest Texas State University | | | | - | - |
| 7 | Stephen F Austin State University | 90 | | 13 | 106 | 0.35 |
| 8 | Sul Ross State University | | 1 | | 1 | 0.00 |
| 9 | Tarleton State University | | 9 | | 10 | 0.03 |
| 10 | Texas A & M International University | | | | - | - |
| 11 | Texas A & M University | 31 | | 1 | 32 | 0.10 |
| 12 | Texas A & M University at Commerce | | 3 | | 3 | 0.01 |
| 13 | Texas A & M University at Central Texas | | | 1 | 1 | 0.00 |
| 14 | Texas A & M University at Galveston | | | | - | - |
| 15 | Texas A & M University at San Antonio | | | | - | - |
| 16 | Texas A & M University at Texarkana | | 1 | 2 | 3 | 0.01 |
| 16 | Texas A & M University HSC | | | | - | - |
| 17 | Texas Southern University | | | | - | - |
| 18 | Texas State University | | 7 | | 7 | 0.02 |
| 19 | Texas Tech University | | 18 | | 18 | 0.06 |
| 20 | Texas Tech University Health Sciences Center | | | | - | - |
| 21 | Texas Women's University | | 5 | | 5 | 0.02 |
| 22 | The University of Texas at Arlington | | 3 | 2 | 5 | 0.02 |
| 23 | The University of Texas at Austin | | 5 | | 5 | 0.02 |
| 24 | The University of Texas at Rio Grande Valley | | | | - | - |
| 25 | The University of Texas at Dallas | | 5 | | 5 | 0.02 |
| 26 | The University of Texas Medical Branch at Galveston | | | | - | - |
| 27 | The University of Texas HSC Houston | | | | - | - |
| 27 | The University of Texas San Antonio | | 1 | | 1 | 0.00 |
| 28 | The University of Texas at Tyler | 56 | | 9 | 68 | 0.22 |
| 29 | The University of Texas at Permian Basin | | | 3 | | - |
| 30 | The University of Texas at Brownsville | | | | - | - |
| 31 | University of Houston | | 3 | | 4 | 0.01 |
| 32 | University of Houston - Clear Lake | | | | - | - |
| 33 | University of North Texas | | 7 | | 8 | 0.03 |
| 34 | University of North Texas - HSC | | | | - | - |
| 35 | University of North Texas - Dallas | | | | - | - |
| 36 | West Texas A & M University | | | | - | - |
| Totals | | 268 | 29 | 9 | 306 | 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 2016 to 2025
 (unaudited)

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Academic buildings | 10 | 10 | 9 | 9 | 7 | 7 | 7 | 7 | 7 | 7 |
| Square footage (in thousands) | 250 | 250 | 223 | 223 | 172 | 169 | 161 | 161 | 161 | 161 |
| 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) | 23 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Administrative and support buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Square footage (in thousands) | 55 | 55 | 55 | 55 | 30 | 30 | 30 | 30 | 30 | 30 |
| Dormitories | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage (in thousands) | 21 | 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) | 33 | 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 | 215 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 |
| Athletic Facilities | 3 | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage (in thousands) | 39 | 29 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 |
| 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 | - | - | - |
| Cars | - | 1 | - | - | - | - | - | - | - | - |
| Light Trucks/Vans | 8 | 8 | 9 | 9 | 11 | 9 | 9 | 9 | 9 | 9 |
| Buses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |