

PANOLA COLLEGE
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2020 AND 2019



PREPARED BY:
FISCAL SERVICES DEPARTMENT
PANOLA COLLEGE

**PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-3
GFOA Certificate of Achievement	4
Organizational Chart	5
Principal Officials	6
FINANCIAL SECTION	
Independent Auditor's Report	9-11
Management's Discussion and Analysis	12-17
BASIC FINANCIAL STATEMENTS	
Statements of Net Position (Exhibit 1)	19
Statements of Financial Position – Affiliated Organization (Exhibit 1-A)	20
Statements of Revenues, Expenses, and Changes in Net Position (Exhibit 2)	21
Statements of Activities – Affiliated Organization (Exhibit 2-A)	22
Statements of Cash Flows (Exhibit 3)	23-24
Notes to Financial Statements	26-51
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of College's Proportionate Share of Net Pension Liability-Teacher Retirement System of Texas	53
Schedule of College's Contributions-Teacher Retirement System of Texas	54
Schedule of College's Proportionate Share of Net OPEB Liability-Employees Retirement System of Texas	55
Schedule of College's Contributions-Employees Retirement System of Texas	56
Notes to Required Supplementary Information	57-58
SUPPLEMENTARY SCHEDULES	
Schedule of Operating Revenues (Schedule A)	61
Schedule of Operating Expenses by Object (Schedule B)	62
Schedule of Non-Operating Revenues and Expenses (Schedule C)	63
Schedule of Net Position by Source and Availability (Schedule D)	64

**PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS (CONTINUED)

Statements of Cash Flows – Affiliated Organization (Schedule E)	65
Schedule of Expenditures of Federal Awards (Schedule F)	66
Schedule of Expenditures of State Awards (Schedule G)	67
Notes to Schedules of Expenditures of Federal and State Awards	68

SINGLE AUDIT SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	71-72
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	73-75
Schedule of Findings and Questioned Costs	76-77

STATISTICAL SUPPLEMENTS - (Unaudited)

Statistical Objectives	79
Net Position by Component	80
Revenues by Source	81
Program Expenses by Function	82
Tuition and Fees	83
Assessed Value and Taxable Assessed Value of Property	84
State Appropriations per FTSE and Contact Hours	85
Principal Taxpayers	87-88
Property Tax Levies and Collections	89
Ratios of Outstanding Debt	90
Legal Debt Margin Information	91-92
Pledged Revenue Coverage	93-94
Demographic and Economic Statistics – Taxing District	95
Principal Employers by Industry	96
Faculty, Staff and Administrators Statistics	97

**PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS (CONTINUED)

Enrollment Details	98
Student Profile	99
Transfers to Senior Institutions	100
Capital Asset Information	101

PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



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

January 20, 2021

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

We are pleased to present the following comprehensive annual financial report (CAFR) for the Panola County Junior College District for the fiscal year ended August 31, 2020. The CAFR 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 State of Texas Single Audit Circular. Information 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 Panola College. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.

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

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

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

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

COLLEGE PROFILE

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

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

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

The Panola College Foundation 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

The last bond election for the College was done in Fiscal Year 2013. 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 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 the second largest natural gas reservoirs in the state. Timber, poultry, and cattle production also continue to contribute to the local economy. All of these activities have a positive impact on employment and the county tax base.

The College continues to have strong enrollment. Approximately 2,400 credit students and 400 continuing education students are enrolled in one of 56 programs of study offered through the College. This enrollment growth in prior years has created a need for additional facilities to handle the increased student loads. In addition to the aforementioned bond election, the College constructed a new 64 bed residence hall in fiscal year 2013. The College can now house up to 250 resident students.

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. Although the state appropriated funds have decreased as a percentage of the College's total funding compared to previous fiscal years, the overall outlook for the future remains strong due to projected student enrollment, strategic leadership and fiscal management. As part of the College's long-term financial plan, sufficient reserves are maintained to operate the College for 10 months or more.

FUTURE PROJECTS

On September 29, 2020 the College entered into a contract to construct a new Music Building on the main Carthage campus. The new building will include a band hall, ensemble rooms, practice rooms, office space, and additional space for lifelong learning. The project is currently scheduled for completion no later than December 31, 2021.

BUDGETING PROCESS

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the College a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended August 31, 2019 for its comprehensive annual financial report. This was the twenty-fifth consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a college must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Sincerely,



Alan Howard, MBA, CPA
Vice President of Fiscal Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Panola College
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2019

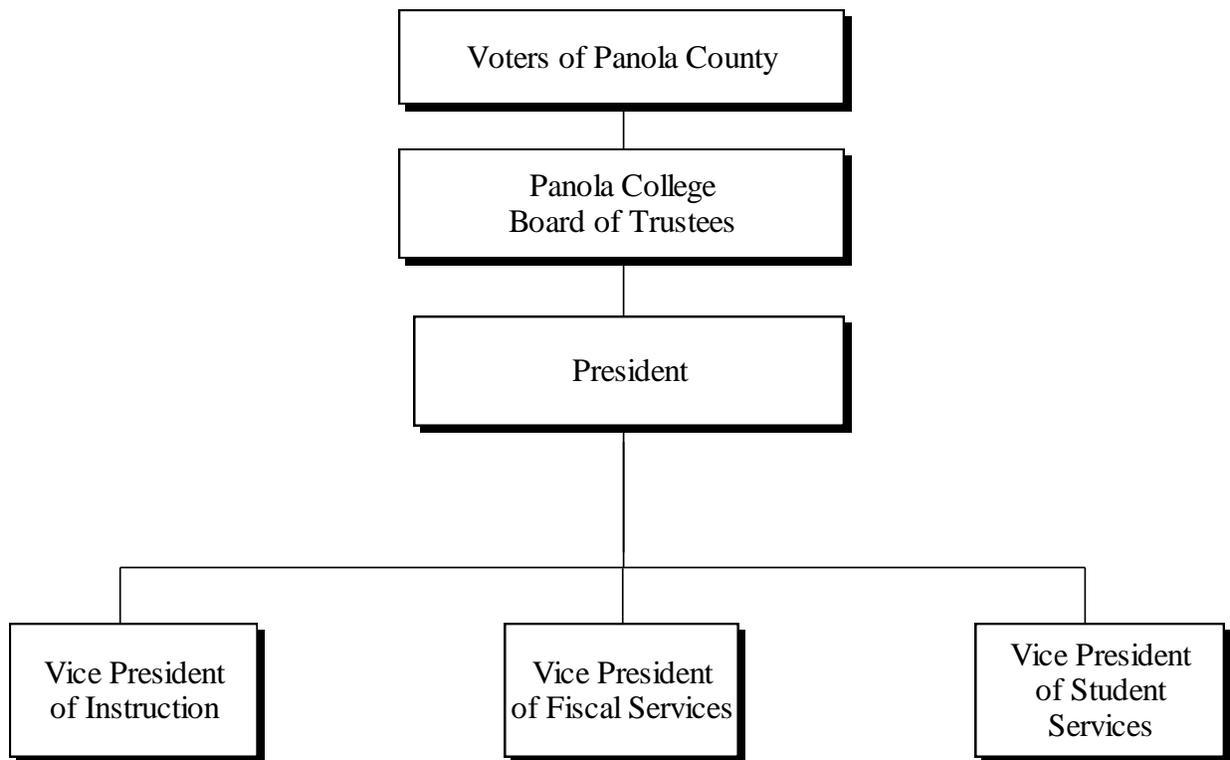
Christopher P. Morrill

Executive Director/CEO

ORGANIZATIONAL CHART

PANOLA COLLEGE

Carthage, Texas



**PANOLA COLLEGE
PRINCIPAL OFFICIALS
AUGUST 31, 2020**

BOARD OF TRUSTEES

OFFICERS

**Mr. William Goolsby
Mr. Hal Palmer
Mr. Richard Thomas**

**Chair
Vice-Chair
Secretary**

MEMBERS

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

Term Expires

**2024
2024
2020
2020
2022
2022
2022**

ADMINISTRATION

Dr. Gregory S. Powell

President

Dr. Billy W. Adams

Vice President of Instruction

Mr. Alan Howard, MBA, CPA

**Vice President of Fiscal
Services**

Mr. Don Clinton

**Vice President of Student
Services**

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**PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



FINANCIAL SECTION

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA



4000 S. Medford Drive
Lufkin, Texas 75901

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Panola College
Carthage, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Panola College (College) as of and for the years ended August 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Auditor's Responsibility - Continued

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Panola College as of August 31, 2020 and 2019 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.

Other Matters

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 12 through 17 and 53 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola College's basic financial statements. The introductory section, supplementary schedules, which include the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and statistical supplements are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Other Matters - Continued

Other Information - Continued

The supplementary schedules, including the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical supplements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021 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.
Certified Public Accountants

Lufkin, Texas
January 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Panola County Junior College District (the College) offers readers of the College's financial statement this narrative overview and analysis of the financial activities of the College for the year ended August 31, 2020. 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, 2020 by \$38,616,382 (net position). Of this amount, \$9.1M may be used to meet the College's ongoing obligations. The increase in unrestricted net position is primarily due to the increase in expendable construction funds and tax revenues. The calculation on page 16 reflects adjustments to the unrestricted net position to arrive at \$27.2M of operational resources.
- Revenue exceeded expenses by \$3,287,739 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 new financial statement reporting standards for the College with the fiscal year ended August 31, 2002. The new standards required the College's financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. The basic financial statements include: 1) the *Statement of Net Position*, 2) the *Statement of Revenues, Expenses, and Changes in Net Position*, and 3) the *Statement of Cash Flows*. The notes to the financial statements are an integral part of the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Statement of Net Position. The Statement of Net Position presents all of the College's assets and 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, 2020, 2019 and 2018

	2020	% of Total	from 2019 to 2020		2019	from 2018 to 2019		2018
			Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Assets:								
Current assets	\$ 31,765,683	35.8%	\$ 3,079,995	10.7%	\$ 28,685,688	\$ 6,801,846	31.1%	\$ 21,883,842
Noncurrent assets:								
Capital assets, net	47,820,014	53.8%	(1,361,387)	(2.8%)	49,181,401	(1,689,323)	(3.3%)	50,870,724
Other	9,255,059	10.4%	971,150	11.7%	8,283,909	(3,634,863)	(30.5%)	11,918,772
Total assets	88,840,756	100.0%	2,689,758	3.1%	86,150,998	1,477,660	1.7%	84,673,338
Deferred outflows	5,280,782	100.0%	167,116	3.3%	5,113,666	4,255,594	495.9%	858,072
Liabilities:								
Current liabilities	7,330,041	14.4%	(190,527)	(2.5%)	7,520,568	(118,136)	(1.5%)	7,638,704
Non-current liabilities	43,428,419	85.6%	38,146	0.1%	43,390,273	1,442,336	3.4%	41,947,937
Total liabilities	50,758,460	100.0%	(152,381)	(0.3%)	50,910,841	1,324,200	2.7%	49,586,641
Deferred Inflows	4,746,694	100.0%	(278,486)	(5.5%)	5,025,180	2,048,335	68.8%	2,976,845
Net position:								
Net investment in								
capital assets	21,149,314	54.8%	(30,248)	(0.1%)	21,179,562	(380,156)	(1.8%)	21,559,718
Restricted	8,338,403	21.6%	1,027,643	14.1%	7,310,760	1,691,816	30.1%	5,618,944
Unrestricted	9,128,665	23.6%	2,290,344	33.5%	6,838,321	1,049,059	18.1%	5,789,262
Total net position	\$ 38,616,382	100.0%	\$ 3,287,739	9.3%	\$ 35,328,643	\$ 2,360,719	7.2%	\$ 32,967,924

Current assets increased year over year by \$3.1M. The 2019-20 year's activity increases the College's overall net position by \$3.3M, an increase of 9.3% (this includes revenues over expenditures that increase net position by \$3.3M. The 2018-19 year's activity increased the overall net position of the College by 7.2% over the previous year's position. The College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38,616,382 at August 31, 2020. Assets amounted to \$88,840,756 with investment in capital assets comprising \$47.8M 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 54.8% of total net position. It should be noted that the capital assets themselves may not be used to liquidate liabilities. Additionally, \$8.3M (21.6%) of total net position is externally restricted. The remaining balance of \$9.1M represents unrestricted net position that may be used to meet the College's ongoing obligations; the calculation on page 16 reflects adjustments to the unrestricted net position to arrive at \$27.2M of operational resources available to the College. Total liabilities amounted to \$50.8M, down 0.3% 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, 2020, 2019 and 2018**

	2020	% of Total	from 2019 to 2020		2019	from 2018 to 2019		2018
			Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Operating revenues								
Tuition & fees, net	\$ 3,758,260	12.0%	\$ (36,082)	(1.0%)	\$ 3,794,342	\$ (33,387)	(0.9%)	\$ 3,827,729
Grants and contracts	1,166,284	3.7%	(55,947)	(4.6%)	1,222,231	(17,327)	(1.4%)	1,239,558
Auxiliary enterprises	1,003,379	3.2%	(253,664)	(20.2%)	1,257,043	161,378	14.7%	1,095,665
Other operating revenues	307,080	1.0%	(65,238)	(17.5%)	372,318	(66,767)	(15.2%)	439,085
Total operating revenues	6,235,003	19.9%	(410,931)	(6.2%)	6,645,934	43,897	0.7%	6,602,037
Non-operating revenues								
State appropriations	6,108,487	19.5%	12,018	0.2%	6,096,469	(415,910)	(6.4%)	6,512,379
Ad-valorem taxes	10,049,547	32.1%	1,077,610	12.0%	8,971,937	370,366	4.3%	8,601,571
Federal revenue	7,162,020	22.9%	172,784	2.5%	6,989,236	(1,943,381)	(21.8%)	8,932,617
Gifts/ Endowments	741,562	2.4%	303,589	69.3%	437,973	(1,079,574)	(71.1%)	1,517,547
Gain (loss) on assets	(91,453)	(0.3%)	(91,453)	(100.0%)	-	309,382	(100.0%)	(309,382)
Investment income	1,080,215	3.5%	200,226	22.8%	879,989	54,428	6.6%	825,561
Total non-operating revenues	25,050,378	80.1%	1,674,774	7.2%	23,375,604	(2,704,689)	(10.4%)	26,080,293
Total revenues	31,285,381	100.0%	1,263,843	4.2%	30,021,538	(2,660,792)	(8.1%)	32,682,330
Operating expenses								
Instruction	9,289,414	33.1%	382,320	4.3%	8,907,094	23,456	0.3%	8,883,638
Public service	375,981	1.4%	(42,937)	(10.2%)	418,918	54,298	14.9%	364,620
Academic support	3,047,282	10.9%	11,795	0.4%	3,035,487	155,507	5.4%	2,879,980
Student services	1,629,873	5.8%	(20,656)	(1.3%)	1,650,529	53,091	3.3%	1,597,438
Institutional support	3,435,168	12.3%	487,422	16.5%	2,947,746	187,975	6.8%	2,759,771
O & M of plant	1,529,065	5.5%	(163,547)	(9.7%)	1,692,612	(101,722)	(5.7%)	1,794,334
Scholarships & fellowships	3,388,942	12.1%	146,638	4.5%	3,242,304	(1,049,484)	(24.5%)	4,291,788
Auxiliary enterprises	2,080,328	7.4%	(407,190)	(16.4%)	2,487,518	(91,119)	(3.5%)	2,578,637
Depreciation	2,320,430	8.3%	(26,851)	(1.1%)	2,347,281	70,550	3.1%	2,276,731
Total operating expenses	27,096,483	96.8%	366,994	1.4%	26,729,489	(697,448)	(2.5%)	27,426,937
Non-operating expenses	901,159	3.2%	(30,171)	(3.2%)	931,330	(31,888)	(3.3%)	963,218
Total expenses	27,997,642	100.0%	336,823	1.2%	27,660,819	(729,336)	(2.6%)	28,390,155
Changes in net position	3,287,739	8.5%	927,020	39.3%	2,360,719	(1,931,456)	(45.0%)	4,292,175
Beginning net position	35,328,643	91.5%	2,360,719	7.2%	32,967,924	(8,528,661)	(20.6%)	41,496,585
Prior period adjustment	-	0.0%	-	(100.0%)	-	12,820,836	(100.0%)	(12,820,836)
Ending net position	\$ 38,616,382	100.0%	\$ 3,287,739	9.3%	\$ 35,328,643	\$ 2,360,719	7.2%	\$ 32,967,924

For the 2020 fiscal year, the operating revenues amounted to \$6.2M and non-operating revenues \$25.1M for a total of \$31.3M. Major operating revenues include (net of discounts) \$3.8M in tuition and fees, \$1.2M in grants and contracts, and \$1.0M in auxiliary enterprises. Major non-operating revenues include \$6.1M in state appropriations, \$10.0M in ad-valorem taxes, and \$7.2M in federal revenues. Operating expenses totaled \$27.1M and non-operating expenses were \$901,159 for total expenses of \$28.0M. The 2020 changes in net position were an increase of \$3.3M from the prior year.

The GASB 75 adjustment is only reflected in the 2018 fiscal year.

Instruction operating expense includes expenditures for all activities that are part of the College's instruction program (in all years). These activities include credit and noncredit courses for academic, vocational, and 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, 2020, 2019 and 2018

	2020	Increase (Decrease)	2019	Increase (Decrease)	2018
Cash provided by/(used) for:					
Operating activities	\$ (16,271,578)	\$ (54,324)	\$ (16,217,254)	\$ 701,515	\$ (16,918,769)
Noncapital financing activities	22,879,789	982,006	21,897,783	(2,190,390)	24,088,173
Capital and related financing activities	(3,292,677)	(389,535)	(2,903,142)	813,371	(3,716,513)
Investing activities	264,038	(4,265,810)	4,529,848	(4,321,747)	8,851,595
Net increase (decrease) in cash and cash equivalents	3,579,572	(3,727,663)	7,307,235	(4,997,251)	12,304,486
Cash and cash equivalents – beginning of year	23,914,311	7,307,235	16,607,076	12,304,486	4,302,590
Cash and cash equivalents – end of year	\$ 27,493,883	\$ 3,579,572	\$ 23,914,311	\$ 7,307,235	\$ 16,607,076

Cash and cash equivalents at August 31, 2020 were \$27.5M, which is an increase of \$3.6M or 15%.

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 ten months or more of operating reserves, which is above the 3.6 months’ minimum recommended by the State Auditor’s Office.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The College’s investment in capital assets as of August 31, 2020 amounts to \$47,820,014 (net of accumulated depreciation) and represents a decrease of 2.8% from the previous year. This investment includes land, library books, buildings and improvements, and furniture and equipment.

Capital Assets
(net of depreciation)
as of August 31, 2020, 2019 and 2018

	2020	Increase (Decrease)	% Change	2019	Increase (Decrease)	% Change	2018
Land	\$ 2,142,259	\$ 121,401	6.0%	\$ 2,020,858	\$ 59,988	3.1%	\$ 1,960,870
Library Books	102,143	(20,339)	(16.6%)	122,482	(19,390)	(13.7%)	141,872
Buildings and Improvements	43,744,451	(1,701,302)	(3.7%)	45,445,753	(1,575,077)	(3.3%)	47,020,830
Construction in Progress	311,170	311,170	100.0%	-	-	0.0%	-
Furniture and Equipment	1,519,991	(72,317)	(4.5%)	1,592,308	(154,844)	(8.9%)	1,747,152
Total	\$ 47,820,014	\$ (1,361,387)	(2.8%)	\$ 49,181,401	\$ (1,689,323)	(3.3%)	\$ 50,870,724

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

Long-term Debt

The College issued \$2.5 million, 15-year revenue bonds in March 2005. The principal balance at August 31, 2020 was zero. In September 2013, the College issued 25-year general obligation bonds of \$9,325,000. The principal balance at August 31, 2020 was \$6,105,000. In September 2014, the College issued 25-year general obligation bonds of \$25,155,000. The principal balance at August 31, 2020 was \$20,365,000.

Long-term Liabilities as of August 31, 2020, 2019 and 2018

	2020	Increase (Decrease)	% Change	2019	Increase (Decrease)	% Change	2018
General obligation bonds	\$ 26,470,000	\$ (1,000,000)	(3.6%)	\$ 27,470,000	\$ (960,000)	(3.4%)	\$ 28,430,000
General obligation bonds premium	200,700	(118,139)	(37.1%)	318,839	(142,167)	(30.8%)	461,006
Revenue bonds payable	-	(213,000)	(100.0%)	213,000	(207,000)	(49.3%)	420,000
Total	\$ 26,670,700	\$ (1,331,139)	(4.8%)	\$ 28,001,839	\$ (1,309,167)	(4.5%)	\$ 29,311,006

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

Additional information on the College's long-term debt 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, 2020, 2019 and 2018

	2020	Increase (Decrease)	% Change	2019	Increase (Decrease)	% Change	2018
Unrestricted Net Position - Audited	\$ 9,128,665	\$ 2,290,344	33.5%	\$ 6,838,321	\$ 1,049,059	18.1%	\$ 5,789,262
Compensable Absences (current)	137,430	11,764	9.4%	125,666	437	0.3%	125,229
Compensable Absences (non-current)	252,472	49,620	24.5%	202,852	8,983	4.6%	193,869
Net OPEB Liability (GASB 75)	13,302,744	1,359,018	11.4%	11,943,726	960,333	8.7%	10,983,393
Net Pension Liability (GASB 68)	4,334,220	(193,830)	(4.3%)	4,528,050	1,847,059	68.9%	2,680,991
Total UNPEP	\$ 27,155,531	\$ 3,516,916	14.9%	\$ 23,638,615	\$ 3,865,871	19.6%	\$ 19,772,744

ECONOMIC FACTORS

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

FUTURE PROJECTS

On September 29, 2020 the College entered into a contract to construct a new Music Building on the main Carthage campus. The project is currently scheduled for completion no later than December 31, 2021. Cash funds are currently available to finance this project, so no additional debt financing will be required to complete the project.

CARES ACT

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed and signed into law in March 2020. A significant portion of the resources provided to the College pursuant to the CARES Act are provided as reimbursements of costs incurred, which result in subsidies (rather than payments for services) and, as a result, are identified as non-operating revenue. The presentation of certain inflows of resources received from the CARES Act and the additional unplanned outflows of resources incurred in response to the coronavirus pandemic had not been anticipated in the approved FY 19-20 budget. The coronavirus pandemic has created risks and uncertainties based on the nature of the College's operations. Examples include estimates of tuition and fees based on future student enrollment, estimates of future state appropriations and tax revenues, or current vulnerabilities due to the reliance on faculty and staff to continue to conduct their job duties to ensure the proper functioning of the College activities in the event of illness or other factors. The impact of the major risks and uncertainties from the pandemic was relatively minor for FY 19-20 due to effective mitigation and safety precautions taken by College management and administrators.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS



PANOLA COLLEGE
EXHIBIT 1
STATEMENTS OF NET POSITION
August 31, 2020 and 2019

	<u>2020</u> <u>Primary</u> <u>Institution</u>	<u>2019</u> <u>Primary</u> <u>Institution</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 27,493,883	\$ 23,914,311
Accounts receivable (net)	3,302,265	3,305,994
Inventories	309,083	330,944
Other assets	<u>660,452</u>	<u>1,134,439</u>
Total Current Assets	<u>31,765,683</u>	<u>28,685,688</u>
Noncurrent Assets		
Endowment and other investments	9,255,059	8,283,909
Capital assets, net (See note)	<u>47,820,014</u>	<u>49,181,401</u>
Total Noncurrent Assets	<u>57,075,073</u>	<u>57,465,310</u>
Total Assets	<u>88,840,756</u>	<u>86,150,998</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	1,823,837	2,021,683
Deferred outflows related to OPEB	<u>3,456,945</u>	<u>3,091,983</u>
Total Deferred Outflows of Resources	<u>5,280,782</u>	<u>5,113,666</u>
LIABILITIES		
Current Liabilities		
Accounts payable	462,080	802,144
Accrued liabilities	296,237	303,651
Accrued compensable absences - current portion	137,430	125,666
Funds held for others	807,404	625,312
Unearned revenues	4,491,103	4,332,656
Bonds payable - current portion	<u>1,135,787</u>	<u>1,331,139</u>
Total Current Liabilities	<u>7,330,041</u>	<u>7,520,568</u>
Noncurrent Liabilities		
Deposits	4,070	44,945
Accrued compensable absences	252,472	202,852
Bonds payable	25,534,913	26,670,700
Net pension liability	4,334,220	4,528,050
Net OPEB liability	<u>13,302,744</u>	<u>11,943,726</u>
Total Noncurrent Liabilities	<u>43,428,419</u>	<u>43,390,273</u>
Total Liabilities	<u>50,758,460</u>	<u>50,910,841</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	819,202	402,190
Deferred inflows related to OPEB	<u>3,927,492</u>	<u>4,622,990</u>
Total Deferred Inflows of Resources	<u>4,746,694</u>	<u>5,025,180</u>
NET POSITION		
Net investment in capital assets	21,149,314	21,179,562
Restricted for		
Nonexpendable		
Student Aid	4,930,272	4,061,645
Expendable		
Construction	2,481,322	2,481,275
Debt Service	839,041	758,450
Student Aid	87,768	9,390
Unrestricted	<u>9,128,665</u>	<u>6,838,321</u>
Total Net Position	<u>\$ 38,616,382</u>	<u>\$ 35,328,643</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, 2020 and 2019

	<u>2020</u> <u>Panola</u> <u>College</u> <u>Foundation</u>	<u>2019</u> <u>Panola</u> <u>College</u> <u>Foundation</u>
Assets		
Cash and cash equivalents	\$ 220,837	\$ 254,870
Short-term certificates of deposit	124,918	122,540
Mutual fund investments	3,195,475	2,822,116
Annuity contracts	97,132	101,780
Total Assets	<u><u>3,638,362</u></u>	<u><u>3,301,306</u></u>
Liabilities		
Accounts payable	75,882	44,029
Total Liabilities	<u><u>75,882</u></u>	<u><u>44,029</u></u>
Net Assets		
Without donor restrictions	1,420,718	1,385,104
With donor restrictions	2,141,763	1,872,173
Total Net Assets	<u><u>\$ 3,562,481</u></u>	<u><u>\$ 3,257,277</u></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, 2020 and 2019

	<u>2020</u> <u>Primary</u> <u>Institution</u>	<u>2019</u> <u>Primary</u> <u>Institution</u>
Operating Revenues		
Tuition and fees (net of discounts of \$4,576,798 for 2020 and \$4,913,664 for 2019)	\$ 3,758,260	\$ 3,794,342
Federal grants and contracts	769,805	714,123
State grants and contracts	394,880	504,884
Non-governmental grants and contracts	1,599	3,224
Sales and services of educational activities	2,485	55,718
Auxiliary enterprises (net of discounts of \$1,151,895 for 2020 and \$1,354,963 for 2019)	1,003,379	1,257,043
Other operating revenues (net of discounts of \$-0-)	304,595	316,600
Total Operating Revenues (Schedule A)	<u>6,235,003</u>	<u>6,645,934</u>
Operating Expenses		
Instruction	9,289,414	8,907,094
Public service	375,981	418,918
Academic support	3,047,282	3,035,487
Student services	1,629,873	1,650,529
Institutional support	3,435,168	2,947,746
Operation and maintenance of plant	1,529,065	1,692,612
Scholarships and fellowships	3,388,942	3,242,304
Auxiliary enterprises	2,080,328	2,487,518
Depreciation	2,320,430	2,347,281
Total Operating Expenses (Schedule B)	<u>27,096,483</u>	<u>26,729,489</u>
Operating Loss	<u>(20,861,480)</u>	<u>(20,083,555)</u>
Non-Operating Revenues (Expenses)		
State appropriations	6,108,487	6,096,469
Ad-valorem taxes - maintenance & operations	7,962,107	6,826,243
Ad-valorem taxes - debt service	2,087,440	2,145,694
Federal revenue, non-operating	7,162,020	6,989,236
Gifts	500,812	279,809
Investment income (net of investment expenses)	935,022	683,853
Gain (loss) on disposal of capital assets	(91,453)	-
Royalty income	145,193	196,136
Interest on capital related debt	(901,159)	(931,330)
Net Non-Operating Revenues (Schedule C)	<u>23,908,469</u>	<u>22,286,110</u>
Income Before Other Revenues	3,046,989	2,202,555
Other Revenues		
Additions to Permanent Endowments	240,750	158,164
Total Other Revenues	<u>240,750</u>	<u>158,164</u>
Increase in Net Position	3,287,739	2,360,719
Net Position		
Net position - beginning of year	35,328,643	32,967,924
Net position - end of year	<u>\$ 38,616,382</u>	<u>\$ 35,328,643</u>

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

PANOLA COLLEGE
EXHIBIT 2-A
AFFILIATED ORGANIZATION
STATEMENTS OF ACTIVITIES
For the Years Ended August 31, 2020 and 2019

	2020 Panola College Foundation Without Donor Restrictions	2020 Panola College Foundation With Donor Restrictions	2020 Panola College Foundation Total
Revenue			
Investment income	\$ 408	\$ 103,586	\$ 103,994
Unrealized investment gain	-	252,162	252,162
Realized investment gain	-	1,158	1,158
Gifts	106,681	12,153	118,834
Other	316	-	316
Net Assets released from restrictions	99,469	(99,469)	-
Total Revenue	<u>206,874</u>	<u>269,590</u>	<u>476,464</u>
Expenses			
Scholarships and support	171,260	-	171,260
Total Expenses	<u>171,260</u>	<u>-</u>	<u>171,260</u>
Increase (decrease) in Net Assets	35,614	269,590	305,204
Net assets - beginning of year	1,385,104	1,872,173	3,257,277
Net assets - end of year	<u>\$ 1,420,718</u>	<u>\$ 2,141,763</u>	<u>\$ 3,562,481</u>

	2019 Panola College Foundation Without Donor Restrictions	2019 Panola College Foundation With Donor Restrictions	2019 Panola College Foundation Total
Revenue			
Investment income	\$ 755	\$ 90,681	\$ 91,436
Unrealized investment income	-	(22,085)	(22,085)
Realized investment loss	-	(892)	(892)
Gifts	202,133	-	202,133
Other	411	-	411
Net Assets released from restrictions	70,928	(70,928)	-
Total Revenue	<u>274,227</u>	<u>(3,224)</u>	<u>271,003</u>
Expenses			
Scholarships and support	114,620	-	114,620
Total Expenses	<u>114,620</u>	<u>-</u>	<u>114,620</u>
Increase (decrease) in Net Assets	159,607	(3,224)	156,383
Net assets - beginning of year	1,225,497	1,875,397	3,100,894
Net assets - end of year	<u>\$ 1,385,104</u>	<u>\$ 1,872,173</u>	<u>\$ 3,257,277</u>

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

PANOLA COLLEGE
EXHIBIT 3
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2020 and 2019

	2020	2019
	Primary Institution	Primary Institution
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 4,911,575	\$ 4,666,718
Receipts from grants and contracts	1,146,424	1,309,062
Payments to or on behalf of employees	(12,865,797)	(12,784,602)
Payments to suppliers for goods or services	(6,074,838)	(6,166,128)
Payments of scholarships	(3,388,942)	(3,242,304)
Net cash used for operating activities	<u>(16,271,578)</u>	<u>(16,217,254)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	4,863,257	5,075,160
Ad valorem tax revenues	9,913,900	9,021,616
Receipts from non-operating federal revenue	7,219,852	7,390,767
Gifts and grants (other than capital)	741,563	437,973
Student organization and other agency transactions	141,217	(27,733)
Net cash provided by noncapital financing activities	<u>22,879,789</u>	<u>21,897,783</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,050,497)	(657,958)
Interest expense paid	(1,029,180)	(1,078,184)
Payments on capital debt	(1,213,000)	(1,167,000)
Net cash used for capital and related financing activities	<u>(3,292,677)</u>	<u>(2,903,142)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	3,844,595	4,546,889
Investment earnings	771,883	931,966
Purchases of investments	(4,352,440)	(949,007)
Net cash provided by (used for) investing activities	<u>264,038</u>	<u>4,529,848</u>
Increase (decrease) in cash and cash equivalents	3,579,572	7,307,235
Cash and cash equivalents - beginning of year	<u>23,914,311</u>	<u>16,607,076</u>
Cash and cash equivalents - end of year	<u>\$ 27,493,883</u>	<u>\$ 23,914,311</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	<u>\$ 463,304</u>	<u>\$ (36,981)</u>
Amortization of bond premium	<u>\$ 118,139</u>	<u>\$ 142,167</u>
Donated Capital Assets	<u>\$ -</u>	<u>\$ -</u>

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

PANOLA COLLEGE
EXHIBIT 3 (Continued)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2020 and 2019

	2020	2019
	Primary	Primary
	Institution	Institution
	<u> </u>	<u> </u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (20,861,480)	\$ (20,083,555)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation expense	2,320,430	2,347,281
On-behalf state benefits (excluding pension and OPEB expense)	686,890	723,773
Pension expense	1,292,965	855,462
College's contributions to TRS made subsequent to the measurement date	(327,417)	(291,895)
OPEB expense	660,752	665,009
College's contributions to ERS made subsequent to the measurement date	(348,374)	(330,907)
Changes in assets and liabilities		
(Increase) decrease in Receivables, net	(73,426)	(14,304)
Decrease in Inventories	21,861	147,591
(Increase) decrease in Other assets	473,987	(94,104)
Increase (decrease) in Unearned revenue	158,446	(426,579)
Increase (decrease) in Accounts payable	(340,064)	272,123
Increase in Accrued liabilities-payroll related	2,468	3,431
Increase in Compensated absences	61,384	9,420
Total Adjustments	<u>4,589,902</u>	<u>3,866,301</u>
Net cash used for operating activities	<u>\$ (16,271,578)</u>	<u>\$ (16,217,254)</u>

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

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PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

1. **REPORTING ENTITY**

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act (HEA) Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

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

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

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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 position 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 position 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, 2020 and 2019, 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 TRS net pension liability and ERS net OPEB liability on the Statement of Net Position. Those items are detailed in TRS Note 14 and ERS Note 18.

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 \$21,398,485 and \$17,898,664 at August 31, 2020 and 2019, respectively, to be short-term investments). Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of 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, 2020 AND 2019

Buildings	30 years
Facilities and Other Improvements	10-20 years
Furniture, Machinery, Vehicles and Other Equipment	5-10 years
Telecommunications and Peripheral Equipment	5 years
Library Books	10-15 years

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, 2020 and 2019 have been reported as unearned revenues.

Estimates

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

Operating Revenues and Expenses and Non-Operating Revenues and Expenses

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

Net Position

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

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.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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.

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, 2020 and 2019 amounted to approximately \$171,260 and \$114,620 respectively.

Deposits were fully covered by FDIC insurance at August 31, 2020 and 2019, and consisted of deposits in bank, certificates of deposit and money market funds. Investments in mutual funds and annuities are valued at fair value based on quoted market values (level 1 of the fair value hierarchy) obtained from the various investment brokers. The Foundation's investments in mutual funds are all rated "****" or better by Morningstar Rating Services. The investment in TPF Balanced Fund, a common trust fund, is unrated and valued using net asset value per share.

4. AUTHORIZED INVESTMENTS

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

5. DEPOSITS AND INVESTMENTS

During the 2020 and 2019 fiscal years, deposits and investments were comprised of cash on hand, bank demand deposits, bank time deposits, investments with the Lone Star Investment Pool, mutual funds administered by American Funds Distributors and a common trust fund, TPF Balanced Fund, administered by Texas Presbyterian Foundation.

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

The College's temporary investments consist of balances held by Lone Star Investment Pool (Government Overnight Fund), Lincoln Financial Advisors and Texas Presbyterian Foundation. The Lone Star Investment Pool is a public fund investment pool created to provide a safe environment for the placement of local government funds in short-term investments. The Government Overnight Fund is regulated by the Securities and Exchange Act and seeks to maintain a net asset value of one dollar and a dollar weighted average maturity of 60 days or fewer. At August 31, 2020 and August 31, 2019, the weighted average maturity was 24 days and 27 days, respectively. Lone Star Investment Pool is administered by First Public. Lone Star Investment Pool was rated AAAM by Standard & Poor's as of August 31, 2020 and August 31, 2019. The fair value of the investment in Lone Star Investment Pool was the same as its carrying value of \$21,398,485 and \$17,898,664 for the years ended August 31, 2020 and 2019, respectively.

Lincoln Financial Advisors is the broker for the College's investment in five mutual funds within the American Funds Family. Each of the five funds were rated "****" or better by Morningstar Rating Services. The fair value of the mutual fund investments was the same as its carrying value of \$439,590 and \$374,380 for the years ended August 31, 2020 and 2019, respectively.

Texas Presbyterian Foundation is the custodian of the College's investment in TPF Balanced Fund, a common trust fund (CTF). The CTF is not rated and is valued using the net asset value per share. The fair value of the CTF was the same as its carrying value, \$5,019,292 and \$4,113,991 for the years ended August 31, 2020 and 2019, respectively. The investment strategy of the CTF is to produce a total rate of return to provide a stable, predictable and growing source of income. There are no restrictions on redemption or sale of the CTF. The College can redeem shares at any time.

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

Composition of Cash, Deposits and Investments

	August 31, 2020	August 31, 2019
Cash and Deposits		
Cash in Banks:		
Demand Deposits	\$ 6,092,968	\$ 6,013,217
Time Deposits	3,796,177	3,795,538
Petty Cash on Hand	2,430	2,430
Total Cash and Deposits	9,891,575	9,811,185
Investments		
Short-Term Investments		
Lone Star Investment Pool		
Liquidity Plus Fund	21,398,485	17,898,664
Mutual Fund Investments	439,590	374,380
Common Trust Fund	5,019,292	4,113,991
Total Investments	26,857,367	22,387,035
Total Deposits and Investments	\$ 36,748,942	\$ 32,198,220

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

Classification in Statement of Net Position, Exhibit 1

	August 31, 2020	August 31, 2019
Cash and Cash Equivalents		
Cash in Banks:		
Demand Deposits	\$ 6,092,968	\$ 6,013,217
Short-Term Investments		
Lone Star Investment Pool		
Liquidity Plus Fund	21,398,485	17,898,664
Petty Cash on Hand	2,430	2,430
Total Cash and Cash Equivalents	27,493,883	23,914,311
Endowment and Other Investments		
Cash in Banks – Time Deposits	3,796,177	3,795,538
Mutual Fund Investments	439,590	374,380
Common Trust Fund	5,019,292	4,113,991
Total Investments	9,255,059	8,283,909
Total Cash, Deposits and Investments	\$ 36,748,942	\$ 32,198,220

Policies Governing Deposits and Investments

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

- a. **Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College’s investment policy does not limit investments based on credit ratings. The credit ratings for the College’s investments are indicated in the preceding paragraphs.
- b. **Custodial Credit Risk – Deposits:** This is the risk that, in the event of a bank failure, the College’s deposits may not be returned to it. The College’s policy with respect to custodial credit risk complies with State law. At August 31, 2020 and 2019, the bank balances of the College’s deposits were \$10,133,861 and \$10,105,577, respectively. Of these balances, the amounts covered by FDIC insurance were \$3,936,077 and \$4,216,311 at August 31, 2020 and 2019, respectively. The remaining balance at August 31, 2020 and 2019 of \$6,197,784 and \$5,889,266, 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, 2020 and 2019.

6. **DERIVATIVES**

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

7. ENDOWMENTS

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

Distributions from endowment investments are required to be spent for the purposes for which the endowment was established. Scholarship distributions are made pursuant to the investment policy. For the years ended August 31, 2020 and 2019, endowment interest, dividend earnings, and capital gains totaled \$161,851 and \$145,767 respectively. Gifts to endowments totaled \$240,750 and \$158,164 for the fiscal years ended August 31, 2020 and 2019, respectively. Realized and unrealized gains and losses for the years ended August 31, 2020 and 2019 totaled \$463,539 gain and \$36,972 loss, respectively. Endowment net position is classified as restricted nonexpendable student aid in the Statement of Net Position.

8. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2020 was as follows:

<u>Description</u>	<u>Balance September 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2020</u>
Capital assets not being depreciated:				
Land	\$ 2,020,858	\$ 121,401	\$ -	\$ 2,142,259
Construction in Progress	-	311,170	-	311,170
Total capital assets not being depreciated	<u>2,020,858</u>	<u>432,571</u>	<u>-</u>	<u>2,453,429</u>
Capital assets being depreciated:				
Buildings and Improvements	61,341,340	168,499	376,297	61,133,542
Furniture, Fixtures, Machinery & Equipment and Other Equipment	6,954,471	439,846	57,178	7,337,139
Library Books	355,440	9,580	28,683	336,337
Total capital assets being depreciated	<u>68,651,251</u>	<u>929,095</u>	<u>462,158</u>	<u>68,807,018</u>
Less accumulated depreciation for:				
Building and Improvements	(15,895,587)	(1,778,348)	(284,844)	(17,389,091)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(5,362,163)	(512,162)	(57,177)	(5,817,148)
Library Books	(232,958)	(29,920)	(28,684)	(234,194)
Total accumulated depreciation	<u>(21,490,708)</u>	<u>(2,320,430)</u>	<u>(370,705)</u>	<u>(23,440,433)</u>
Total capital assets being depreciated, net	<u>47,160,543</u>	<u>(1,391,335)</u>	<u>91,453</u>	<u>45,366,585</u>
Net Capital Assets	<u>\$ 49,181,401</u>	<u>\$ (1,269,934)</u>	<u>\$ 91,453</u>	<u>\$ 47,820,014</u>

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

Capital assets activity for the year ended August 31, 2019 was as follows:

Description	Balance September 1, 2018	Increases	Decreases	Balance August 31, 2019
Capital assets not being depreciated:				
Land	\$ 1,960,870	\$ 59,988	\$ -	\$ 2,020,858
Total capital assets not being depreciated	1,960,870	59,988	-	2,020,858
Capital assets being depreciated:				
Buildings and Improvements	61,157,293	184,047	-	61,341,340
Furniture, Fixtures, Machinery & Equipment and Other Equipment	6,585,021	402,343	32,893	6,954,471
Library Books	373,972	11,580	30,112	355,440
Total capital assets being depreciated	68,116,286	597,970	63,005	68,651,251
Less accumulated depreciation for:				
Building and Improvements	(14,136,463)	(1,759,124)	-	(15,895,587)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(4,837,869)	(557,187)	(32,893)	(5,362,163)
Library Books	(232,100)	(30,970)	(30,112)	(232,958)
Total accumulated depreciation	(19,206,432)	(2,347,281)	(63,005)	(21,490,708)
Total capital assets being depreciated, net	48,909,854	(1,749,311)	-	47,160,543
Net Capital Assets	\$ 50,870,724	\$ (1,689,323)	\$ -	\$ 49,181,401

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2020 was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Current Portion
<u>Notes and Bonds</u>					
Revenue Bonds Payable	\$ 213,000	\$ -	\$ 213,000	\$ -	\$ -
General Obligation Bonds Payable	27,470,000	-	1,000,000	26,470,000	1,045,000
General Obligation Bond Premium	318,839	-	118,139	200,700	90,787
<u>Other Long-Term Liabilities</u>					
Accrued Compensable					
Absences	328,518	157,038	95,654	389,902	137,430
Net Pension Liability	4,528,050	98,001	291,831	4,334,220	-
Net OPEB Liability	11,943,726	3,243,476	1,884,458	13,302,744	-
Total Long-Term Liabilities	\$ 44,802,133	\$ 3,498,515	\$ 3,603,082	\$ 44,697,566	\$ 1,273,217

Long-term liability activity for the year ended August 31, 2019 was as follows:

	Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Current Portion
<u>Notes and Bonds</u>					
Revenue Bonds Payable	\$ 420,000	\$ -	\$ 207,000	\$ 213,000	\$ 213,000
General Obligation Bonds Payable	28,430,000	-	960,000	27,470,000	1,000,000
General Obligation Bond Premium	461,006	-	142,167	381,839	118,139
<u>Other Long-Term Liabilities</u>					
Accrued Compensable					
Absences	319,098	132,098	122,678	328,518	125,666
Net Pension Liability	2,680,991	2,124,188	277,129	4,528,050	-
Net OPEB Liability	10,983,393	3,356,825	2,396,492	11,943,726	-
Total Long-Term Liabilities	\$ 43,294,488	\$ 5,613,111	\$ 4,105,466	\$ 44,802,133	\$ 1,456,805

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

Revenue Bonds Payable

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

The College issued \$2,500,000 in revenue bonds in fiscal year 2005 to finance construction of student housing apartment complexes and additional improvements to the physical plant. In accordance with Section 130.123 of the Texas Education Code, the Series 2005 revenue bonds are to be paid by the assessment of a dorm fee to all students occupying residence halls at the College. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient for payment of principal and interest on the bonds. The Series 2005 bonds matured in the year ended August 31, 2020. The remaining principal and interest to be paid was \$-0- and \$221,392 at August 31, 2020 and 2019, respectively. Principal and interest paid during the years ended August 31, 2020 and 2019 was \$221,392 and \$223,548 respectively. Total dorm fee revenue for August 31, 2020 and 2019 was \$1,114,648 and \$1,254,184, respectively.

Bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2005	Student housing	3.94%	\$ -0-

Interest expense on the bonds amounted to \$2,187 and \$13,490 for the years ended August 31, 2020 and 2019, respectively. Accrued interest on the bonds at August 31, 2020 and 2019 amounted to approximately \$-0- and \$3,147 respectively, and is included in the financial statements.

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

Year Ending August 31,	2020			2019		
	Interest	Principal	Total Requirement	Interest	Principal	Total Requirement
2020	\$ -	\$ -	\$ -	\$ 8,392	\$ 213,000	\$ 221,392
Total	\$ -	\$ -	\$ -	\$ 8,392	\$ 213,000	\$ 221,392

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 for maturities after February 15, 2024. The bonds are issued pursuant to the provisions of the Constitution and the laws of the State of Texas.

The remaining principal and interest to be paid is \$36,296,199 and \$38,315,987 at August 31, 2020 and 2019, respectively. Principal and interest paid during the years ended August 31, 2020 and 2019 was \$2,019,788 and \$2,020,638, respectively.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

Bonds currently outstanding are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 2013	Construction, renovation	2.00-5.00%	\$ 6,105,000
Series 2014	Construction, renovation	2.00-5.00%	<u>20,365,000</u>

Total outstanding general obligation bonds \$26,470,000

Interest expense on the bonds amounted to \$1,016,112 and \$1,059,008 for the year ended August 31, 2020 and 2019, respectively. Accrued interest on the bonds at August 31, 2020 and 2019 amounted to approximately \$44,867 and \$46,914 respectively, and is included in the financial statements.

The original premiums associated with the bonds were \$944,171 and \$367,808 for the Series 2014 and Series 2013, respectively. Amortization amounted to \$118,139 and 142,167 for the years ended August 31, 2020 and 2019.

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

Year Ending August 31,	2020			2019		
	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>
2020	\$ -	\$ -	\$ -	\$ 1,019,788	\$ 1,000,000	\$ 2,019,788
2021	972,088	1,045,000	2,017,088	972,088	1,045,000	2,017,088
2022	920,962	1,095,000	2,015,962	920,962	1,095,000	2,015,962
2023	867,288	1,150,000	2,017,288	867,288	1,150,000	2,017,288
2024	815,787	1,200,000	2,015,787	815,787	1,200,000	2,015,787
2025	771,762	1,245,000	2,016,762	771,762	1,245,000	2,016,762
2026-2030	3,218,369	6,865,000	10,083,369	3,218,369	6,865,000	10,083,369
2031-2035	1,915,522	8,165,000	10,080,522	1,915,522	8,165,000	10,080,522
2036-2038	344,421	5,705,000	6,049,421	344,421	5,705,000	6,049,421
Total	\$ 9,826,199	\$ 26,470,000	\$ 36,296,199	\$ 10,845,987	\$ 27,470,000	\$ 38,315,987

10. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2020 and 2019 were as follows:

	2020			2019		
	<u>Total Receivable</u>	<u>Less Allowance For Uncollectibles</u>	<u>Net Receivable</u>	<u>Total Receivable</u>	<u>Less Allowance For Uncollectibles</u>	<u>Net Receivable</u>
Student Receivables	\$ 1,382,780	\$ 560,529	\$ 822,251	\$ 1,220,826	\$ 451,529	\$ 769,297
Taxes Receivable	911,588	479,932	431,656	662,475	366,467	296,008
Federal Receivables	2,004,758	-	2,004,758	2,062,589	-	2,062,589
State Receivables	30,793	-	30,793	10,933	-	10,933
Interest Receivable	8,090	-	8,090	163,062	-	163,062
Other Receivables	4,717	-	4,717	4,105	-	4,105
TOTAL	\$ 4,342,726	\$ 1,040,461	\$ 3,302,265	\$ 4,123,990	\$ 817,996	\$ 3,305,994

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

Payables

Payables at August 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Vendors Payable	\$ 462,080	\$ 802,144
Salaries and Benefits Payable	645,960	582,108
Students Payable	192,258	162,179
Accrued Interest	40,179	50,061
Other Payables	615,146	463,133
TOTAL	\$ 1,955,623	\$ 2,059,625

11. 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.

12. PROPERTY TAXES

Property taxes are levied each October 1 in conformity with Subtitle E, Texas Property Tax Code. The levy is based on the assessed value as of the prior January 1 for all real and personal property located in the College's district. The taxes become due January 1 of the following year. A discount of up to 3% is allowed 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:

	<u>2020</u>	<u>2019</u>
Original tax levy	\$ 9,984,389	\$ 9,037,439
Supplemental levy and adjustments	724,361	489,266
Adjusted levy	10,708,750	9,526,705
Penalty and interest assessments	(168,545)	(18,344)
Total Levy	\$ 10,540,205	\$ 9,508,361

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

Tax collections for the years ended August 31, 2020 and 2019, including delinquent collections, exceeded 96% of the levy for both years.

A summary of tax data is presented as follows:

	2020	2019
Assessed valuation of the District	\$ 5,164,055,867	\$ 4,556,636,589
Less: Exemptions	(254,594,297)	(243,904,055)
Less: Special Valuations	(933,518,184)	(970,360,800)
Net Assessed Valuation of the District	\$ 3,975,943,386	\$ 3,342,371,733
Tax Rate Per \$100 authorized:		
Current Operations	\$ 0.35000	\$ 0.35000
Debt Service	0.50000	0.50000
Total	\$ 0.85000	\$ 0.85000
Tax Rate Per \$100 assessed		
Current Operations	\$ 0.19876	\$ 0.20564
Debt Service	0.05236	0.06475
Total	\$ 0.25112	\$ 0.27039
Gross Taxes Collected (Current Operations)	\$ 10,096,592	\$ 9,325,532
Discounts Allowed	(180,001)	(172,220)
Delinquent Taxes Collected	143,364	129,442
Refunds	(108,500)	(370,234)
Penalties and Interest Collected	111,745	97,666
Other Collections	71,064	56,750
Provisions for Bad Debts	75,644	28,915
Collection Fees	(160,361)	(123,914)
Total Collections	\$ 10,049,547	\$ 8,971,937

13. **UNEARNED REVENUES**

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

A summary of unearned revenues follows:

	2020	2019
Tuition and Fees	\$ 3,227,039	\$ 3,679,276
Housing and Residential Life	608,007	612,658
Long Term Lease	634,664	-
Other	21,393	40,722
Total	\$ 4,491,103	\$ 4,332,656

14. **EMPLOYEE RETIREMENT PLANS**

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

Teacher Retirement System of Texas (TRS)

Plan Description. Panola 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

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.state.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS* then *Publications* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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

	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE-State)	6.8%	7.5%
Employers	6.8%	7.5%
College's Employer Contributions (fiscal year)	\$291,895	\$327,417
College's Member Contributions (fiscal year)	\$602,263	\$613,330
NECE On-behalf Contributions (measurement year)	\$220,474	\$233,388

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

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.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

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

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions. The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

<ul style="list-style-type: none"> • Valuation Date • Actuarial Cost Method • Asset Valuation Method • Single Discount Rate • Long-term expected Investment Rate of Return • Inflation • Salary Increases including Inflation • Ad Hoc Post-Employment Benefit Changes • Benefit Changes during the year 	<p>August 31, 2018 rolled forward to August 31, 2019</p> <p>Individual Entry Age Normal</p> <p>Market Value</p> <p>7.25%</p> <p>7.25%</p> <p>2.30%</p> <p>3.05% to 9.05%</p> <p>None</p> <p>None</p>
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PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in the fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.25%. 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, 2019, are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2019

	Target Allocation (1)	New Target Allocation (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries (4)	11.0%	16.0%	3.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Real Return			
Global Inflation Linked			
Bonds (4)	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy & Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5% (5)
Leverage			
Cash	1.0%	2.0%	2.50%
Asset Allocation Leverage	-	-6.0	2.70%
Expected Return	100.00%	100.00%	7.23%

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

1. Target allocations are based on the Strategic Asset Allocation as of FY2019
2. New allocations are based on the Strategic Asset Allocation to be implemented FY2020
3. 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%
4. New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds
5. 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

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 (7.25) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Panola College's proportionate share of the net pension liability:	\$6,662,324	\$4,334,220	\$2,448,004

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2020, Panola College reported a liability of \$4,334,220 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	\$4,334,220
State's proportionate share that is associated with Panola College	<u>3,466,382</u>
Total	<u>\$7,800,602</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019, 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, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.0083377%, which was an increase (decrease) of (0.0001112)% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

For the year ended August 31, 2020, Panola College recognized pension expense of \$544,520 and revenue of \$544,520 for support provided by the State. The College also recognized their proportionate share of pension expense of \$748,445.

At August 31, 2020, 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	\$	18,208	\$	150,491
Change in actuarial assumptions	\$	1,344,687	\$	555,688
Difference between projected and actual investment earnings	\$	43,521	\$	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$	90,004	\$	113,023
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	\$	327,417	\$	-
Total	\$	1,823,837	\$	819,202

At August 31, 2019, 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	\$	28,224	\$	111,100
Change in actuarial assumptions	\$	1,632,580	\$	51,018
Difference between projected and actual investment earnings	\$	-	\$	85,917
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$	68,984	\$	154,155
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	\$	291,895	\$	-
Total	\$	2,021,683	\$	402,190

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

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
2020	\$ 109,431
2021	\$70,940
2022	\$232,343
2023	\$229,658
2024	\$72,366
Thereafter	\$(37,520)

Optional Retirement Program

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

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

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

Year Ended <u>August 31,</u>	On Behalf State <u>Contribution</u>	Panola College <u>Contribution</u>	Participant <u>Contributions</u>	Total <u>Contributions</u>	Covered Payroll
2020	\$48,714	\$62,340	\$98,166	\$209,220	\$1,476,181
2019	54,446	70,976	109,718	235,140	1,649,892
2018	51,397	67,296	103,573	222,266	1,557,489

15. **DEFERRED COMPENSATION PROGRAM**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2020 and 2019, the College had twenty and twenty-two respectively, employees participating in the tax sheltered annuity program. A total of \$124,609 and \$120,264 in payroll deductions was invested in approved plans during the years ending August 31, 2020 and 2019, respectively.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

16. COMPENSATED ABSENCES

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

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

Total accrued compensated absences representing unused vacation leave amounted to \$389,902 at August 31, 2020 and \$328,518 at August 31, 2019. The liability is shown in the statement of net position split between current and noncurrent in the amounts of \$137,430 and \$252,472 respectively for August 31, 2020 and \$125,666 and \$202,853 respectively for August 31, 2019.

17. HEALTH CARE AND LIFE INSURANCE COVERAGE

Employees of Panola College were covered by a health and life insurance plan (the Plan). The Plan is funded by the State. 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, 2020 and 2019, 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
2020	152	4	\$ 638,176	\$ 979,461
2019	158	4	669,327	898,699
2018	151	6	680,999	944,768

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.

18. 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 reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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

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

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

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

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

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

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

	Measurement (Fiscal) Year	
	<u>2018(2019)</u>	<u>2019(2020)</u>
Employer Contribution	\$ 330,907	\$ 348,374
Nonemployer Contributing Entity (State of Texas)	\$ 319,754	\$ 312,610

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions
ERS Group Benefits Program Plan**

Valuation Date	August 31, 2019
Actuarial cost method	Entry age
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	N/A
Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend rate	7.30% for FY21, 7.40% for FY22, 7.00% for FY23 decreasing 50 basis points per year to an ultimate rate of 4.50% for FY2028 and later years
Inflation assumption rate	2.50%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from Year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

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

Investment Policy. The State Retiree Health 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 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

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 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to a decrease of 0.99%. 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 years.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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 2.51%	Discount Rate 3.51%	1% Increase in Discount Rate 4.51%
Panola College's proportionate share of the net OPEB liability:	\$15,874,312	\$13,302,744	\$11,624,017

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

	1% Decrease in Healthcare Cost Trend Rates (6.3% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (7.35% decreasing to 4.5%)	1% Increase in Healthcare Cost Trend Rates (8.3% decreasing to 5.5%)
Panola College's proportionate share of the net OPEB liability:	\$11,170,197	\$13,302,744	\$16,089,496

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2020, the College reported a liability of \$13,302,744 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	\$ 13,302,744
State's proportionate share that is associated with the College	<u>12,198,622</u>
Total	<u>\$ 25,501,366</u>

The net OPEB liability was measured as of August 31, 2019, 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, 2018 through August 31, 2019. At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.03848876%, which is a decrease of 0.00181029% from the proportion measured as of August 31, 2018. For the year ended August 31, 2020, the College recognized OPEB expense of \$(13,820) and revenue of \$(13,820) for support provided by the State. The College also recognized their proportionate share of OPEB expense of \$646,931.

The following assumptions have been changed since the previous valuation:

Demographic Assumptions

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

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

Percentage of current and future 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.

Percentage of future male retirees assumed to be married and electing coverage for their spouse.

Percentage of future retirees and future retiree spouses assume to use tobacco.

Economic Assumptions

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

The discount rate was changed from 3.96% to 2.97% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or high in effect on the measurement date.

Minor benefit changes described below have been reflected in the FY2020 Assumed Per Capita Health Benefit Costs.

Benefit revisions have been adopted since the prior valuation. The only benefit change for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,500 to \$6,750 for individual and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the FY2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2020, 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	\$ -	\$ 346,149
Changes in actuarial assumptions	946,686	2,972,659
Difference between projected and actual investment earnings	5,469	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,156,416	608,684
Contributions paid to ERS subsequent to the measurement date	348,374	-
Total	\$ 3,456,945	\$ 3,927,492

**PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

At August 31, 2019, 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	\$ -	\$ 437,581
Changes in actuarial assumptions	-	4,185,409
Difference between projected and actual investment earnings	5,656	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,755,420	-
Contributions paid to ERS subsequent to the measurement date	330,907	-
Total	\$ 3,091,983	\$ 4,622,990

Measurement Year Ended August 31:	OPEB Expense Amount
2020	\$ (454,644)
2021	\$ (454,644)
2022	\$ (89,895)
2023	\$ 145,821)
2024	\$ 34,441
Thereafter	-

19. 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.

20. 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, 2020 and 2019 there were four such funds for the benefit of the College. The Lawrence R. and Debbie H. Sharp Endowment Scholarship Trust, the Quintin M. Martin Trust No. 2, the Daniel Scholarship Fund Trust, and the Jacke Daniel Davis Memorial Scholarship Fund Trust are held in trust by First State Bank and Trust Company of Carthage, Texas. Funds held in trust in these amounted to \$383,232 at August 31, 2020 and \$378,763 at August 31, 2019.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

21. **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.

22. **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 \$262,024 and \$229,271 in non-monetary transactions representing the value of the use of the facilities for the years ended August 31, 2020 and 2019, respectively. A corresponding amount is also included in operating expenses.

23. **PENDING CLAIMS**

The Panola County Appraisal District Board of Directors accepted a settlement offer in September of 2018 to end current litigation regarding the valuation of significant industrial assets owned by DCP's gas plant(s) in the county. The impact to the College is estimated to be around \$314,478; the settlement will be spread out over three years, interest free.

24. **OTHER DISCLOSURES**

The College has a remaining commitment to Corgan Associates, Inc. of \$76,786 for the music building project.

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

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2020 or 2019.

25. **RISKS AND UNCERTAINTIES**

The COVID-19 pandemic developed rapidly early in 2020. Measures taken by various governments to contain the virus have affected economic activity. Various safety and health measures have been implemented by the College to monitor and mitigate the effects of the virus on its students and employees. The College closed its campuses in March 2020 to students and transitioned to virtual/online education for the remainder of the 2019-2020 school year. The College reopened campuses to staff and students in August 2020 for the start of the Fall semester; however, they continued to offer a virtual/online learning option.

As of the date that these financial statements were available to be issued, the COVID-19 pandemic is ongoing in the United States as well as around the world. As the spread of COVID-19 continues, the potential impact on operations is difficult to fully assess. The College will continue to enforce effective mitigation and safety precautions to protect students, employees and visitors to the campuses.

PANOLA COLLEGE

COMPREHENSIVE ANNUAL 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportion of the net pension liability (asset)	0.0083377%	0.0082265%	0.0083847%	0.0081012%	0.0083059%	0.0088069%
College's proportionate share of the net pension liability (asset)	\$ 4,334,220	\$ 4,528,049	\$ 2,680,991	\$ 3,061,315	\$ 2,936,025	\$ 2,352,444
State's proportionate share of the net pension liability (asset) associated with the College	<u>\$3,466,382</u>	<u>3,604,606</u>	<u>2,025,285</u>	<u>2,412,436</u>	<u>2,264,490</u>	<u>1,923,725</u>
Total	<u>\$7,800,602</u>	<u>\$8,132,655</u>	<u>\$4,706,276</u>	<u>\$5,473,751</u>	<u>\$5,200,515</u>	<u>\$4,276,169</u>
College's covered payroll College's proportionate share of the net pension liability (asset) as a percentage of its payroll	\$7,821,633	\$7,361,886	\$7,089,656	\$6,730,871	\$6,390,034	\$5,935,288
Plan fiduciary net position as a percentage of the total pension liability	55.41%	61.51%	37.82%	45.48%	45.95%	39.63%
	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

Note: Only six years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. 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
Teacher Retirement System of Texas
Last Ten Fiscal Years**

Fiscal year ending August 31,	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$327,417	\$291,895	\$ 282,747	\$274,803	\$ 257,395	\$ 245,917
Contributions in relation to the contractually required contribution	(327,417)	(291,895)	(282,747)	(274,803)	(257,395)	(245,917)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$7,965,357	\$7,821,633	\$7,361,886	\$7,089,656	\$6,760,871	\$6,390,034
Contributions as a percentage of covered payroll	4.11%	3.73%	3.84%	3.88%	3.82%	3.85%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2018 - August 31, 2019.

Note: Only six years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. 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 Proportionate Share of Net OPEB Liability
Employees Retirement System of Texas
Last Ten Fiscal Years**

Fiscal year ending August 31,	2020	2019	2018
College's proportion of the collective net OPEB liability (asset)	0.03848876%	0.04029905%	0.03223488%
College's proportionate share of the net OPEB liability (asset)	\$ 13,302,744	\$ 11,943,726	\$ 10,983,393
State's proportionate share of the net OPEB liability (asset) associated with the College	12,198,622	9,962,553	10,714,106
Total	\$ 25,501,366	\$ 21,906,282	\$ 21,697,499
College's covered employee payroll	\$ 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	147.64%	139.02%	130.96%
Plan fiduciary net position as a percentage of the total net OPEB liability	0.17%	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 three 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,	2020	2019	2018
Contractually required contribution	\$ 348,374	\$ 330,907	\$ 327,217
Contributions in relation to the contractually required contribution	(348,374)	(330,907)	(327,217)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
 College's covered employee payroll	 \$ 8,845,636	 \$ 9,010,488	 \$ 8,591,208
Contributions as a percentage of covered employee payroll	3.94%	3.67%	3.81%

Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2018 - August 31, 2019.

Note: Only three 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, 2020

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 following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

Defined Benefit OPEB Plan

Changes in Assumptions

Demographic Assumptions

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

Percentage of current and future 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.

Percentage of future male retirees assumed to be married and electing coverage for their spouse.

Percentage of future retirees and future retiree spouses assume to use tobacco.

Economic Assumptions

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

The discount rate was changed from 3.96% to 2.97% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or high in effect on the measurement date.

Minor benefit changes described below have been reflected in the FY2020 Assumed Per Capita Health Benefit Costs.

See independent auditor's report on required supplementary information.

PANOLA COLLEGE

Notes to Required Supplementary Information
For the Year Ended August 31, 2020

Changes of benefit terms

Benefit revisions have been adopted since the prior valuation. The only benefit change for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,500 to \$6,750 for individual and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the FY2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

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, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2020 Total	2019 Total
Tuition						
State funded courses						
In-district resident tuition	\$ 357,068	\$ -	\$ 357,068	\$ -	\$ 357,068	\$ 336,234
Out-of-district resident tuition	1,118,145	-	1,118,145	-	1,118,145	1,075,576
TPEG (set aside)*	121,534	-	121,534	-	121,534	125,042
Non-resident tuition	177,397	-	177,397	-	177,397	174,676
State funded continuing education	494,132	-	494,132	-	494,132	500,849
Non-state funded continuing education	25,467	-	25,467	-	25,467	28,194
Total tuition	2,293,743	-	2,293,743	-	2,293,743	2,240,571
Fees						
General fee	2,704,333	-	2,704,333	-	2,704,333	2,922,882
Out-of-district fees	2,160,599	-	2,160,599	-	2,160,599	2,255,893
Laboratory fee	409,091	-	409,091	-	409,091	450,163
Other fees	767,292	-	767,292	-	767,292	838,497
Total fees	6,041,315	-	6,041,315	-	6,041,315	6,467,435
Scholarship allowances and discounts						
Institutional scholarships	(753,540)	-	(753,540)	-	(753,540)	(876,120)
Remissions and exemptions-state	(123,602)	-	(123,602)	-	(123,602)	(146,342)
Remissions and exemptions-local	(894,486)	-	(894,486)	-	(894,486)	(780,343)
Title IV federal grants	(2,499,592)	-	(2,499,592)	-	(2,499,592)	(2,853,828)
TPEG allowances	(129,427)	-	(129,427)	-	(129,427)	(80,023)
State grants to students	(176,151)	-	(176,151)	-	(176,151)	(177,008)
Total scholarship allowances	(4,576,798)	-	(4,576,798)	-	(4,576,798)	(4,913,664)
Total net tuition and fees	3,758,260	-	3,758,260	-	3,758,260	3,794,342
Additional operating revenues						
Federal grants and contracts	-	769,805	769,805	-	769,805	714,123
State grants and contracts	-	394,880	394,880	-	394,880	504,884
Nongovernmental grants and contracts	-	1,599	1,599	-	1,599	3,224
Sales and services of educational activities	2,485	-	2,485	-	2,485	55,718
General operating revenues	304,595	-	304,595	-	304,595	316,600
Total other operating revenues	307,080	1,166,284	1,473,364	-	1,473,364	1,594,549
Auxiliary enterprises						
Bookstore	-	-	-	1,040,626	1,040,626	1,357,822
Less allowances and discounts	-	-	-	(724,870)	(724,870)	(614,647)
Residential life	-	-	-	1,114,648	1,114,648	1,254,184
Less allowances and discounts	-	-	-	(427,025)	(427,025)	(740,316)
Total net auxiliary enterprises	-	-	-	1,003,379	1,003,379	1,257,043
Total Operating Revenues	\$ 4,065,340	\$ 1,166,284	\$ 5,231,624	\$ 1,003,379	\$ 6,235,003	\$ 6,645,934
				(Exhibit 2)		(Exhibit 2)

*In accordance with Education Code 56.033, \$121,534 and \$125,042 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, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Salaries And Wages	Benefits		Other Expenses	2020 Total	2019 Total
		State Benefits	Local Benefits			
Unrestricted Educational Activities						
Instruction	\$ 5,697,597	\$ -	\$ 1,530,894	\$ 789,276	\$ 8,017,767	\$ 7,947,725
Academic Support	1,765,529	-	567,299	489,735	2,822,563	2,847,191
Student Services	993,012	-	332,319	183,604	1,508,935	1,539,711
Institutional Support	1,141,246	-	478,415	1,218,778	2,838,439	2,817,203
Operation and Maintenance of Plant	263,387	-	90,739	1,174,939	1,529,065	1,692,612
Scholarship and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	9,860,771	-	2,999,666	3,856,332	16,716,769	16,844,442
Restricted Educational Activities						
Instruction	218,074	723,675	43,951	285,947	1,271,647	959,369
Public Service	75,402	5,521	19,025	276,033	375,981	418,918
Academic Support	-	224,719	-	-	224,719	188,296
Student Services	-	120,938	-	-	120,938	110,818
Institutional Support	-	170,377	-	426,352	596,729	130,543
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship and Fellowships	-	-	-	3,388,942	3,388,942	3,242,304
Total Restricted Educational Activities	293,476	1,245,230	62,976	4,377,274	5,978,956	5,050,248
Auxiliary Enterprises	326,987	-	105,359	1,647,982	2,080,328	2,487,518
Depreciation Expense-Buildings & other real estate improvements			-	1,778,348	1,778,348	1,759,124
Depreciation Expense-Equipment & fixtures		-	-	512,162	512,162	557,187
Depreciation Expense-Library books				29,920	29,920	30,970
Total	\$ 10,481,234	\$ 1,245,230	\$ 3,168,001	\$ 12,202,018	\$ 27,096,483	\$ 26,729,489
					(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, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Unrestricted	Restricted	Auxiliary Enterprises	2020 Total	2019 Total
NON-OPERATING REVENUES					
State Appropriations					
Education and General State Support	\$ 4,863,257	\$ -	\$ -	\$ 4,863,257	\$ 5,075,160
State Group Insurance	-	651,996	-	651,996	610,103
State Retirement Matching	-	593,234	-	593,234	411,206
Total State Appropriations	4,863,257	1,245,230	-	6,108,487	6,096,469
Ad-Valorem Taxes - Maintenance & Operations	7,962,107	-	-	7,962,107	6,826,243
Ad-Valorem Taxes - Debt Service	2,087,440	-	-	2,087,440	2,145,694
Federal Revenue, Non Operating	-	7,162,020	-	7,162,020	6,989,236
Gifts	425,747	60,000	15,065	500,812	279,809
Investment Income	303,799	630,006	1,217	935,022	683,853
Gain (Loss) on Disposal of Asset	(91,453)	-	-	(91,453)	-
Royalty Income	-	145,193	-	145,193	196,136
Total Non-Operating Revenues	10,687,640	7,997,219	16,282	18,701,141	17,120,971
NON-OPERATING EXPENSES					
Interest on Capital Related Debt	901,159	-	-	901,159	931,330
Total Non-Operating Expenses	901,159	-	-	901,159	931,330
Net Non-Operating Revenues	\$ 14,649,738	\$ 9,242,449	\$ 16,282	\$ 23,908,469	\$ 22,286,110
			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, 2020
With Memorandum Totals for the Year Ended August 31, 2019

	Detail By Source				Available for Current Operations		
	Restricted				Total	Yes	No
	Unrestricted	Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt			
Current							
Unrestricted	\$ 5,317,715	\$ -	\$ -	\$ -	\$ 5,317,715	\$ 5,317,715	\$ -
Restricted	-	87,768	-	-	87,768		87,768
Auxiliary enterprises	820,815	-	-	-	820,815	820,815	-
Endowment							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	4,930,272	-	4,930,272		4,930,272
Plant							
Unexpended	2,990,135	2,481,322	-	-	5,471,457	-	5,471,457
Debt Service		839,041			839,041		839,041
Investment in Plant	-	-	-	21,149,314	21,149,314	-	21,149,314
Total Net Position, August 31, 2020	<u>9,128,665</u>	<u>3,408,131</u>	<u>4,930,272</u>	<u>21,149,314</u>	<u>38,616,382</u>	<u>6,138,530</u>	<u>32,477,852</u>
					(Exhibit 1)		
Total Net Position, August 31, 2019	<u>6,838,321</u>	<u>3,249,115</u>	<u>4,061,645</u>	<u>21,179,562</u>	<u>35,328,643</u>	<u>4,652,815</u>	<u>30,675,828</u>
					(Exhibit 1)		
Net Increase (Decrease) in Net Position	<u>\$ 2,290,344</u>	<u>\$ 159,016</u>	<u>\$ 868,627</u>	<u>\$ (30,248)</u>	<u>\$ 3,287,739</u>	<u>\$ 1,485,715</u>	<u>\$ 1,802,024</u>
					(Exhibit 2)		

See Accompanying Independent Auditor's Report on Supplementary Information.

**PANOLA COLLEGE
SCHEDULE E
AFFILIATED ORGANIZATION
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2020 and 2019**

	2020 Panola College Foundation	2019 Panola College Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors	\$ 118,834	\$ 202,133
Payments for scholarships and support	(139,407)	(90,046)
Other income	316	411
Investment receipts	<u>103,994</u>	<u>91,436</u>
Net cash provided by (used in) operating activities	<u>83,737</u>	<u>203,934</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities and liquidation of investments	181,724	146,088
Purchase of investments and annuities	<u>(299,494)</u>	<u>(560,148)</u>
Net cash (used in) investing activities	<u>(117,770)</u>	<u>(414,060)</u>
Increase (decrease) in cash and cash equivalents	(34,033)	(210,126)
Cash and cash equivalents-beginning	<u>254,870</u>	<u>464,996</u>
Cash and cash equivalents-ending	<u>\$ 220,837</u>	<u>\$ 254,870</u>
Reconciliation of change in net position to net cash provided by operating activities		
Change in net position	<u>\$ 305,204</u>	<u>\$ 156,383</u>
Adjustments to reconcile change in net position to net cash provided by for operating activities		
(Increase) decrease in fair value of investments	(252,162)	22,085
Realized (gain)/loss on investments	(1,158)	892
Changes in assets and liabilities		
Increase (decrease) in accounts payable	<u>31,853</u>	<u>24,574</u>
Total Adjustments	<u>(221,467)</u>	<u>47,551</u>
Net cash provided by (used in) operating activities	<u>\$ 83,737</u>	<u>\$ 203,934</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, 2020

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amounts Passed-Through to Subrecipients	Expenditures and Pass-Through Disbursements
U. S. Department of the Treasury				
Passed Through From:				
Panola County				
COVID - Coronavirus Relief Fund	21.019	N/A		\$ 48,942
Total U.S Department of the Treasury				<u>48,942</u>
U. S. Department of Education				
Direct:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grant	84.007			\$ 37,583
Federal Workstudy Program	84.033			39,466
Federal Pell Grant Program	84.063			3,624,082
Federal Direct Student Loans	84.268			2,173,933
Total Student Financial Aid Cluster				<u>5,875,064</u>
COVID - Education Stabilization Fund	84.425E			753,666
COVID - Education Stabilization Fund	84.425F			410,450
COVID - Education Stabilization Fund	84.425M			73,518
Total COVID - Education Stabilization Fund				<u>1,237,634</u>
Passed Through From:				
Literacy Council of Tyler				
Adult Education - Basic Grants to States	84.002	0818ALA00B		67,702
Adult Education - Accelerate Texas	84.002	0819AEL001		64,439
Angelina College				
Adult Education - Basic Grants to States	84.002	1718PAN000		156,139
Subtotal Adult Education - Basic Grants to States				<u>288,280</u>
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	22689		430,624
Total U. S. Department of Education				<u>7,831,602</u>
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families Cluster				
Passed Through From:				
East Texas Council of Governments				
Temporary Assistance for Needy Families	93.558	PC-TANF-PY19-01		34,970
Temporary Assistance for Needy Families	93.558	PC-TII-PY18-01		421
Literacy Council of Tyler				
Adult Education - Temporary Assistance for Needy Families	93.558	0818ALAB00		15,510
Subtotal Temporary Assistance for Needy Families Cluster				<u>50,901</u>
Total U.S. Department of Health and Human Services				<u>50,901</u>
Total Federal Awards			\$ -	<u>\$ 7,931,445</u>

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

PANOLA COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2020

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission		
Skills Development Fund Program		\$ 22,269
Passed Through From:		
Adult Education GR-Adult Education		
Literacy Council of Tyler		
Adult Education - Basic Grants to States		97,445
Subtotal Texas Workforce Commission		<u>119,714</u>
Texas Higher Education Coordinating Board		
Texas Educational Opportunity Grant		209,638
Texas College Work-Study		8,091
60x30 Texas College Readiness		24,842
NSRP		3,498
NSRP under 70		12,341
Subtotal Texas Higher Education Coordinating Board		<u>258,410</u>
Texas Veterans Commission		
Hazelwood Legacy Program		7,856
Subtotal Texas Veterans Commission		<u>7,856</u>
Office of the Governor - Criminal Justice Division		
National Incident-Based Reporting System (NIBRS)		8,900
Subtotal Office of the Governor-Criminal Justice Division		<u>8,900</u>
Total State Awards		<u>\$ 394,880</u>
State Grants and Revenues -Per Schedule A		<u>\$ 394,880</u>

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

PANOLA COLLEGE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED AUGUST 31, 2020

Basis of Presentation

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the College. The information in these schedules are 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) and the Uniform Grant Management Standards (UGMS). Because the Schedules present only a selected portion of the operations of the College, they are not intended to and do 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 Schedules

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

Relationship to Federal and State Financial Reports

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

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	\$ 769,805
Add: Federal Revenue, Non-Operating – Schedule C	7,162,020
Add: Other adjustments	<u>(380)</u>
Total Federal Awards – Schedule F	<u>\$ 7,931,445</u>

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**PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



SINGLE AUDIT SECTION

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA



4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, 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, the financial statements of the business-type activities and the discretely presented component unit of Panola College (College) as of and for the year ended August 31, 2020, 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 20, 2021.

Internal Control Over Financial Reporting

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

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

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

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

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, 2020, no instances of noncompliance were found.

Purpose of this Report

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
January 20, 2021

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA



4000 S. Medford Drive
Lufkin, Texas 75901

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(Retired)

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

Board of Trustees
Panola College
Carthage, Texas

Report on Compliance for Each Major Federal Program

We have audited Panola College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Panola College's major federal programs for the year ended August 31, 2020. Panola College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Panola College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Panola College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Panola College's compliance.

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

Report on Compliance for Each Major Federal Program - Continued

Opinion on Each Major Federal Program

In our opinion, Panola College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control Over Compliance

Management of Panola College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Panola College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Panola College's internal control over compliance.

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

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

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

Report on Internal Control Over Compliance - Continued

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
January 20, 2021

**PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2020**

A. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____	<input checked="" type="checkbox"/>	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____	<input checked="" type="checkbox"/>	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____	<input checked="" type="checkbox"/>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____	<input checked="" type="checkbox"/>	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____	<input checked="" type="checkbox"/>	Reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program
	Federal: Student Financial Aid Cluster
84.425	Education Stabilization Fund

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

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

PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
AUGUST 31, 2020

B. Financial Statements Findings

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

None

C. Federal Awards Findings and Questioned Costs

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

None

**PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**STATISTICAL SUPPLEMENTS
(UNAUDITED)**

PANOLA COLLEGE
STATISTICAL SECTION OBJECTIVES
(UNAUDITED)

This part of Panola College's (the College's) comprehensive annual 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 2011 to 2020
(unaudited)
(amounts expressed in thousands)

	For the Fiscal Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Investment in capital assets	\$ 21,149	\$ 21,180	\$ 21,560	\$ 21,198	\$ 20,680	\$ 13,643	\$ 12,311	\$ 10,086	\$ 7,818	\$ 6,553
Restricted - expendable	3,408	3,249	1,827	1,376	577	2,201	5,140	-	-	-
Restricted - nonexpendable	4,930	4,062	3,791	3,271	3,153	3,131	3,104	2,956	2,848	2,615
Unrestricted	9,129	6,838	5,790	15,652	13,831	15,247	10,833	13,041	13,104	12,068
Total	38,616	35,329	32,968	41,497	38,241	34,222	31,388	26,083	23,770	21,236
Net position, beginning of year*	35,329	32,968	41,497	38,241	34,222	31,388	26,083	23,770	21,236	18,383
Cumulative effect of change in accounting principle (Note 2)	N/A	N/A	(12,821)	N/A	N/A	(2,665)	N/A	N/A	N/A	N/A
Net position, beginning of year, as restated (Note 2)	N/A	N/A	28,676	N/A	N/A	28,723	N/A	N/A	N/A	N/A
(Increase) decrease in net position	\$ (3,287)	\$ (2,361)	\$ (4,292)	\$ (3,256)	\$ (4,019)	\$ (2,834)	\$ (5,305)	\$ (2,313)	\$ (2,534)	\$ (2,853)

*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 2011 to 2020
(unaudited)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and Fees (Net of Discounts)	\$3,758	\$3,794	\$3,828	\$3,264	\$3,180	\$2,974	\$3,410	\$2,764	\$2,879	\$2,196
Governmental Grants and Contracts										
Federal Grants and Contracts	770	715	580	566	523	486	402	401	422	450
State Grants and Contracts	395	504	658	937	188	737	307	231	117	407
Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	2	3	2	6	4	16	2	2	1	4
Sales and services of educational activities	2	56	73	93	84	99	98	140	140	163
Auxiliary enterprises	1,003	1,257	1,095	1,080	1,085	1,189	1,118	886	981	1,006
Other Operating Revenues	305	317	366	257	292	260	257	250	256	240
Total Operating Revenues	6,235	6,646	6,602	6,203	5,356	5,761	5,594	4,674	4,796	4,466
State Appropriations	6,108	6,096	6,512	5,916	5,968	5,355	5,305	4,456	4,087	4,739
Ad Valorem Taxes	10,049	8,972	8,602	8,451	8,939	9,623	9,011	5,962	5,750	5,661
Federal Revenue, Non Operating	7,162	6,989	8,933	9,414	8,893	8,876	9,100	8,959	8,296	6,193
Gifts	501	280	1,187	345	609	545	165	241	266	416
Transfer to Panola College Foundation	-	-	-	-	(57)	-	-	-	-	-
Investment income	935	684	533	201	188	153	187	213	208	139
Gain(Loss) on Disposal of Capital Assets	(91)	-	(309)	-	(177)	11	(50)	1	2	32
Other non-operating revenues	145	196	292	44	92	85	32	31	51	74
Total Non-Operating Revenues	24,809	23,217	25,750	24,371	24,455	24,648	23,750	19,863	18,660	17,254
Additions to Permanent Endowments	241	158	330	79	55	-	-	-	-	-
Total Revenues	\$ 31,285	\$ 30,021	\$ 32,682	\$ 30,653	\$ 29,866	\$ 30,409	\$ 29,344	\$ 24,537	\$ 23,456	\$ 21,720

For the Year Ended August 31,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and fees (net of discounts)	12.01%	12.64%	11.71%	10.65%	10.65%	9.78%	11.62%	11.26%	12.27%	10.11%
Governmental grants and contracts										
Federal grants and contracts	2.46%	2.38%	1.78%	1.85%	1.75%	1.60%	1.37%	1.63%	1.80%	2.07%
State grants and contracts	1.26%	1.68%	2.01%	3.06%	0.63%	2.42%	1.05%	0.94%	0.50%	1.87%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.01%	0.01%	0.01%	0.02%	0.01%	0.05%	0.01%	0.01%	0.00%	0.02%
Sales and services of educational activities	0.01%	0.19%	0.22%	0.30%	0.28%	0.33%	0.33%	0.57%	0.60%	0.75%
Auxiliary enterprises	3.21%	4.19%	3.35%	3.52%	3.63%	3.91%	3.81%	3.61%	4.18%	4.63%
Other operating revenues	0.97%	1.06%	1.12%	0.84%	0.98%	0.86%	0.88%	1.02%	1.09%	1.10%
Total Operating Revenues	19.92%	22.14%	20.20%	20.24%	17.93%	18.95%	19.06%	19.05%	20.45%	20.56%
State appropriations	19.53%	20.31%	19.93%	19.30%	19.98%	17.61%	18.08%	18.16%	17.42%	21.82%
Ad valorem taxes	32.12%	29.89%	26.32%	27.57%	29.93%	31.65%	30.71%	24.30%	24.51%	26.06%
Non-Governmental Grants and Contracts	22.89%	23.28%	27.33%	30.71%	29.78%	29.19%	31.01%	36.51%	35.37%	28.51%
Gifts	1.60%	0.93%	3.63%	1.13%	2.04%	1.79%	0.56%	0.98%	1.13%	1.92%
Transfer to Panola College Foundation	0.00%	0.00%	0.00%	0.00%	-0.19%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income	2.99%	2.28%	1.63%	0.66%	0.63%	0.50%	0.64%	0.87%	0.89%	0.64%
Gain on Disposal of Capital Assets	-0.29%	0.00%	-0.95%	0.00%	-0.59%	0.04%	-0.17%	0.00%	0.01%	0.15%
Other non-operating revenues	0.46%	0.65%	0.89%	0.14%	0.31%	0.28%	0.11%	0.13%	0.22%	0.34%
Total Non-Operating Revenues	79.30%	77.35%	78.79%	79.51%	81.88%	81.05%	80.94%	80.95%	79.55%	79.44%
Additions to Permanent Endowments	0.77%	0.53%	1.01%	0.26%	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Revenues	100.00%	100.00%	98.99%	99.74%	99.82%	100.00%	100.00%	100.00%	100.00%	100.00%

Panola College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2011 to 2020
(unaudited)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	\$9,290	\$8,907	\$8,883	\$8,383	\$8,365	\$8,137	\$7,959	\$7,119	\$6,661	\$6,289
Research	-	-	-	-	-	-	-	-	-	-
Public service	376	419	365	401	206	305	291	369	339	355
Academic support	3,047	3,035	2,880	2,608	2,604	2,317	2,223	2,012	2,032	2,047
Student services	1,630	1,651	1,597	1,371	1,561	1,441	1,302	1,286	1,226	1,261
Institutional support	3,435	2,948	2,760	2,522	2,532	2,362	2,162	2,498	2,036	1,845
Operation and maintenance of plant	1,529	1,693	1,794	1,771	1,711	1,507	1,725	1,385	1,372	1,384
Scholarships and fellowships	3,389	3,242	4,292	4,470	3,771	4,049	4,293	4,277	4,026	2,601
Auxiliary enterprises	2,080	2,487	2,579	2,671	2,903	2,806	2,712	2,347	2,217	1,996
Depreciation	2,321	2,347	2,277	2,202	2,025	926	868	777	824	843
Total Operating Expenses	27,097	26,729	27,427	26,399	25,678	23,850	23,535	22,070	20,733	18,621
Interest on capital related debt	901	931	963	998	170	461	341	154	190	246
Bond issuance costs	-	-	-	-	-	599	163	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	901	931	963	998	170	1,060	504	154	190	246
Total Expenses	\$ 27,998	\$ 27,660	\$ 28,390	\$ 27,397	\$ 25,848	\$ 24,910	\$ 24,039	\$ 22,224	\$ 20,923	\$ 18,867

For the Year Ended August 31,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	33.18%	32.20%	31.29%	30.60%	32.36%	32.67%	33.11%	32.03%	31.84%	33.33%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	1.34%	1.51%	1.29%	1.46%	0.80%	1.22%	1.21%	1.66%	1.62%	1.88%
Academic support	10.88%	10.97%	10.14%	9.52%	10.07%	9.30%	9.25%	9.05%	9.71%	10.85%
Student services	5.82%	5.97%	5.63%	5.00%	6.04%	5.78%	5.42%	5.79%	5.86%	6.68%
Institutional support	12.27%	10.66%	9.72%	9.21%	9.80%	9.48%	8.99%	11.24%	9.73%	9.78%
Operation and maintenance of plant	5.46%	6.12%	6.32%	6.46%	6.62%	6.05%	7.18%	6.23%	6.56%	7.34%
Scholarships and fellowships	12.10%	11.72%	15.12%	16.32%	14.59%	16.25%	17.86%	19.24%	19.24%	13.79%
Auxiliary enterprises	7.43%	8.99%	9.08%	9.75%	11.23%	11.26%	11.28%	10.56%	10.60%	10.58%
Depreciation	8.29%	8.49%	8.02%	8.04%	7.83%	3.72%	3.61%	3.50%	3.94%	4.47%
Total Operating Expenses	96.78%	96.63%	96.61%	96.36%	99.34%	95.74%	97.90%	99.31%	99.09%	98.70%
Interest on capital related debt	3.22%	3.37%	3.39%	3.64%	0.66%	1.85%	1.42%	0.69%	0.91%	1.30%
Bond issuance costs	0.00%	0.00%	0.00%	0.00%	0.00%	2.40%	0.68%	0.00%	0.00%	0.00%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	3.22%	3.37%	3.39%	3.64%	0.66%	4.26%	2.10%	0.69%	0.91%	1.30%
Total Expenses	100.00%									
Change in Net Position	\$ 3,287	\$ 2,361	\$ 4,292	\$ 3,256	\$ 4,018	\$ 5,499	\$ 5,305	\$ 2,313	\$ 2,533	\$ 2,853

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

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

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	General Fees	Out-of-District Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2019	\$ 0	\$ 33	\$ 33	\$ 0	\$ 51	\$ 59	\$ 1,008	\$ 1,716	5.00%	5.15%
2018	0	29	29	0	51	56	960	1,632	2.56%	4.62%
2017	0	27	27	0	51	52	936	1,560	2.63%	3.17%
2016	0	25	25	0	51	50	912	1,512	4.11%	4.13%
2015	0	25	25	0	48	48	876	1,452	4.29%	2.54%
2014	0	25	25	0	45	48	840	1,416	0.00%	4.42%
2013	0	25	25	0	45	43	840	1,356	4.48%	5.61%
2012	0	25	25	0	42	40	804	1,284	0.00%	0.00%
2011	0	25	25	0	42	40	804	1,284	9.84%	10.31%
2010	0	25	25	0	36	36	732	1,164	8.93%	11.49%

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

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	General Fees	Out-of-State/International Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2019	\$ 0	\$ 33	\$ 33	\$ 0	\$ 51	\$ 98	\$ 2,184	\$ 2,184	5.20%	5.20%
2018	0	29	29	0	51	93	2,076	2,076	4.85%	4.85%
2017	0	27	27	0	51	87	1,980	1,980	3.77%	3.77%
2016	0	25	25	0	51	83	1,908	1,908	4.61%	4.61%
2015	0	25	25	0	48	79	1,824	1,824	2.01%	2.01%
2014	0	25	25	0	45	79	1,788	1,788	4.20%	4.20%
2013	0	25	25	0	45	73	1,716	1,716	5.93%	5.93%
2012	0	25	25	0	42	68	1,620	1,620	0.00%	0.00%
2011	0	25	25	0	42	68	1,620	1,620	9.76%	9.76%
2010	0	25	25	0	36	62	1,476	1,476	8.85%	8.85%

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

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

Fiscal Year	(amounts expressed in thousands)						Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Residential Property	Commercial Property	Personal Property	Mineral	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2019-20	\$ 1,568,805	\$ 516,962	\$ 91,250	\$ 2,987,039	\$ 1,188,113	\$ 3,975,943	76.99%	0.198760	0.052360	0.251120
2018-19	1,498,995	497,673	96,402	2,463,566	1,214,265	3,342,371	73.35%	0.205640	0.064750	0.270390
2017-18	1,673,397	325,928	75,199	2,456,134	1,156,295	3,374,363	74.48%	0.193870	0.063130	0.257000
2016-17	1,646,277	316,633	83,286	2,626,783	1,138,531	3,534,448	75.64%	0.183950	0.059390	0.243340
2015-16	1,638,659	310,743	84,940	3,550,968	1,145,162	4,440,148	79.50%	0.161050	0.046820	0.207870
2014-15	1,628,304	304,379	77,740	3,603,137	1,136,346	4,477,214	79.76%	0.154830	0.060000	0.214830
2013-14	1,621,302	300,582	76,670	3,090,417	1,138,763	3,950,208	77.62%	0.154830	0.060000	0.214830
2012-13	1,589,713	303,647	68,638	3,223,946	1,073,371	4,112,573	79.30%	0.145190	0.000000	0.145190
2011-12	1,532,863	291,863	63,206	3,593,438	1,107,280	4,374,090	79.80%	0.134070	0.000000	0.134070
2010-11	1,519,420	257,371	62,771	4,082,132	1,067,043	4,854,651	81.98%	0.118130	0.000000	0.118130

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
State Appropriation Contact Hour Funding (CH)	\$ 3,734,384	\$ 4,053,504	\$ 4,053,505	\$ 3,868,996	\$ 3,861,990	\$ 3,508,821	\$ 3,508,821	\$ 3,722,735	\$ 3,381,641	\$ 3,428,604
State Appropriation Student Success Points (SSP)	448,467	341,250	341,250	313,989	313,989	306,905	306,905	-	-	-
State Appropriation Core Operations (CO)	680,406	680,406	341,251	500,000	500,000	500,000	500,000	-	-	-
State Appropriation Bachelor of Applied Technology (BAT)	-	-	-	-	-	-	-	-	-	-
State Appropriation Non-Formula Items	-	-	-	-	-	-	-	-	-	-
Total	4,863,257	5,075,160	4,736,006	4,682,985	4,675,979	4,315,726	4,315,726	3,722,735	3,381,641	3,428,604

(1) General Appropriations Act, SB 1, 85th Texas Legislature, Section 1 (page III-209) - Informational Listing of Appropriated Funds.
* FY Year Formula Funding Changed Methodology
Source: THE CB - Ten Pay Schedule

Statistical Supplement 6b

State Appropriation per FTSE			
Fiscal Year	Appropriation	(1)	Appropriation
2019-20	\$4,863,257	1,703	\$2,856
2018-19	\$5,075,160	1,855	\$2,736
2017-18	\$5,075,262	1,986	\$2,556
2016-17	\$4,682,985	1,944	\$2,409
2015-16	\$4,675,980	1,954	\$2,393
2014-15	\$4,315,726	1,911	\$2,258
2013-14	\$4,315,726	1,932	\$2,234
2012-13	\$3,722,735	1,860	\$2,001
2011-12	\$3,381,641	1,804	\$1,875
2010-11	\$3,428,604	1,617	\$2,120

(1) Fiscal Year (FY) FTSE is equal to The sum of State Funded
(Fall SCH + Spring SCH + Summer SCH for the Current
FY/30SCH) plus State Funded Continuing Education
(Fall CH + Spring CH + Summer CH for the Current FY/900 CH).
* FY Year Formula Funding Changed Methodology
Source: CBM004 and CMB00C.

Statistical Supplement 6c

State Appropriation per Funded Contact Hour					
Contact Hour (CH) portion only of State Appropriation					
Appropriation	Contact	Contact	Education	Contact	Appropriation
\$4,863,257	698,640	413,888	47,333	1,159,861	\$4.19
\$4,053,504	753,296	454,624	49,219	1,257,139	\$3.22
\$4,053,505	848,884	471,504	61,406	1,381,794	\$2.93
\$3,868,996	838,592	500,464	34,553	1,373,609	\$2.82
\$3,861,990	766,160	530,128	44,764	1,341,052	\$2.88
\$3,508,821	711,584	569,536	48,575	1,329,695	\$2.64
\$3,508,821	732,752	543,152	45,134	1,321,038	\$2.66
\$3,722,735	700,368	511,840	47,443	1,259,651	\$2.96
\$3,381,641	729,184	458,288	33,512	1,220,984	\$2.77
\$3,428,604	667,008	436,176	42,183	1,145,367	\$2.99

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 Year Formula Funding Changed Methodology

Statistical Supplement 6d

State Appropriation per Student Success Point - Annualized			
Fiscal Year	SSP -State Appropriation (Unrestricted) (1)	Average Student Success Points (2)	State Appropriation per FTSE
2019-20	448,467	N/A**	N/A**
2018-19	\$341,250	3,983	\$86
2017-18	\$341,250	4,311	\$79
2016-17	\$313,989	4,432	\$71
2015-16	\$313,989	4,251	\$74
2014-15	\$306,905	3,316	\$93
2013-14	\$306,905	3,457	\$89

(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

Student Success Points (SSP)					
Success Point Elements (1)	2020	2019	2018	2017	2016
Math Readiness	N/A**	122	207	230	167
Read Readiness	N/A**	47	138	136	116
Write Readiness	N/A**	53	85	129	119
Students Who Pass FCL Math Course	N/A**	314	345	356	341
Students Who Pass FCL Read Course	N/A**	323	715	724	793
Students Who Pass FCL Write Course	N/A**	247	544	531	518
Students Who Complete 15 SCH	N/A**	840	878	902	863
Students Who Complete 30 SCH	N/A**	563	610	587	588
Student Transfers to a 4-Yr Inst	N/A**	448	244	250	226
Degrees, CCCs, or Certs (Undup)	N/A**	503	315	284	278
Degrees or Certs in Critical Fields	N/A**	523	230	303	242
Annual Success Points - Total	N/A**	3983	4311	4432	4251

(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

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

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

Taxpayer	Type of Business	2019	2018	2017	2016	2015	2014	2013	2012
Rockcliff Energy OP	Petroleum	\$ 248,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCI East Tx Upstream	Petroleum	192,962	342,040	351,247	-	-	-	-	-
MarkWest Eastern TX Gas Co LP	Petroleum	131,016	141,237	152,344	174,735	171,043	158,252	153,956	146,575
Sabine Oil & Gas	Petroleum	129,703	-	-	-	-	-	-	-
Teco Gas Processing	Petroleum	100,071	-	-	-	-	-	-	-
Sheridan Production Company	Petroleum	85,189	126,923	78,370	-	-	-	-	-
MarkWest Carthage Plant & East	Petroleum	81,334	112,001	113,339	123,431	121,464	81,656	78,246	-
DCP East Tx Gathering LP-Plant	Petroleum	71,201	134,375	168,711	172,494	206,667	-	-	-
Midcoast P/L ETX G&P-Beckville	Petroleum	60,898	-	-	-	-	-	-	-
ETC Tiger Pipeline	Petroleum	59,832	53,161	51,878	55,280	-	-	77,288	82,904
Anadarko E&P Company LP (MIN)	Petroleum	-	-	-	302,668	459,711	504,403	256,522	253,302
Anadarko E&P Company LP (MI)	Petroleum	-	-	-	156,681	182,003	-	-	-
Devon Energy (Pennzenergy)	Petroleum	-	-	-	101,146	238,005	315,366	328,213	379,823
Samson Lone Star LP	Petroleum	-	-	-	60,030	107,198	97,163	-	-
XTO Energy (Min)	Petroleum	-	-	-	50,448	98,537	101,024	112,289	110,701
Luminant	Coal Mining	-	-	-	-	75,064	76,199	-	61,504
Memorial Production	Petroleum	-	-	-	-	65,480	77,401	-	-
Chevron USA Inc.	Petroleum	-	-	-	-	-	-	69,830	84,022
Lacy Operations Ltd.	Petroleum	-	-	-	-	-	-	66,241	71,399
Exxon Mobile Corp.	Petroleum	-	-	-	-	-	-	62,964	72,677
EOG Resources Inc.	Petroleum	-	-	-	-	-	-	-	-
BP America Production	Petroleum	-	-	-	-	-	-	-	-
XTO Energy (Hunt Pet)	Petroleum	-	-	-	-	-	78,896	-	-
DCP Midstream LP	Petroleum	-	-	-	-	-	194,905	136,948	144,307
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		\$ 1,161,180	\$ 1,090,067	\$ 1,144,253	\$ 1,267,041	\$ 1,725,172	\$ 1,685,265	\$ 1,342,497	\$ 1,407,214
Total Taxable Assessed Value		\$ 9,037,439	\$ 8,686,796	\$ 8,600,726	\$ 9,229,735	\$ 9,618,399	\$ 5,971,045	\$ 5,864,343	\$ 5,734,799

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2019	2018	2017	2016	2015	2014	2013	2012
Rockcliff Energy OP	Petroleum	2.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CCI East Tx Upstream	Petroleum	2.14%	3.78%	4.04%	0.00%	0.00%	0.00%	0.00%	0.00%
MarkWest Eastern TX Gas Co LP	Petroleum	1.45%	1.56%	1.75%	2.03%	1.85%	1.65%	2.58%	2.50%
Sabine Oil & Gas	Petroleum	1.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Teco Gas Processing	Petroleum	1.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sheridan Production Company	Petroleum	0.94%	1.40%	0.90%	0.00%	0.00%	0.00%	0.00%	0.00%
MarkWest Carthage Plant & East	Petroleum	0.90%	1.24%	1.30%	1.44%	1.32%	0.85%	1.31%	0.00%
DCP East Tx Gathering LP-Plant	Petroleum	0.79%	1.49%	1.94%	2.01%	2.24%	0.00%	0.00%	0.00%
Midcoast P/L ETX G&P-Beckville	Petroleum	0.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ETC Tiger Pipeline	Petroleum	0.66%	0.59%	0.60%	0.64%	0.00%	0.00%	1.29%	1.41%
Anadarko E&P Company LP (MIN)	Petroleum	0.00%	0.00%	0.00%	3.52%	4.98%	5.24%	4.30%	4.32%
Anadarko E&P Company LP (MI)	Petroleum	0.00%	0.00%	0.00%	1.82%	1.97%	0.00%	0.00%	0.00%
Devon Energy (Pennzenergy)	Petroleum	0.00%	0.00%	0.00%	1.18%	2.58%	3.28%	5.50%	6.48%
Samson Lone Star LP	Petroleum	0.00%	0.00%	0.00%	0.70%	1.16%	1.01%	0.00%	0.00%
XTO Energy (Min)	Petroleum	0.00%	0.00%	0.00%	0.59%	1.07%	1.05%	1.88%	1.89%
Luminant	Coal Mining	0.00%	0.00%	0.00%	0.00%	0.81%	0.79%	0.00%	1.05%
Memorial Production	Petroleum	0.00%	0.00%	0.00%	0.00%	0.71%	0.80%	0.00%	0.00%
Chevron USA Inc.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.17%	1.43%
Lacy Operations Ltd.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.11%	1.22%
Exxon Mobile Corp.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.05%	1.24%
EOG Resources Inc.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BP America Production	Petroleum	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%	0.82%	0.00%	0.00%
DCP Midstream LP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	2.03%	2.29%	2.46%
Enbridge	Petroleum	0.00%	0.68%	0.75%	0.82%	0.00%	0.00%	0.00%	0.00%
Enable Gas Transmission	Petroleum	0.00%	0.50%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%
Amplify Energy Operating	Petroleum	0.00%	0.46%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Louisiana Pacific	Timber	0.00%	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Red River Nacogdoches I GP	Petroleum	0.00%	0.00%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		12.85%	12.55%	13.30%	13.73%	17.94%	28.22%	22.89%	24.54%

Source: Local County Appraisal District

2011	2010
\$ -	\$ -
-	-
137,866	134,438
-	-
-	-
70,132	-
-	-
-	-
71,791	-
334,472	400,768
-	-
460,033	669,158
-	-
114,211	150,928
-	-
-	-
135,824	193,937
94,102	124,911
87,985	127,263
-	99,708
-	86,788
-	-
128,525	117,969
-	-
-	-
-	-
-	-
-	-
<u>\$ 1,634,941</u>	<u>\$ 2,105,868</u>
<u>\$ 5,343,192</u>	<u>\$ 5,147,720</u>

2011	2010
0.00%	0.00%
0.00%	0.00%
2.40%	2.52%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
1.22%	0.00%
0.00%	0.00%
0.00%	0.00%
1.25%	0.00%
5.83%	7.50%
0.00%	0.00%
8.02%	12.52%
0.00%	0.00%
1.99%	2.82%
0.00%	0.00%
0.00%	0.00%
2.37%	3.63%
1.64%	2.34%
1.53%	2.38%
0.00%	1.87%
0.00%	1.62%
0.00%	0.00%
2.24%	2.21%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
<u>30.60%</u>	<u>40.91%</u>

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	Current	Total	Cumulative
						Collections of Prior Levies (d)	Collections of Prior Levies (e)	Collections (C+D+E)	Collections of Adjusted Levy
2020	\$ 9,984	\$ 724	\$ 10,708	\$ 9,897	92.43%	\$ 143	\$ 56	10,096	94.28%
2019	9,037	489	9,526	9,168	96.24%	129	-	9,297	97.60%
2018	8,687	117	8,804	8,507	96.63%	179	-	8,686	98.66%
2017	8,601	118	8,719	8,493	97.41%	-	-	8,493	97.41%
2016	9,230	20	9,250	9,078	98.14%	-	72	9,150	98.92%
2015	9,618	290	9,908	9,753	98.44%	71	21	9,845	99.36%
2014	8,483	886	9,369	9,136	97.51%	176	7	9,319	99.47%
2013	5,971	75	6,046	5,881	97.27%	127	4	6,012	99.44%
2012	5,864	103	5,967	5,833	97.75%	119	2	5,954	99.78%
2011	5,735	158	5,893	5,765	97.83%	117	1	5,883	99.83%

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Bonded Debt										
General obligation bonds	\$ 26,470	\$ 27,470	\$ 28,430	\$ 29,350	\$ 30,235	\$ 31,090	\$ 7,360	\$ -	\$ -	\$ -
General obligation bonds premium	201	382	461	625	814	1,027	316	-	-	-
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ 26,671	\$ 27,852	\$ 28,891	\$ 29,975	\$ 31,049	\$ 32,117	\$ 7,676	\$ -	\$ -	\$ -
Other Debt										
Revenue bonds	\$ -	\$ 213	\$ 420	\$ 1,220	\$ 2,012	\$ 2,979	\$ 3,575	\$ 4,346	\$ 5,110	\$ 5,868
Notes	-	-	-	-	-	-	-	-	-	895
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Net other debt	\$ -	\$ 213	\$ 420	\$ 1,220	\$ 2,012	\$ 2,979	\$ 3,575	\$ 4,346	\$ 5,110	\$ 6,763
Total Outstanding Debt	\$ 26,671	\$ 28,065	\$ 29,311	\$ 31,195	\$ 33,061	\$ 35,096	\$ 11,251	\$ 4,346	\$ 5,110	\$ 6,763
General Bonded Debt Ratios										
Per Capita	\$ 1.12	\$ 1.17	\$ 1.24	\$ 1.28	\$ 1.31	\$ 1.35	\$ 0.32	\$ -	\$ -	\$ -
Per FTSE	\$ 15.66	\$ 15.01	\$ 14.55	\$ 15.42	\$ 15.89	\$ 17	\$ 4	\$ -	\$ -	\$ -
As a percentage of Taxable Assessed Value	0.67%	0.83%	0.86%	0.85%	0.70%	0.72%	0.19%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per Capita	\$ -	\$ 0.01	\$ 0.02	\$ 0.05	\$ 0.08	\$ 0.13	\$ 0.15	\$ 0.18	\$ 0.21	\$ 0.29
Per FTSE	\$ -	\$ 0.11	\$ 0.21	\$ 0.63	\$ 1.03	\$ 2	\$ 2	\$ 2	\$ 3	\$ 4
As a percentage of Taxable Assessed Value	0.00%	0.01%	0.01%	0.03%	0.05%	0.07%	0.09%	0.11%	0.12%	0.14%

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

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

For the Year Ended August 31

	2020	2019	2018
Taxable Assessed Value (amount expressed in thousands)	\$ 3,975,943	\$ 3,342,372	\$ 3,374,363
General Obligation Bonds			
Statutory Tax Levy Limit for Debt Service	1,987,972	1,671,186	1,687,182
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-
Total Net General Obligation Debt	1,987,972	1,671,186	1,687,182
Current Year Debt Service Requirements	1,000,000	960,000	920,000
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 987,972	\$ 711,186	\$ 767,182
Net Current Requirements as a % of Statutory Limit	50.30%	57.44%	54.53%

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.

2017	2016	2015	2014	2013	2012	2011
\$ 3,534,448	\$ 4,440,148	\$ 4,477,214	\$ 3,950,208	\$ 4,112,573	\$ 4,374,091	\$ 4,854,651
1,767,224	2,220,074	2,238,607	1,975,104	2,056,287	2,187,046	2,427,326
-	-	-	-	-	-	-
1,767,224	2,220,074	2,238,607	1,975,104	2,056,287	2,187,046	2,427,326
885,000	855,000	1,425,000	1,965,000	-	-	-
\$ 882,224	\$ 1,365,074	\$ 813,607	\$ 10,104	\$ 2,056,287	\$ 2,187,046	\$ 2,427,326
50.08%	38.51%	63.66%	99.49%	0.00%	0.00%	0.00%

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

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)					
	Tuition	Fee	General			Total
			Operating Revenues	Auxilliary Revenues	Investment Income	
2020	\$ 2,294	\$ 6,041	\$ 305	\$ 2,155	\$ 935	\$ 11,730
2019	2,240	6,467	317	2,612	683	12,319
2018	2,317	6,757	366	2,890	533	12,863
2017	1,885	6,614	257	2,970	201	11,927
2016	1,864	6,274	292	3,126	188	11,744
2015	1,808	5,793	260	3,113	126	11,100
2014	2,123	5,613	257	3,077	127	11,197
2013	1,952	5,086	250	2,690	152	10,130
2012	1,905	4,853	256	2,620	151	9,785
2011	1,636	3,980	240	2,411	89	8,356

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

Debt Service Requirements (\$000
omitted)

Principal	Interest	Total	Coverage Ratio
\$ 213	\$ 8	\$ 221	53.07
207	16	223	55.24
800	42	842	15.28
792	66	858	13.90
785	91	876	13.41
778	115	910	12.20
771	139	927	12.08
764	163	927	10.93
758	187	945	10.35
752	210	962	8.69

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

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2019	23,796	\$ 1,007,115	\$ 43,508	3.9%
2018	23,796	939,265	40,411	3.6%
2017	23,243	891,054	37,930	4.4%
2016	23,492	952,436	40,543	7.1%
2015	23,766	1,049,942	44,173	5.2%
2014	23,769	1,091,774	45,738	4.9%
2013	23,870	1,070,065	44,549	5.1%
2012	24,020	1,000,264	40,962	5.6%
2011	24,058	953,996	39,654	6.7%
2010	23,826	883,668	37,089	7.3%

Sources:

Panola County CAFR

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

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

Employer	Number of Employees	Percentage of Total Employment
Natural Resource and Mining	969	12.08%
Construction	1,159	14.45%
Manufacturing	1,033	12.88%
Trade, Transportation, Utilities	1,358	16.92%
Information	45	0.56%
Financial Activities	305	3.80%
Professional Business Services	627	7.82%
Education Health Services	697	8.69%
Leisure Hospitality	442	5.51%
Other Services	148	1.84%
Federal	58	0.72%
State	30	0.37%
Local	1,152	14.36%
Total	8,023	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Faculty										
Full-Time	72	75	75	70	69	69	69	65	63	61
Part-Time	71	77	66	82	78	78	76	74	78	71
Total	143	152	141	152	147	147	145	139	141	132
Percent										
Full-Time	50.3%	49.3%	53.2%	46.1%	46.9%	46.9%	47.6%	46.8%	44.7%	46.2%
Part-Time	49.7%	50.7%	46.8%	53.9%	53.1%	53.1%	52.4%	53.2%	55.3%	53.8%
Staff and Administrators										
Full-Time	80	81	81	81	83	80	77	75	74	72
Part-Time	65	68	64	56	63	63	62	62	68	68
Total	145	149	145	137	146	143	139	137	142	140
Percent										
Full-Time	55.2%	54.4%	55.9%	59.1%	56.8%	55.9%	55.4%	54.7%	52.1%	51.4%
Part-Time	44.8%	45.6%	44.1%	40.9%	43.2%	44.1%	44.6%	45.3%	47.9%	48.6%
FTSE per Full-time Faculty	23.7	24.7	26.5	27.8	28.3	27.7	28.0	28.6	28.6	26.5
FTSE per Full-Time Staff Member	21.3	22.9	24.5	24.0	23.5	23.9	25.1	24.8	23.1	22.5
Average Annual Faculty Salary	\$52,255	\$53,272	\$54,367	\$53,272	\$51,541	\$51,965	\$54,794	\$50,215	\$49,218	\$48,558

Panola College
Statistical Supplement 17
Transfers to Senior Institutions
2018 Fall Students as of Fall 2019
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University				0	0.00%
2 Lamar University	2			2	0.59%
3 Midwestern State University				0	0.00%
4 Prairie View A & M University	2	1		3	0.89%
5 Sam Houston State University	17	2	1	20	5.93%
6 Southwest Texas State University				0	0.00%
7 Stephen F Austin State University	130	19	9	158	46.86%
8 Sul Ross State University	1			1	0.30%
9 Tarleton State University	3			3	0.89%
10 Texas A & M International University		1		1	0.30%
11 Texas A & M University	30	3	1	34	10.10%
12 Texas A & M University at Commerce	3			3	0.89%
13 Texas A & M University at Corpus Christi				0	0.00%
14 Texas A & M University at Galveston	2			2	0.59%
15 Texas A & M University at Kingsville	1			1	0.30%
16 Texas A & M University at Texarkana	3	1		4	1.19%
16 Texas A & M University HSC				0	0.00%
17 Texas Southern University				0	0.00%
18 Texas State University	5	2		7	2.08%
19 Texas Tech University	4			4	1.19%
20 Texas Tech University Health Sciences Center				0	0.00%
21 Texas Women's University	3	2		5	1.48%
22 The University of Texas at Arlington	4	3		7	2.08%
23 The University of Texas at Austin	6		1	7	2.08%
24 The University of Texas at El Paso				0	0.00%
25 The University of Texas at Dallas	2			2	0.59%
26 The University of Texas Medical Branch at Galveston				0	0.00%
27 The University of Texas HSC Houston				0	0.00%
27 The University of Texas San Antonio	1		1	2	0.59%
28 The University of Texas at Tyler	39	8	3	50	14.84%
29 The University of Texas at Permian Basin	1			1	0.30%
30 The University of Texas at Brownsville				0	0.00%
31 University of Houston	3			3	0.89%
32 University of Houston - Clear Lake	1			1	0.30%
33 University of Houston - Victoria				0	0.00%
34 University of North Texas	15		1	16	4.75%
35 West Texas A & M University				0	0.00%
Totals	278	42	17	337	99.99%

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 2011 to 2020
(unaudited)

	Fiscal Year									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Academic buildings	7	7	7	7	7	9	9	9	9	9
Square footage (in thousands)	169	161	161	161	161	146	146	146	146	146
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	32	32	32	32	32	32	32	32	32	32
Number of Volumes (in thousands)	120	120	120	120	120	120	120	120	120	104
Administrative and support buildings	2	2	2	2	2	3	3	3	3	3
Square footage (in thousands)	30	30	30	30	30	25	25	25	25	25
Dormitories	1	1	1	1	1	1	1	2	2	2
Square footage (in thousands)	20	20	20	20	20	20	20	26	26	26
Number of Beds	94	94	94	94	94	94	94	120	120	120
Apartments	4	4	4	4	4	4	4	3	3	3
Square footage (in thousands)	29	29	29	29	29	29	29	29	18	18
Number of beds	160	160	160	160	160	160	160	160	96	96
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	25	25	25	25	25	25	25	25	25	25
Average daily customers	270	270	270	270	270	105	105	105	105	105
Athletic Facilities	1	1	1	1	1	2	2	2	2	2
Square footage (in thousands)	28	28	28	28	28	37	37	37	37	37
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	17	17	17	17	17	17	17	17	17	17
Transportation										
Cars	-	-	-	-	-	-	-	-	1	1
Light Trucks/Vans	9	9	9	9	9	9	9	9	9	10
Buses	2	2	2	2	2	2	2	2	2	2