PANOLA COLLEGE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 1993
FINANCIAL SECTION
# PANOLA COLLEGE
## ANNUAL FINANCIAL REPORT
### FOR THE YEAR ENDED AUGUST 31, 1993

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
<th>Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL SECTION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Data</td>
<td>iii</td>
<td></td>
</tr>
<tr>
<td>Independent Auditor's Report</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Basic Financial Statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>2-5</td>
<td>A</td>
</tr>
<tr>
<td>Statement of Changes in Fund Balances</td>
<td>6-7</td>
<td>B</td>
</tr>
<tr>
<td>Statement of Current Funds Revenues and Expenditures</td>
<td>8</td>
<td>C</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>9-23</td>
<td></td>
</tr>
<tr>
<td>Supplemental Schedules</td>
<td></td>
<td>Schedule</td>
</tr>
<tr>
<td>Schedule of Cash, Cash Equivalents, and Short-term Investments</td>
<td>24</td>
<td>A-1</td>
</tr>
<tr>
<td>Schedule of Long-Term Investments by Fund Group</td>
<td>N/A</td>
<td>N/A*</td>
</tr>
<tr>
<td>Schedule of Current Funds Revenues</td>
<td>25</td>
<td>C-1</td>
</tr>
<tr>
<td>Schedule of Current Funds Expenditures by Object</td>
<td>26</td>
<td>C-2</td>
</tr>
<tr>
<td>Schedule of Educational and General Expenditures</td>
<td>27</td>
<td>C-3</td>
</tr>
<tr>
<td>Schedule of Taxes</td>
<td>28</td>
<td>C-4</td>
</tr>
<tr>
<td>Schedule of Bonds Payable and Debt Service Requirements</td>
<td>29-30</td>
<td>D-1</td>
</tr>
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<td>Schedule of Pledged Revenues and Fund Balances</td>
<td>31-32</td>
<td>D-2</td>
</tr>
</tbody>
</table>

## OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

<table>
<thead>
<tr>
<th>Item</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report on Internal Control Structure in Accordance with Government Auditing Standards</td>
<td>38-41</td>
</tr>
<tr>
<td>Compliance Report Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</td>
<td>42-43</td>
</tr>
<tr>
<td>Schedule of Findings and Questioned Costs</td>
<td>44-46</td>
</tr>
</tbody>
</table>

*Schedule not used
<table>
<thead>
<tr>
<th>FEDERAL FINANCIAL ASSISTANCE SECTION</th>
<th>Page</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Audit Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs</td>
<td>47-48</td>
<td></td>
</tr>
<tr>
<td>Single Audit Opinion on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs</td>
<td>49-50</td>
<td></td>
</tr>
<tr>
<td>Single Audit Report on Compliance with Specific Requirements Applicable to Non-major Federal Financial Assistance Program Transactions</td>
<td>51-52</td>
<td></td>
</tr>
<tr>
<td>Report on Supplementary Information: Schedule of Federal Financial Assistance</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Schedule of Federal Financial Assistance...</td>
<td>54</td>
<td>D-3</td>
</tr>
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</table>
PANOLA COLLEGE
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR 1992-1993

BOARD OF TRUSTEES

OFFICERS

Dr. Dennis Golden
Mr. Steve Roberson
Mr. William Goolsby

Chair
Vice-Chair
Secretary/Treasurer

MEMBERS

Term Expires

August 31

Mrs. Evelyn Sharp 1994
Mr. Richard Thomas 1994
Mr. Hal Palmer 1996
Mr. Herman Reed, Jr. 1996
Dr. Dennis Golden 1998
Mr. William Goolsby 1998
Mr. Steve Roberson 1998

ADMINISTRATION

Dr. William Edmonson*
Mr. Charles Hughes*
Mr. Jim Martin

President
Dean of Academics
Dean of Vocational/Technical Education
Dean of Admissions and Student Services
Director of College Relations/Services
Director of Business Operations

Mrs. Betsy Wheat
Mrs. Twink Ross
Mrs. Kathy Ballard

*Dr. William Edmonson became President of Panola College effective June 14, 1993. Prior to that time Mr. Charles Hughes served as interim President.
THIS PAGE LEFT BLANK INTENTIONALLY
Board of Trustees
Panola College
1109 West Panola
Carthage, TX 75633

INDEPENDENT AUDITOR’S REPORT

Members of the Board:

We have audited the accompanying balance sheet of Panola College as of August 31, 1993 and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the College’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENTS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panola College as of August 31, 1993, and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

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

Alexander, Lankford & Hiers, Inc.
Certified Public Accountants

February 15, 1994
BASIC FINANCIAL STATEMENTS
# PANOLA COLLEGE
## EXHIBIT A
## BALANCE SHEET
August 31, 1993
With Memorandum Totals at August 31, 1992

### CURRENT FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Auxiliary Enterprises</th>
<th>Restricted</th>
<th>Total</th>
<th>Loan Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents (Sch A – 1)</td>
<td>$1,206,367</td>
<td>$266,882</td>
<td>$136,880</td>
<td>$1,630,129</td>
<td>$5,276</td>
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<tr>
<td>Short-Term Investments (Sch A – 1) Balance in State Appropriations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable (net of allowance for doubtful accounts of $0)</td>
<td>$83,323</td>
<td>$92,863</td>
<td></td>
<td>$176,186</td>
<td></td>
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<tr>
<td>Taxes Receivable (net of allowance for doubtful accounts of $190,993)</td>
<td>$21,221</td>
<td></td>
<td></td>
<td>$21,221</td>
<td></td>
</tr>
<tr>
<td>Due From Other Funds</td>
<td></td>
<td></td>
<td>$213,269</td>
<td>$213,269</td>
<td></td>
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<tr>
<td>Investments (Sch. A – 2)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Accrued Interest Receivable</td>
<td>$1,813</td>
<td></td>
<td></td>
<td>$1,813</td>
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<tr>
<td>Prepaid Expenses</td>
<td></td>
<td>$1,000</td>
<td></td>
<td>$1,000</td>
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<td>Deferred Charges</td>
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<td></td>
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<td>Federal Receivables</td>
<td></td>
<td></td>
<td>$75,401</td>
<td>$75,401</td>
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<tr>
<td>Contract and Grant Awards</td>
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<td></td>
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</tr>
<tr>
<td>Deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from Other Agencies</td>
<td>$9,551</td>
<td></td>
<td></td>
<td>$9,551</td>
<td></td>
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<td>Variable Rate Notes Receivable</td>
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<td>Consumable Inventories</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Inventories, at cost</td>
<td></td>
<td>$142,825</td>
<td></td>
<td>$142,825</td>
<td></td>
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<tr>
<td>Land</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Equipment</td>
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<td></td>
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<td>Library Books</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td>Museums and Art Collections</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Leasehold Improvements</td>
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<td>Construction in Progress</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$1,535,544</td>
<td>$523,570</td>
<td>$212,281</td>
<td>$2,271,395</td>
<td>$5,276</td>
</tr>
</tbody>
</table>

See accompanying Notes to the Financial Statements.
| Endowment and Similar Funds | PLANT FUNDS | | | | | | | T O T A L S | | | MEMORANDUM ONLY | | | | | | | Current Year | Prior Year |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| $ 39,108                  | $ 275,900   | $ 46,247    | $ 54,224    | $ 2,050,884 | $ 2,119,124 |
| 675,925                   | 400,000     | 25,000      |             | 1,075,925   |             |
|                           |             |             |             | 201,186     | 16,008      |
|                           |             |             |             | 21,221      | 21,974      |
| $ 8,569                   | $ 2,335     | $ 25,341    | $ 5,759     | $ 255,273   | $ 152,551   |
| 10,907                    | 6,455       | 6,000       |             | 19,175      |             |
|                           |             |             |             | 7,000       | 21,543      |
|                           |             |             |             | 75,401      | 86,587      |
|                           |             |             |             | 9,551       | 38,412      |
|                           |             |             |             |             |             |
|                           |             |             |             | 142,825     | 164,038     |
|                           |             |             |             | 418,154     | 418,154     |
|                           |             |             |             | 8,110,562   | 7,924,547   |
| $ 418,154                 | $ 8,110,562 | $ 2,432,623 | $ 369,201   | $ 15,188,981| $ 13,619,211|
| 734,509                   | 709,690     | 77,588      | 11,330,540  | 59,983      |             |
## CURRENT FUNDS

### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Unrestricted</th>
<th>Auxiliary Enterprises</th>
<th>Restricted</th>
<th>Total</th>
<th>Loan Funds</th>
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<td>31,447</td>
<td>$</td>
<td>130,449</td>
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<td>Accrued Liabilities</td>
<td>104</td>
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<td>104</td>
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<td>Deposits Payable</td>
<td>2,999</td>
<td>10,305</td>
<td></td>
<td>13,304</td>
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<td>Due To Other Funds</td>
<td>202,809</td>
<td>47,188</td>
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<td>249,997</td>
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<td>Due To Other Agencies</td>
<td>12,997</td>
<td>51,715</td>
<td></td>
<td>64,712</td>
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<td>Deferred Revenues</td>
<td>254,117</td>
<td>101,038</td>
<td></td>
<td>355,155</td>
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<td>Deferred Lease Obligations</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Accrued Compensable Absences Payable</td>
<td>15,485</td>
<td>1,106</td>
<td></td>
<td>16,591</td>
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<td>Annuities Payable</td>
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<td>Notes and Loans Payable</td>
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<td>Lease—Purchase Agreements Payable</td>
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<td>Assets Held in Trust</td>
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<td>Funds Held in Custody for Others</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>371,603</td>
<td>360,264</td>
<td>98,903</td>
<td>830,770</td>
<td>5,276</td>
</tr>
</tbody>
</table>

### Fund Balance:

| Unrestricted Reserved              | $ | $ | $ | $ | $ |
| Encumbrances                        |   |   |   |   |   |
| Accounts Receivable                 |   |   |   |   |   |
| Inventory                           | 142,825 |   |   | 142,825 |   |
| Prepaid Expenses                    |   |   |   |   |   |
| Unreserved                          |   |   |   |   |   |
| Designated                          |   |   |   |   |   |
| Future Operating Budget(s)          |   |   |   |   |   |
| Capital Projects                    |   |   |   |   |   |
| Other (detail as needed)            |   |   |   |   |   |
| Undesignated                        | 1,163,941 | 20,481 |   | 1,184,422 |   |

### Restricted

| Encumbrances                        |   |   |   |   |   |
| Other                               |   |   |   | 113,378 | 113,378 |
| U.S. Government Grants Refundable   |   |   |   |   |   |
| Endowments                          |   |   |   |   |   |

### Net Investment in Plant

| Total Fund Balances (Exh. B)        | 1,163,941 | 163,306 | 113,378 | 1,440,625 |
| Total Liabilities and Fund Balances | $ 1,535,544 | $ 523,570 | $ 212,281 | $ 2,271,395 | $ 5,276 |

See accompanying Notes to the Financial Statements.
<table>
<thead>
<tr>
<th>PLANT FUNDS</th>
<th>TOT AL S</th>
</tr>
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<tr>
<td>Endowment and Similar Funds</td>
<td>Retirement of</td>
</tr>
<tr>
<td></td>
<td>Unexpended</td>
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<td>$</td>
<td>$</td>
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<tr>
<td>130,449</td>
<td>136,398</td>
</tr>
<tr>
<td>33,712</td>
<td></td>
</tr>
<tr>
<td>255,273</td>
<td>152,551</td>
</tr>
<tr>
<td>355,155</td>
<td>319,165</td>
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<tr>
<td>16,591</td>
<td>9,571</td>
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<tr>
<td>168,500</td>
<td>205,000</td>
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<tr>
<td>131,908</td>
<td>188,643</td>
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<tr>
<td>128,109</td>
<td>46,240</td>
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<tr>
<td>26,271</td>
<td>23,826</td>
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<tr>
<td>1,346,046</td>
<td>1,194,911</td>
</tr>
<tr>
<td></td>
<td>142,825</td>
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<tr>
<td></td>
<td>1,184,422</td>
</tr>
<tr>
<td>709,690</td>
<td>77,588</td>
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<tr>
<td>734,509</td>
<td>734,509</td>
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<tr>
<td>10,880,523</td>
<td>10,880,523</td>
</tr>
<tr>
<td>13,842,935</td>
<td>12,424,300</td>
</tr>
<tr>
<td>$734,509</td>
<td>709,690</td>
</tr>
</tbody>
</table>
PANOLA COLLEGE
EXHIBIT B
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 1993
With Memorandum Totals at August 31, 1992

<table>
<thead>
<tr>
<th>Current Funds</th>
<th>Auxiliary Funds</th>
<th>Restricted Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES AND OTHER ADDITIONS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted Current Funds Revenue (Exh. C)</td>
<td>$6,272,780</td>
<td>$842,217</td>
<td>$7,114,997</td>
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<tr>
<td>Federal Appropriations</td>
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<tr>
<td>State Appropriations - Restricted</td>
<td>213,511</td>
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<td>213,511</td>
</tr>
<tr>
<td>Federal Grants and Contracts</td>
<td>706,883</td>
<td></td>
<td>706,883</td>
</tr>
<tr>
<td>State Grants and Contracts</td>
<td>6,613</td>
<td></td>
<td>6,613</td>
</tr>
<tr>
<td>Local Gifts, Grants, and Contracts</td>
<td>1,727</td>
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<td>1,727</td>
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<tr>
<td>Private Gifts, Grants and Contracts</td>
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<td></td>
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<tr>
<td>Investment Income</td>
<td>92,132</td>
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<td>92,132</td>
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<tr>
<td>Endowment Income</td>
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<td></td>
</tr>
<tr>
<td>Realized Gains on Investments</td>
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</tr>
<tr>
<td>U.S. Government Advances</td>
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</tr>
<tr>
<td>Net Decrease in Accrued Compensable Absences Payable</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Bonds Payable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Notes Payable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expended for Plant Facilities (Includes $297,758 Charged to Current Funds Expenditures)</td>
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<td></td>
</tr>
<tr>
<td>Other Interest Income</td>
<td></td>
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<tr>
<td>Other Revenues</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other Additions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues and Other Additions</td>
<td>$6,272,780</td>
<td>$842,217</td>
<td>$1,020,866</td>
</tr>
</tbody>
</table>

| EXPENDITURES AND OTHER DEDUCTIONS | | | |
| Expenditures (Exh. C) | $5,085,103 | $975,120 | $1,128,799 | $7,189,022 |
| Expended for Plant Facilities | | | |
| Lapsed Appropriations | | | |
| Indirect Costs Recovered | | | |
| Refunded to Grantees | | | |
| Loan Cancellations and Write Offs | | | |
| Administrative and Collection Costs | 10,148 | | |
| Retirement of Indebtedness | | | |
| Interest on Indebtedness | | | |
| Net Increase in Accrued Compensable Absences Payable | | | |
| Net Realized Losses on Investments | | | |
| Disposal of Plant Facilities | | | |
| Other Deductions | | | |
| Total Expenditures and Other Deductions | $5,085,103 | $975,120 | $1,128,799 | $7,189,022 | $10,148 |

| TRANSFERS - ADDITIONS / (DEDUCTIONS) | | | |
| Mandatory Transfers | (190,000) | (190,000) | |
| Retirement of Indebtedness | | | |
| Building Use Fees | | | |
| Tuition | | | |
| Operations | | | |
| Auxiliary Enterprises | | | |
| Designated Funds | | | |
| Unexpended Plant Funds | | | |
| Revenue Bonds | | | |
| Renewals and Replacements | | | |
| Loan Fund Matching/Grant Matching | | | |
| Other | | | |
| Non-Mandatory Transfers | (346,008) | 151,284 | (194,724) | (5,276) |
| Total Transfers - Additions / (Deductions) | (536,008) | 151,284 | (284,724) | (5,276) |
| NET INCREASE/(DECREASE) FOR THE FISCAL YEAR | 651,669 | 18,381 | (107,933) | 562,117 | (15,424) |

| FUND BALANCES, September 1, 1992 | $512,272 | $144,925 | $221,311 | $878,508 | $15,424 |
| Restatements (Prior Period Adjustments) | | | |
| FUND BALANCES September 1, 1992 | $512,272 | $144,925 | $221,311 | $878,508 | $15,424 |

| FUND BALANCES, August 31, 1993 | $1,163,241 | $163,306 | $113,378 | $1,440,625 | |

See accompanying Notes to the Financial Statements.
<table>
<thead>
<tr>
<th>Endowment and Similar Funds</th>
<th>PLANT FUNDS</th>
<th>T O T A L MEMORANDUM ONLY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unexpended</td>
<td>Retirement of Indebtedness</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>30,859</td>
<td>264,971</td>
<td>18,765</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(25,134)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>331,566</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>30,859</td>
<td>$ 283,736</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>105,853</td>
<td>49,511</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>155,364</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>190,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| $                           | 200,000    | 190,000                   |                    |                |            |
| $                           | 30,859     | 483,736                   |                    |                |            |
| $                           | 703,650    | 225,954                   |                    |                |            |
| $                           | 255,954    | 41,673                    |                    |                |            |
| $                           | 734,509    | 709,690                   |                    |                |            |

Page 7
## PANOLA COLLEGE

### EXHIBIT C

### STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

For the Year Ended August 31, 1993

With Memorandum Totals for the Year Ended August 31, 1992

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>TOTALS</th>
<th>Auxiliary Enterprises</th>
<th>Total</th>
<th>Current Year</th>
<th>Memorandum Only</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations — General Revenue</td>
<td>$ 2,893,672 $</td>
<td>$ 2,893,672 $</td>
<td>$ 213,511 $</td>
<td>$ 3,107,183 $</td>
<td>$ 2,941,877</td>
<td></td>
</tr>
<tr>
<td>Local Funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees (Net of TPEG $10,895)</td>
<td>$ 843,543</td>
<td>843,543</td>
<td>843,543</td>
<td>534,625</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes for Current Operation</td>
<td>2,393,037</td>
<td>2,393,037</td>
<td>2,393,037</td>
<td>2,235,472</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales &amp; Service of Educational Activities</td>
<td>54,914</td>
<td>54,914</td>
<td>54,914</td>
<td>66,534</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and Services of Auxiliary Enterprises</td>
<td>841,151</td>
<td>841,151</td>
<td>841,151</td>
<td>785,990</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Sources</td>
<td>38,340</td>
<td>38,340</td>
<td>38,340</td>
<td>2,293</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants and Contracts</td>
<td>5,780</td>
<td>5,780</td>
<td>706,883</td>
<td>712,663</td>
<td>575,542</td>
<td></td>
</tr>
<tr>
<td>State Grants and Contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Grants and Contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Gifts, Grants and Contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>51,566</td>
<td>1,066</td>
<td>52,632</td>
<td>92,132</td>
<td>144,764</td>
<td>79,744</td>
</tr>
<tr>
<td>Endowment Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Interest Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Gains/Losses on Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Funds Revenues</td>
<td>$ 6,280,852 $(Exh. B)</td>
<td>$ 842,217 $(Exh. B)</td>
<td>$ 7,123,069 $</td>
<td>$ 1,020,866 $(Exh. B)</td>
<td>$ 8,143,925 $</td>
<td>$ 7,335,951 $</td>
</tr>
</tbody>
</table>

### EXPENDITURES AND MANDATORY TRANSFERS:

#### Educational and General

| Instruction                                      | $ 2,231,404 $   | $ 2,231,404 $         | $ 119,855 $      | $ 2,351,259 $ | $ 2,168,726    |            |
| Research                                          | 20,634          | 20,634                | 899              | 21,533       | 7,833          |            |
| Public Service                                    |                 |                       |                  |              |                 |            |
| Academic Support                                  | 606,377         | 606,377               | 30,199           | 636,576      | 404,099        |            |
| Student Services                                  | 451,381         | 451,381               | 121,003          | 572,384      | 374,144        |            |
| Institutional Support                             | 1,131,728       | 1,131,728             | 43,851           | 1,175,579    | 1,386,765      |            |
| Operation and Maintenance of Plant                | 578,994         | 578,994               | 13,827           | 592,821      | 756,919        |            |
| Scholarships and Fellowships                      | 72,657          | 72,657                | 799,165          | 871,822      | 569,567        |            |
| Total Educational and General Expenditures        | $ 5,093,175 $   | $ 5,093,175 $         | $ 1,128,799 $    | $ 6,221,974 $ | $ 5,648,673    |            |

#### Auxiliary Enterprise Expenditures

975,120

#### Mandatory Transfers for:

- Retirement of indebtedness                     190,000
- Renewals and replacements                      190,000
- Designated Funds                                190,000
- Non-mandatory transfers                         346,008

#### Total expenditures and transfers

$ 5,629,183 $ - $ 823,836 $ - $ 6,453,019 $ - $ 1,128,799 $ - $ 7,581,818 $ - $ 6,606,456 $

### Other transfers and additions/(deductions):

- Excess of restricted receipts over transfers to revenues
- Refunded to grantors
- Unrestricted gifts allocated to other funds
- Portion of funds functioning as endowment gains appropriated

**Net increase in fund balances** $ 651,669 $ - $ 18,381 $ - $ 670,050 $ - $ (107,933) $ - $ 562,117 $ - $ 529,495 $

---

See accompanying Notes to the Financial Statements.
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A. Reporting Entity

Panola College was established in 1947, in accordance with the laws of the State of Texas, to serve the educational needs of Panola County and the surrounding communities. The Panola County Junior College District 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. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Panola College have been prepared on the accrual basis except depreciation expense related to plant fund assets is not recorded. The statement of current funds revenues and expenditures is a statement of financial activities of current funds related to the reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

The extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of equipment and library holdings; (2) mandatory transfers in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the College, accounts are maintained in accordance with the principles of "fund accounting". Resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

Endowment and similar funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and only the income be utilized. Term endowment funds are similar to other endowment funds, except that all or part of the principal may be utilized after a stated period of time or upon the occurrence of a certain event. Funds functioning as endowments are funds that the governing board has approved to be used as endowments.

All gains and losses arising from the sale, collection, or other dispositions of investments and other noncash assets are accounted for in the fund which owned the assets. Ordinary income derived from investments, receivables, and other sources is accounted for in the fund owning such assets, except for income derived from investment of endowment and similar funds. That income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the appropriate unrestricted fund. Restricted gifts, grants, appropriation, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted Current Funds are reported as revenues and expenditures when expended for current operating purposes. Contract and grant awards for the current reporting period are shown as additions to fund balances in Restricted Current Funds.

The different fund groups used at Panola College are as follows:

**Current Funds**

Funds available for current operating and maintenance
purposes as well as those restricted by donors and other outside agencies for specific operating purposes. Current funds are segregated into separate balanced fund groups:

**Unrestricted Current Funds**

Funds received by an institution that have no limitations or stipulations placed on them by external agencies or donors. The funds are used for carrying out the primary purpose of an institution, i.e. educational, research, extension and administration.

**Auxiliary Enterprises**

Funds for activities that serve students, faculty, or staff for charges that are directly related to, although not necessarily equal to, the cost of the service. Examples are residence halls, food services and book stores.

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

**Restricted**

Funds available for current purposes, but with restrictions from outside agencies or persons. Revenues are reported only to the extent of expenditures for the current year.

**Loan Funds**

Funds available for loans to students, faculty and staff.

**Endowment and Similar Funds**

Funds subject to restrictions of endowment and trust instruments requiring that principal be maintained and that only the income be spent.

**Annuity and Life Income Funds**

The Annuity Funds group consists of funds donated to an institution on the condition that the institution pay a stipulated amount of the funds to the donor or designated individual for a specified time or until the time of death of the annuitant. The Life Income Funds group consists of funds
contributed to an institution subject to the requirement that the institution periodically pay the income earned on the assets (less management expenses) to designated beneficiaries. Panola College does not have annuity and life income funds.

**Plant Funds**

Plant funds are divided into four separate balanced fund groups as described below.

**Unexpended**

Funds for the construction, rehabilitation, and acquisition of physical properties for institutional purposes.

**Renewals and Replacements**

Funds accumulated for the renewal and replacement of physical plant properties. Panola College does not have renewal and replacement funds.

**Retirement of Indebtedness**

Funds accumulated to meet debt service charges and the retirement of indebtedness.

**Investment in Plant**

Funds already expended for plant properties. Physical properties are stated at cost at date of acquisition or fair market value at date of donation for gifts. Depreciation on physical plant and equipment is not recorded.

**Agency Funds**

Funds held by the College as custodial or fiscal agent for students, faculty members and/or others.

C. **Memorandum Totals**

The Balance Sheet in columnar form, the Statement of Changes in Fund Balances, and the Statement of Current Funds Revenues and Expenditures are shown with memorandum totals for the current and prior year. Inter-fund borrowing has not been eliminated, but has been off-set in the assets and liability sections. The memorandum totals are presented only to facilitate financial analysis and do not purport to present financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.
PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1993

The prior year totals reflect the same totals as reflected in the prior year financial statements. These amounts were subjected to audit by other auditors.

D. Deposits, Securities and Investments

1. Authorized Investments

Panola College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act of 1987 (Art. 842a-2, Texas Revised Civil Statutes). 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.

2. Deposits and Investments

At August 31, 1993, the carrying amount of Panola College’s deposits was $2,049,914 and total bank balances equaled $2,142,660.

Depository bank balances of $2,020,382 were covered by $200,000 in federal depository insurance and $6,317,458 in pledged securities held in safekeeping by the depository bank in the College’s name (Category 1).

Deposits and investments in other financial institutions totaling $122,278 were fully covered by federal depository insurance.

Deposits with the contracted depository bank were in interest bearing accounts which were secured throughout the year by FDIC coverage and by securities conforming to the provisions of House Bill 1488 pledged to, and in the name of the College and held by the First State Bank. Following are selected details about the deposits at the depository bank:

a. Name of the Bank: First State Bank, Carthage, Texas.

b. The amount of bond and/or the market value of securities pledged as of the date of the highest combined balance on deposit was $4,546,526. The highest combined balances of cash, savings and time deposits accounts amounted to $3,328,826 and occurred during the month of November, 1992.
c. Total amount of FDIC coverage at the time of the highest combined balance in November was $200,000.

d. At year end, market value of securities pledged was $6,564,039.

Cash and deposits as reported on Exhibit A, Balance Sheet, consist of the items reported below.

**Cash and Deposits**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in Bank</td>
<td></td>
</tr>
<tr>
<td>Demand Deposits</td>
<td>$1,418,163</td>
</tr>
<tr>
<td>Time Deposits</td>
<td>631,751</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td></td>
</tr>
<tr>
<td>Petty Cash on Hand</td>
<td>$2,049,914</td>
</tr>
<tr>
<td>Total Cash and Deposits</td>
<td>$2,050,884</td>
</tr>
</tbody>
</table>

To comply with the reporting requirements of GASB Statement No. 3, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, Panola College’s investments are categorized under “Investment Categories” to give an indication of credit risk assumed by Panola College at year end. Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk, which is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline. Market risk is not depicted in this note.

The following categories of credit risk are included:

**Category 1:** Investments that are insured, registered or held by the institution or its agent in the institution’s name.

**Category 2:** Investments that are uninsured and unregistered held by the counter party’s trust department or agent in the institution’s name.

**Category 3:** Uninsured and unregistered investments held by the counter party by its trust department or its agent, but not in the institution’s name.
Based on these three levels of risk, all of the College’s investments are classified as Category 1.

In repurchase agreements, the College acts as a "buyer-lender" by transferring cash to the depository institution in exchange for federal obligations that the institution promises to repurchase for cash plus interest.

The College’s investments in repurchase agreements at August 31, 1993, are shown below.

<table>
<thead>
<tr>
<th>Depository</th>
<th>Carrying Amount</th>
<th>Market Value</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>First State Bank &amp; Trust</td>
<td>$1,075,925</td>
<td>$1,075,925</td>
<td>1</td>
</tr>
</tbody>
</table>

The College did not invest in securities other than those shown above during the year, nor did any losses result from default or investment transactions.

E. Bonds Payable

Long-term debt includes: Student Fee Revenue Bonds dated December 1, 1970, payable in annual installments varying from $10,000 to $30,000, the final payment being due November, 2000, with interest varying from 7% to 7.20%. The balance at August 31, 1993 was $190,000. The Student Fee Bonds require payment into a reserve fund of $1,900 annually until the reserve reaches $19,000, the payments are current and the balance is $27,000. Advance payments of interest and principal on the Revenue and Student Fee Bonds are required to be made to an interest and sinking fund to cover the next payment due. Interest paid on the bonds amounted to $16,901 during the current year.

Requirements for the next five years and to maturity including interest are as follows:

<table>
<thead>
<tr>
<th>Year Ending August 31</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$20,000</td>
<td>$12,965</td>
<td>$32,965</td>
</tr>
<tr>
<td>1995</td>
<td>20,000</td>
<td>11,520</td>
<td>31,520</td>
</tr>
<tr>
<td>1996</td>
<td>20,000</td>
<td>10,080</td>
<td>30,080</td>
</tr>
<tr>
<td>1997</td>
<td>25,000</td>
<td>8,460</td>
<td>33,460</td>
</tr>
<tr>
<td>1998</td>
<td>25,000</td>
<td>6,660</td>
<td>31,660</td>
</tr>
<tr>
<td>1999 &amp; after</td>
<td>80,000</td>
<td>9,000</td>
<td>89,000</td>
</tr>
<tr>
<td></td>
<td><strong>$190,000</strong></td>
<td><strong>$58,685</strong></td>
<td><strong>$248,685</strong></td>
</tr>
</tbody>
</table>
F. Notes Payable

In 1990, the College purchased a building with land for $350,000. A ten year note was negotiated for $300,000. In August 1991, a new four year promissory note was executed for the remaining balance of $240,000 with payments (principal and interest) to be made monthly starting in September, 1991. The interest rate on the note is 10%. Interest paid during the fiscal year amounted to $16,311.

The annual requirements for this note are as follows:

<table>
<thead>
<tr>
<th>Year Ending August 31</th>
<th>Principal</th>
<th>Interest</th>
<th>Total Annual Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$ 62,676</td>
<td>$ 10,370</td>
<td>$ 73,046</td>
</tr>
<tr>
<td>1995</td>
<td>69,232</td>
<td>3,807</td>
<td>73,039</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$131,908</td>
<td>$14,177</td>
<td><strong>$146,085</strong></td>
</tr>
</tbody>
</table>

G. Capital Lease Obligations

In March of 1993 the College entered into a five year non-cancelable lease agreement for a building in Marshall, Texas. The building was to be used as a facility for a vocational program offered by the College. Terms of the lease provide that the College pay $3,000 per month to the owners through March, 1998. Total rents to be paid by the College amount to $180,000 over the five year period.

Summarized below are annual lease requirements associated with the agreement. An imputed interest rate of 10 per cent is assumed in the lease. Interest paid on the obligation amounted to $6,736 during the year.

<table>
<thead>
<tr>
<th>Year Ending August 31</th>
<th>Interest</th>
<th>Principal</th>
<th>Total Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$11,718</td>
<td>$24,282</td>
<td>$36,000</td>
</tr>
<tr>
<td>1995</td>
<td>9,175</td>
<td>26,825</td>
<td>36,000</td>
</tr>
<tr>
<td>1996</td>
<td>6,366</td>
<td>29,634</td>
<td>36,000</td>
</tr>
<tr>
<td>1997</td>
<td>3,263</td>
<td>32,737</td>
<td>36,000</td>
</tr>
<tr>
<td>1998</td>
<td>369</td>
<td>14,631</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$30,891</td>
<td><strong>$128,109</strong></td>
<td><strong>$159,000</strong></td>
</tr>
</tbody>
</table>

Panola College paid to the Panola College Development Foundation $5,000 per month for the use of a facility housing its Marshall, Texas campus from September 1, 1992 through January, 1993.

In December 1992 the Foundation sold the building. Proceeds from the sale were given to Panola College. Proceeds from the sale amounted to $239,971 with an additional $25,000 due upon final
settlement. The $25,000 was collected subsequent to August 31, resulting in $264,971 reflected in the financial statements as other additions.

Additionally, the College was released from a lease payable associated with improvements to the building amounting to $19,425. The College gave equipment, fixtures and improvements related to the property totaling $108,558.

All capital lease obligations for duplicating equipment were paid prior to August 31, 1993.

H. Inter-fund Receivables and Payables

Inter-fund receivables and payables are summarized as follows. All amounts are payable currently without interest.

<table>
<thead>
<tr>
<th>Receivable Fund</th>
<th>Payable Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auxiliary</td>
<td>Restricted</td>
<td>$7,808</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>Retirement of Indebtedness</td>
<td>9,087</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>Agency</td>
<td>5</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>Auxiliary Enterprises</td>
<td>219,708</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>Restricted</td>
<td>30,812</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>Tuition Loan</td>
<td>5,276</td>
</tr>
<tr>
<td>Endowment</td>
<td>Restricted</td>
<td>8,569</td>
</tr>
<tr>
<td>Plant Unexpended</td>
<td>Retirement of Indebtedness</td>
<td>2,335</td>
</tr>
<tr>
<td>Retirement of Indebtedness</td>
<td>Unrestricted</td>
<td>36,763</td>
</tr>
<tr>
<td>Agency</td>
<td>Unrestricted</td>
<td>5,764</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$326,127</strong></td>
</tr>
</tbody>
</table>

Net due from transactional balances between the above funds amounted to $255,273 at August 31, 1993. This amount is offset by a corresponding liability on the balance sheet.

I. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit C as funds are actually expended. For Federal contract and grant awards, funds expended but not collected are reported as Federal Receivables on Exhibit A. Non-federal contract and grant awards for which funds are expended but not collected are reported as Accounts Receivable on Exhibit A.

J. Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle
E, Texas Property Tax Code, but do not become due until January 1 of the following year. 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. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the fiscal year.

K. Litigation

Panola College has been named as a co-defendant in a suit jointly with the U. S. Department of Education. The litigation is a civil rights suit for denial of a federal grant and attorney fees.

A motion for Summary Judgment has been granted to the Plaintiff, which entitles her to approximately two (2) years of federal grant money, involving $3,000 to $4,000, but the issue of attorney fees for the Plaintiff’s attorney has not been determined. The Plaintiff’s attorney has filed a petition for attorney’s fees in the sum of $34,000.

The Department of Education has indicated it will not assume the cost of Plaintiff’s attorney fees, but it may agree to pay the grant money.

Panola College’s position is to vigorously defend and contest the matter. Legal counsel advises that an unfavorable outcome is reasonably possible on the issue of attorney’s fees although at a greatly reduced amount than that petitioned by Plaintiff.

No accrual of the possible outcome is reflected in the financial statements.

L. Changes in Property and Equipment

Physical plant and equipment are stated at cost at date of acquisition or fair market value at date of creation of the detail asset records. Depreciation on physical plant and equipment is not recorded. Detail asset records were established in 1992. Historical cost was used as much as possible, all other items were valued at estimated current market value.
PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1993

<table>
<thead>
<tr>
<th></th>
<th>Balance 9/01/92</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance 8/31/93</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Improvements</td>
<td>$ 418,154</td>
<td></td>
<td></td>
<td>$ 418,154</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>7,924,547</td>
<td>$186,015</td>
<td></td>
<td>8,110,562</td>
</tr>
<tr>
<td>Equipment (Including furniture, fixtures, and vehicles)</td>
<td>2,327,068</td>
<td>214,113</td>
<td>$108,558</td>
<td>2,432,623</td>
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<tr>
<td>Library Books</td>
<td>329,205</td>
<td>39,996</td>
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<td>369,201</td>
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<tr>
<td></td>
<td>$10,998,974</td>
<td>$440,124</td>
<td>$108,558</td>
<td>$11,330,540</td>
</tr>
</tbody>
</table>

M. Contingent Liabilities

The College participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at August 31, 1993 may be impaired. The ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the financial statements.

N. Employees' Retirement Plan

PLAN DESCRIPTION

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

For members of the retirement system entitled to the minimum salary for certain school personnel under Section 16.056, Education Code,
the employing district shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum.

Types of employees covered:

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

Benefit provisions:

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

The system also administers proportional retirement benefits under Texas Government Code, Title 8, Chapter 803.

Service retirement:

1. Normal -
   - age 65 with 5 years of service
   - age 60 with 20 years of service
   - age 55 with 30 years of service

2. Reduced -
   - age 55 with at least 5 years of service
   - any age below 55 with 30 years of service

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

FUNDING STATUS and PROGRESS

Effective September 1, 1991, state law provided for a state contribution rate for fiscal years 1992 and 1993 of 7.31% and a member contribution rate of 6.4% for fiscal years 1992 and 1993. These rates are set by state statutes.

The actuarially determined contribution requirements for fiscal year 1992 were 6.4% for the employee and 7.31% for the state. In certain instances, the reporting district is required to make all or a portion of the state's 7.31% contribution. The contribution requirement for the fiscal year ended August 31, 1993 for Panola College was $400,442 which consisted of $213,511 from the state, and $186,931 from the employee.
PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1993

Pension benefit obligation, net assets available, unfunded pension benefit obligation and annual covered payroll for the Teacher Retirement System of Texas as of August 31, 1987 to 1992, were as follows (in millions):

<table>
<thead>
<tr>
<th>Year</th>
<th>Pension Benefit</th>
<th>Net Assets Available</th>
<th>Unfunded Pension Benefit</th>
<th>Annual Coverage Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>$20,128</td>
<td>$15,528</td>
<td>$4,600</td>
<td>$ 8,646</td>
</tr>
<tr>
<td>1988</td>
<td>$21,784</td>
<td>$17,465</td>
<td>$4,319</td>
<td>$ 9,166</td>
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<tr>
<td>1989</td>
<td>$24,610</td>
<td>$19,658</td>
<td>$4,952</td>
<td>$ 9,764</td>
</tr>
<tr>
<td>1990</td>
<td>$27,091</td>
<td>$21,837</td>
<td>$5,254</td>
<td>$10,446</td>
</tr>
<tr>
<td>1991</td>
<td>$29,765</td>
<td>$23,996</td>
<td>$5,769</td>
<td>$11,181</td>
</tr>
<tr>
<td>1992</td>
<td>$32,025</td>
<td>$26,136</td>
<td>$5,889</td>
<td>$11,959</td>
</tr>
</tbody>
</table>

1993 information will be available March 1, 1994.

O. 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 Senate Bill No. 872 of the 63rd Legislature. As of August 31, 1993, the College had fourteen employees participating in the program. A total of $69,621 in payroll deductions had been invested in approved plans during the fiscal year.

P. Compensated Absences

On retirement or death of full time employees, the College pays for up to ten days vacation leave. The College recognized the accrued liability for the unpaid annual leave in the Current Unrestricted Fund. Sick leave is not paid to an employee upon death or retirement; therefore, there is no liability shown in the financial statements.

Q. Health Care Coverage

During the year ended August 31, 1993, employees of Panola College were covered by a health insurance plan (the Plan). The Plan is funded by the State. The State paid premiums of $178 per month per employee to the Plan and the 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 State’s total contribution for the year amounted to $200,509 and covered an average of 94 employees per month.
R. Post Retirement Health Benefits

Panola College presently reimburses 32 retired employees $21.10 per month representing cost of continuation of dental insurance. This is the same amount as provided to active employees.

The College has eight retired employees who formerly worked in auxiliary departments of the College. The College continues to fund these retirees health insurance coverage. The monthly premium for the fiscal year ending August 31, 1993 was $178.00 per retiree.

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The cost of providing those benefits for 23 retirees was $49,128.

S. Subsequent Events

There have been no material subsequent events after August 31, 1993.

T. Operating Leases

Included in current expenditures is $20,000 of rent paid or due under operating leases. (See Note G)

U. Related Parties

Panola College Development Foundation is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation accepts donations and acts as coordinator of gifts made by other parties. During the fiscal year the Foundation received $20,000 from the College for the operating lease described in Note S. The Foundation sold the building previously leased by the College and gave net proceeds from the transaction to the College. Net proceeds amounted to $264,971. The transaction is more fully described in Note G.

V. Funds Held in Trust by Others

The balances or transaction of funds held in trust by others on behalf of Panola College are not reflected in the financial statements. At August 31, 1993 there were three such funds for
the benefit of the College. The Lawrence R. and Debbie H. Sharp
Endowment Scholarship Fund, the Q. M. Martin Trust No. 2, and the
Reeves Scholarship Fund are held in trust by First State Bank and
Trust of Carthage, Texas. Funds held in trust on these amounted to
approximately $194,502 at the end of the fiscal year.

W. 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. Settled claims did not exceed this commercial coverage
during the current fiscal year.

X. Other Disclosures

Panola College had no transactions related to advance refunding
bonds or defeased bonds outstanding during the period.
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SUPPLEMENTAL SCHEDULES
PANOLA COLLEGE
SCHEDULE A-1
SCHEDULE OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS
August 31, 1993

<table>
<thead>
<tr>
<th>CURRENT FUNDS</th>
<th>PLANT FUNDS</th>
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</thead>
<tbody>
<tr>
<td>Unrestricted Enterprises</td>
<td>Unexpended</td>
</tr>
<tr>
<td>Restricted</td>
<td>Indebtedness</td>
</tr>
<tr>
<td>Loan Funds</td>
<td>Agency Funds</td>
</tr>
<tr>
<td>Endowment and Similar Funds</td>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash on Hand</th>
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<tbody>
<tr>
<td>Petty Cash</td>
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<tr>
<td>Cash in Transit</td>
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<tr>
<td>Subtotal</td>
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<tr>
<td>$ 470</td>
<td>$</td>
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<td>$ 500</td>
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<tr>
<td>500</td>
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<td>970</td>
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<table>
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<th>Cash in Bank</th>
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<td></td>
<td></td>
</tr>
<tr>
<td>640,254</td>
<td>275,900</td>
</tr>
<tr>
<td>286,382</td>
<td>19,247</td>
</tr>
<tr>
<td>136,880</td>
<td>54,224</td>
</tr>
<tr>
<td>5,276</td>
<td>1,418,163</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Equivalents</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Deposit</td>
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</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>565,643</td>
<td>39,108</td>
</tr>
<tr>
<td></td>
<td>27,000</td>
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<tr>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Cash and Cash Equivalents</th>
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</tr>
</thead>
<tbody>
<tr>
<td>(Exhibit A)</td>
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</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1,206,367</td>
<td>275,900</td>
</tr>
<tr>
<td>286,382</td>
<td>19,247</td>
</tr>
<tr>
<td>136,880</td>
<td>54,224</td>
</tr>
<tr>
<td>5,276</td>
<td>2,050,884</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Short-Term Investments</th>
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</thead>
<tbody>
<tr>
<td>Repurchase Agreements</td>
<td></td>
</tr>
<tr>
<td>(Exhibit A)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>675,925</td>
<td>400,000</td>
</tr>
<tr>
<td></td>
<td>1,075,925</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Cash, Cash Equivalents</th>
<th></th>
</tr>
</thead>
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<tr>
<td>and Short-Term Investments</td>
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</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1,206,367</td>
<td>275,900</td>
</tr>
<tr>
<td>286,382</td>
<td>19,247</td>
</tr>
<tr>
<td>136,880</td>
<td>54,224</td>
</tr>
<tr>
<td>5,276</td>
<td>3,126,809</td>
</tr>
<tr>
<td>715,033</td>
<td>675,900</td>
</tr>
<tr>
<td>46,247</td>
<td>54,224</td>
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<tr>
<td>1,418,163</td>
<td>631,751</td>
</tr>
<tr>
<td>1,075,925</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance in Depositories as follows:</th>
<th>Cash</th>
<th>Cash</th>
<th>Short-Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>First State Bank</td>
<td>$1,334,994</td>
<td>$592,643</td>
<td>$1,075,925</td>
</tr>
<tr>
<td>Bank One-Marshall</td>
<td>21,509</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First National Bank</td>
<td>10,564</td>
<td>20,853</td>
<td></td>
</tr>
<tr>
<td>Farmers State Bank</td>
<td>18,255</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shelby County Savings</td>
<td>51,014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Balance in Depositories</td>
<td>$1,418,163</td>
<td>$631,751</td>
<td>$1,075,925</td>
</tr>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Auxiliary Enterprises</td>
<td>Total Unrestricted</td>
</tr>
<tr>
<td>------------------------------</td>
<td>--------------</td>
<td>----------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td><strong>State Appropriations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Basic Aid</td>
<td>$ 2,586,662</td>
<td>$ 2,586,662</td>
<td></td>
</tr>
<tr>
<td>State Group Insurance</td>
<td>200,509</td>
<td>200,509</td>
<td></td>
</tr>
<tr>
<td>State Retirement Matching</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>106,501</td>
<td>106,501</td>
<td>213,511</td>
</tr>
<tr>
<td><strong>Total State Appropriations</strong></td>
<td>2,893,672</td>
<td>2,893,672</td>
<td>2,893,672</td>
</tr>
<tr>
<td><strong>Tuition and Fees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition (Net of TPEG $10,895)</td>
<td>518,399</td>
<td>518,399</td>
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</tr>
<tr>
<td>Building Use Fee</td>
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</tr>
<tr>
<td>General Fees</td>
<td>124,897</td>
<td>124,897</td>
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</tr>
<tr>
<td>Student Center Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Service Fee</td>
<td>146,172</td>
<td>146,172</td>
<td></td>
</tr>
<tr>
<td>Laboratory Fee</td>
<td>46,003</td>
<td>46,003</td>
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<td>Correspondence Fee</td>
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</tr>
<tr>
<td>Remissions and Exemptions</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Blind, Deaf Students</td>
<td>8,072</td>
<td>8,072</td>
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</tr>
<tr>
<td>Concurrent Registration</td>
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</tr>
<tr>
<td>Good Neighbor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highest Ranking High School Graduates</td>
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<td>706,883</td>
<td>706,883</td>
</tr>
<tr>
<td>Statutory Waiver of Non-Resident Status</td>
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<td>6,613</td>
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<tr>
<td>Veteran, Dependents, Etc.</td>
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<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
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<td>8,072</td>
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</tr>
<tr>
<td><strong>Total Tuition and Fees</strong></td>
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<td>843,543</td>
<td>843,543</td>
</tr>
<tr>
<td><strong>Taxes for Current Operations</strong></td>
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<td>2,393,037</td>
<td>2,393,037</td>
</tr>
<tr>
<td><strong>Federal Grants and Contracts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery of Indirect Costs</td>
<td>5,780</td>
<td>5,780</td>
<td>5,780</td>
</tr>
<tr>
<td><strong>Total Federal Grants and Contracts</strong></td>
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<tr>
<td><strong>State Grants and Contracts</strong></td>
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</tr>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
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<td>Other Programs</td>
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<td></td>
</tr>
<tr>
<td>Recovery of Indirect Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total State Grants and Contracts</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Local Grants and Contracts</td>
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<tr>
<td>Research</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Other Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery of Indirect Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Local Grants and Contracts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private, Gifts, Grants, and Contracts</td>
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<tr>
<td>Research</td>
<td></td>
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<tr>
<td>Other Program</td>
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</tr>
<tr>
<td>Recovery of Indirect Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Private, Gifts, Grants, and Contracts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Endowment Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales &amp; Services of Educational Activities</strong></td>
<td>54,914</td>
<td>54,914</td>
<td>54,914</td>
</tr>
<tr>
<td><strong>Sales &amp; Services of Auxiliary Activities</strong></td>
<td></td>
<td>841,151</td>
<td>841,151</td>
</tr>
<tr>
<td><strong>Professional Fees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Sources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains/Losses on Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>51,566</td>
<td>1,066</td>
<td>52,632</td>
</tr>
<tr>
<td>Other Misc. Income</td>
<td>38,340</td>
<td>38,340</td>
<td></td>
</tr>
<tr>
<td><strong>Total Other Sources</strong></td>
<td>89,906</td>
<td>1,066</td>
<td>90,972</td>
</tr>
<tr>
<td><strong>Total Current Funds Revenues (Exh. C)</strong></td>
<td>$6,280,852</td>
<td>$842,217</td>
<td>$7,123,069</td>
</tr>
</tbody>
</table>
PANOLA COLLEGE
SCHEDULE C–2
STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT
For the Year Ended August 31, 1993

<table>
<thead>
<tr>
<th></th>
<th>SALARIES AND WAGES</th>
<th>OTHER EXPENSES</th>
<th>CAPITAL OUTLAY</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted – Educational and General</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$1,833,098</td>
<td>$321,389</td>
<td>$76,917</td>
<td>$2,231,404</td>
</tr>
<tr>
<td>Research</td>
<td>14,552</td>
<td>6,082</td>
<td></td>
<td>20,634</td>
</tr>
<tr>
<td>Public Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Support</td>
<td>346,998</td>
<td>132,125</td>
<td>127,254</td>
<td>606,377</td>
</tr>
<tr>
<td>Student Services</td>
<td>328,151</td>
<td>100,291</td>
<td>22,939</td>
<td>451,381</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>709,914</td>
<td>417,664</td>
<td>4,150</td>
<td>1,131,728</td>
</tr>
<tr>
<td>Operation and Maintenance of Plant</td>
<td>223,854</td>
<td>325,013</td>
<td>30,127</td>
<td>578,994</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>72,657</td>
<td></td>
<td></td>
<td>72,657</td>
</tr>
<tr>
<td><strong>Total Unrestricted</strong></td>
<td>3,456,567</td>
<td>1,375,221</td>
<td>261,387</td>
<td>5,093,175</td>
</tr>
</tbody>
</table>

|                                      |                    |                |                |           |
| **Restricted – Education and General** |                    |                |                |           |
| Instruction                          | 113,230            | 6,625          |                | 119,855   |
| Research                             | 899                |                |                | 899       |
| Public Service                       |                    |                |                |           |
| Academic Support                     | 28,199             | 2,000          |                | 30,199    |
| Student Services                     | 64,887             | 41,129         | 14,987         | 121,003   |
| Institutional Support                | 43,851             |                |                | 43,851    |
| Operation and Maintenance of Plant   | 13,827             |                |                | 13,827    |
| Scholarships and Fellowships         | 799,165            |                |                | 799,165   |
| **Total Restricted**                 | 64,887             | 1,040,300      | 23,612         | 1,128,799 |

|                                      |                    |                |                |           |
|**Total Educational and General**     | 3,521,454          | 2,415,521      | 284,999        | 6,221,974 |

| Auxiliary Enterprises                | 249,778            | 712,583        | 12,759         | 975,120   |

| Total Current Fund Expenditures      | $3,771,232         | $3,128,104     | $297,758       | $7,197,094|
PANOLA COLLEGE  
SCHEDULE C-3  
SCHEDULE OF EDUCATIONAL AND GENERAL EXPENDITURES (Excludes Auxiliary Enterprises)  
SUMMARIZED BY ELEMENTS OF INSTITUTIONAL COSTS  
For the Year Ended August 31, 1993  

<table>
<thead>
<tr>
<th>CURRENT FUNDS</th>
<th>Unrestricted</th>
<th>Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration and Student Services</td>
<td>$908,567</td>
<td>$</td>
<td>$908,567</td>
</tr>
<tr>
<td>General Institutional Expense</td>
<td>228,717</td>
<td>228,717</td>
<td></td>
</tr>
<tr>
<td>Staff Benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Insurance Premiums</td>
<td>36,982</td>
<td>36,982</td>
<td></td>
</tr>
<tr>
<td>O. A. S. I.</td>
<td>270,542</td>
<td>270,542</td>
<td></td>
</tr>
<tr>
<td>Worker's Compensation Insurance</td>
<td>81,950</td>
<td>81,950</td>
<td></td>
</tr>
<tr>
<td>Longevity Pay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>24,858</td>
<td>24,858</td>
<td></td>
</tr>
<tr>
<td>Total Staff Benefits</td>
<td>414,332</td>
<td>414,332</td>
<td></td>
</tr>
<tr>
<td>Resident Instruction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty Salaries</td>
<td>1,091,383</td>
<td>1,091,383</td>
<td></td>
</tr>
<tr>
<td>Departmental Operating Expenses</td>
<td>186,287</td>
<td>116,123</td>
<td>302,410</td>
</tr>
<tr>
<td>Instructional Administration</td>
<td>51,335</td>
<td>51,335</td>
<td></td>
</tr>
<tr>
<td>Organized Activities Related to Instructional Departments</td>
<td>263,217</td>
<td>263,217</td>
<td></td>
</tr>
<tr>
<td>Total Academic Programs</td>
<td>1,592,222</td>
<td>116,123</td>
<td>1,708,345</td>
</tr>
<tr>
<td>Vocational Technical Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty Salaries</td>
<td>741,715</td>
<td>741,715</td>
<td></td>
</tr>
<tr>
<td>Departmental Operating Expenses</td>
<td>161,338</td>
<td>161,338</td>
<td></td>
</tr>
<tr>
<td>Instructional Administration</td>
<td>78,446</td>
<td>78,446</td>
<td></td>
</tr>
<tr>
<td>Organized Activities Related to Instructional Departments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Vocational Technical Programs</td>
<td>981,499</td>
<td>981,499</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>193,250</td>
<td>193,250</td>
<td></td>
</tr>
<tr>
<td>Extension and Public Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical Plant Operation and Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Support Services</td>
<td>89,085</td>
<td>89,085</td>
<td></td>
</tr>
<tr>
<td>Campus Security</td>
<td>10,014</td>
<td>10,014</td>
<td></td>
</tr>
<tr>
<td>Building Maintenance</td>
<td>119,624</td>
<td>119,624</td>
<td></td>
</tr>
<tr>
<td>Custodial Services</td>
<td>98,282</td>
<td>98,282</td>
<td></td>
</tr>
<tr>
<td>Grounds Maintenance</td>
<td>54,406</td>
<td>54,406</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>186,434</td>
<td>186,434</td>
<td></td>
</tr>
<tr>
<td>Total Physical Plant Operation and Maintenance</td>
<td>557,845</td>
<td>557,845</td>
<td></td>
</tr>
<tr>
<td>Special Items</td>
<td></td>
<td>799,165</td>
<td>799,165</td>
</tr>
<tr>
<td>Major Repairs and Rehabilitation of Facilities and Buildings</td>
<td>8,162</td>
<td>8,162</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures by Elements of Institutional Costs</td>
<td>$4,884,594</td>
<td>$915,288</td>
<td>$5,799,882</td>
</tr>
<tr>
<td>[a] Reconciliation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditures by Function (Exh. C)</td>
<td>$5,093,175</td>
<td>$1,128,799</td>
<td></td>
</tr>
<tr>
<td>Plus: Unexpended Plant Fund Expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Group Insurance Premiums</td>
<td>200,509</td>
<td>213,511</td>
<td></td>
</tr>
<tr>
<td>State Retirement Matching</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remissions and Exemptions</td>
<td>8,072</td>
<td>8,072</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures by Elements of Institutional Costs</td>
<td>$4,884,594</td>
<td>$915,288</td>
<td></td>
</tr>
</tbody>
</table>

Page 27
<table>
<thead>
<tr>
<th>Taxes collected</th>
<th>Current Operations</th>
<th>Debt Service</th>
<th>Total</th>
<th>Prior Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax rate authorized per $100 valuation</td>
<td>$0.1754</td>
<td>$0.1754</td>
<td>$0.1754</td>
<td>$0.1503</td>
</tr>
<tr>
<td>Tax rate assessed per $100 valuation</td>
<td>$0.1754</td>
<td>$0.1754</td>
<td>$0.1754</td>
<td>$0.1503</td>
</tr>
<tr>
<td>Taxes collected</td>
<td>2,331,122</td>
<td>66,624</td>
<td>34,822</td>
<td>2,232,293</td>
</tr>
<tr>
<td>Current</td>
<td>2,331,122</td>
<td>66,624</td>
<td>34,822</td>
<td>49,285</td>
</tr>
<tr>
<td>Delinquent</td>
<td>66,624</td>
<td>34,822</td>
<td>17,636</td>
<td></td>
</tr>
<tr>
<td>Penalties and interest</td>
<td>34,822</td>
<td>34,822</td>
<td>17,636</td>
<td></td>
</tr>
<tr>
<td>Gross Taxes collected</td>
<td>$2,432,568</td>
<td>$2,432,568</td>
<td>$2,432,568</td>
<td>$2,299,214</td>
</tr>
</tbody>
</table>

Assessed valuation of District

$1,397,202,821
THIS PAGE LEFT BLANK INTENTIONALLY
<table>
<thead>
<tr>
<th>Description</th>
<th>Bonds Issued to Date</th>
<th>Range of Interest Rates</th>
<th>Bonds Outstanding</th>
<th>Bonds Issued After 09/01/92</th>
<th>Bonds Matured or Retired</th>
<th>Bonds Refunded</th>
<th>Bonds Outstanding 08/31/93</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Fee Revenue Bds 1970C$</td>
<td>495,000</td>
<td>7.00 - 7.20</td>
<td>$205,000</td>
<td>$15,000</td>
<td></td>
<td></td>
<td>$190,000</td>
</tr>
<tr>
<td>Total</td>
<td>$495,000</td>
<td>$205,000</td>
<td>$15,000</td>
<td>$190,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Year</td>
<td>Last Year</td>
<td>Call Date</td>
<td>1994</td>
<td>1995</td>
<td>1996</td>
<td>1997</td>
<td>1998</td>
</tr>
<tr>
<td>-----------</td>
<td>----------</td>
<td>-----------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>1970</td>
<td>2000</td>
<td>N/A</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

$20,000 $20,000 $20,000 $25,000 $25,000 $80,000 $190,000
PLEDGED REVENUES AND RELATED EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Operating Revenues</th>
<th>Interest Earned on Investments</th>
<th>Other Pledged Revenues</th>
<th>Total Pledged Revenues</th>
<th>Other Revenue Sources</th>
<th>Operating Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Fee Revenue Bonds 1970</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Totals</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Page 31
<table>
<thead>
<tr>
<th></th>
<th>(d)</th>
<th>(a+b-c-d)</th>
<th>Net Available</th>
<th>Debt Service</th>
<th>Principal</th>
<th>Debt Service</th>
<th>Interest</th>
<th>Debt</th>
<th>Principal</th>
<th>Interest</th>
<th>Debt Service</th>
<th>Interest</th>
<th>Minimum Required</th>
<th>Actual Balance</th>
<th>Minimum Required</th>
<th>Actual Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Outlay</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
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<td>$</td>
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<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

RESTRICTED ACCOUNT BALANCES

INTEREST AND SINKING FUND

<table>
<thead>
<tr>
<th>Minimum Required</th>
<th>Actual Balance</th>
<th>Minimum Required</th>
<th>Actual Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,000</td>
<td>$27,000</td>
<td>$19,000</td>
<td>$27,000</td>
</tr>
</tbody>
</table>
OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION
Independent Auditor's Report

SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1993, and have issued our report thereon dated February 15, 1994. We have also audited Panola College's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated February 15, 1994.

We conducted our audits in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENTS. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether Panola College complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended August 31, 1993, we considered the College's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the College's financial statements and on its compliance with requirements applicable to major programs and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated February 15, 1994.
The administration of Panola College is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by administrators are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

**General Requirements**

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements

**Specific Requirements**

- Types of services allowed or not allowed
- Eligibility
- Matching, level of effort, or earmarking
- Reporting
- Cost allocation
- Special requirements

### Claims for Advances and Reimbursements

### Amounts Claimed or Used for Matching
For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended August 31, 1993, Panola College expended 77 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the College's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the College's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Reportable conditions noted are as follows:

**Cash Receipts**

Segregation of duties in the area of cash receipts is inadequate in that employees who receive cash also have access to the accounting records.

**Property and Equipment**

A physical inventory of property and equipment was not performed as of August 31, 1993. The detail listing of items of property and equipment was not updated for additions and retirements for the current year.

A material weakness is a reportable condition in which the design or
operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of Panola College’s compliance with requirements applicable to its major federal financial assistance program for the year ended August 31, 1993, and this report does not affect our report thereon dated February 15, 1994.

Material weaknesses noted are as follows:

Accounting procedures

Bank reconciliations of cash balances as of August 31, 1993, were not completed until December, 1993. As a result of the reconciliation process, numerous adjustments to the accounting records were required for unrecorded transactions and errors in posting. In addition, numerous and significant adjustments were made during the course of the audit affecting virtually every financial statement caption on the balance sheet.

Federal funds

In our testing of cash balances, it was noted that the federal funds bank account was not reconciled properly throughout the year. As of August 31, 1993, deposits for May through August and disbursements from January through August were unrecorded on the general ledger. Therefore, requests for reimbursements, or draw downs of federal funds were not documented in such a way to ensure that cash on hand did not exceed immediate (three days) needs or authorized program amounts. It was noted that some requests for SEOG reimbursements were not based on the federal portion (85%) of the award, but on 100%, and subsequent reimbursements of these excess funds were required. In addition, reports did not agree in some cases to the underlying financial information.
Board of Trustees  
Panola College  
Page 5  

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Panola College in a separate letter dated February 15, 1994.

This report is intended for the information of the administration, trustees, the Texas Higher Education Coordinating Board, and the United States Department of Education. However, this report is a matter of public record and its distribution is not limited.

*Alexander, Lankford & Hiers, Inc.*

Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants  

February 15, 1994
Independent Auditor’s Report

REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1993, and have issued our report thereon dated February 15, 1994.

We conducted our audit in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENTS. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Panola College for the year ended August 31, 1993, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The administration of Panola College is responsible for establishing and maintaining an internal control structure. In fulfilling that responsibility, estimates and judgments by administrators are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

38
For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

**Financial Statement Captions**
- Cash and cash equivalents
- Investments
- Receivables
- Other assets
- Inventories
- Property and equipment
- Payables and accrued liabilities
- Deferred revenues
- Debt
- Fund balances

**Controls Used in Administering Compliance With Laws and Regulations**
- General controls
- Specific controls

**Claims for Advances and Reimbursements**

**Amounts Claimed or Used for Matching**

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the College’s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions noted are as follows:
Cash Receipts

Segregation of duties in the area of cash receipts is inadequate in that employees who receive cash also have access to the accounting records.

Property and Equipment

A physical inventory of property and equipment was not performed as of August 31, 1993. The detail listing of items of property and equipment was not updated for additions and retirements for the current year.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements as of and for the year ended August 31, 1993, and this report does not affect our report thereon dated February 15, 1994.

Material weaknesses noted are as follows:

Accounting procedures

Bank reconciliations of cash balances as of August 31, 1993, were not completed until December, 1993. As a result of the reconciliation process, numerous adjustments to the accounting records were required for unrecorded transactions and errors in posting. In addition, numerous and significant adjustments were made during the course of the audit affecting virtually every financial statement caption on the balance sheet.
Federal funds

In our testing of cash balances, it was noted that the federal funds bank account was not reconciled properly throughout the year. As of August 31, 1993, deposits for May through August and disbursements from January through August were unrecorded on the general ledger. Therefore, requests for reimbursements, or draw downs of federal funds were not documented in such a way to ensure that cash on hand did not exceed immediate (three days) needs or authorized program amounts. It was noted that some requests for SEOG reimbursements were not based on the federal portion (85%) of the award, but on 100%, and subsequent reimbursements of these excess funds were required. In addition, reports did not agree in some cases to the underlying financial information.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Panola College in a separate letter dated February 15, 1994.

This report is intended for the information of the administration, trustees, the Texas Higher Education Coordinating Board, and the United States Department of Education. However, this report is a matter of public record and its distribution is not limited.

Alexander, Lankford & Hiers, Inc.

Alexander, Lankford & Hiers, Inc.
Certified Public Accountants

February 15, 1994
Independent Auditor’s Report

COMPLIANCE REPORT BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1993, and have issued our report thereon dated February 15, 1994.

We conducted our audit in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Controller General of the United States; and Office of Management and Budget (OMB) Circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENTS. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Panola College is the responsibility of the College’s administration and trustees. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the College’s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements (or violations of prohibitions) contained in laws, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed the following instances of noncompliance that may be material to the financial statements, but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in Panola College’s 1993 financial statements.
Board of Trustees  
Panola College  
Page 2

Reporting

Quarterly federal cash transaction reports and the annual FISAP report did not agree to the accounting records.

Cash Management

Claims for reimbursement received were not disbursed from the federal funds account within the Department of Education three day guideline.

Claims for Advances and Reimbursement/Amounts  
Claimed or Used for Matching

Claims for reimbursement were not adequately documented by underlying financial information. Some claims that required matching funds were made for incorrect amounts.

We considered these instances of noncompliance in forming our opinion on whether the College's 1993 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated February 15, 1994, on those financial statements.

Except for the findings referred to in the fourth paragraph, the results of our tests of compliance indicate that, with respect to the items tested, Panola College complied, in all material respects, with the provisions referred to in the third paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the College had not complied, in all material respects, with those provisions.

We also noted certain immaterial instances of noncompliance which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the administration, trustees, the Texas Higher Education Coordinating Board, and the United States Department of Education. However, this report is a matter of public record and its distribution is not limited.

Alexander, Lankford & Hiers, Inc.  
Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants  
February 15, 1994
### Programs

<table>
<thead>
<tr>
<th>Programs</th>
<th>Findings/Noncompliance</th>
<th>Questioned Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pell Grant Program 84.063</td>
<td>Reporting Quarterly federal cash transaction reports and the annual FISAP report did not agree to the accounting records.</td>
<td>Undetermined</td>
</tr>
<tr>
<td>SEOG 84.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College Workstudy 84.033</td>
<td>Cash Management Claims for reimbursement received were not disbursed from the federal funds account within the Department of Education three day guideline.</td>
<td>Undetermined</td>
</tr>
<tr>
<td></td>
<td>Claims for Advances and Reimbursement/ Amounts Claimed or Used for Matching Claims for reimbursement were not adequately documented by underlying financial information. Some claims that required matching funds were made for incorrect amounts.</td>
<td>Undetermined</td>
</tr>
</tbody>
</table>

The above findings are also related to material weaknesses in the internal control structure previously reported on pages 33-41.

Recommendation: Steps should be taken to ensure that the financial records accurately reflect federal program expenditures. Reports and claims for reimbursement should agree to those records. Cash controls should provide that the cash draw down does not exceed immediate needs of three days per Department of Education guidelines.
PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 1993

<table>
<thead>
<tr>
<th>PROGRAMS</th>
<th>FINDINGS/NONCOMPLIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pell Grant Program</td>
<td>The following findings came as a result of tests for compliance with specific requirements for the College's major federal financial assistance program. A sample of 43 Pell recipients was tested with actual Pell awards of $57,731 from a total population of 437 with Pell awards of $520,214.</td>
</tr>
<tr>
<td>84.063</td>
<td>One student was overawarded $787 due to a scholarship received that caused the student's aid to exceed financial need. The College discovered the overaward and collected the amount from the student.</td>
</tr>
<tr>
<td></td>
<td>Recommendation: Care should be taken to coordinate Title IV funds with other financial aid in order to prevent an overaward.</td>
</tr>
<tr>
<td>Pell Grant Program</td>
<td>For two students selected, the SAR was not properly completed. One did not complete the selective service section (student was female) and one did not date the SAR.</td>
</tr>
<tr>
<td>84.063</td>
<td>Recommendation: All SARS should be monitored for proper completion.</td>
</tr>
</tbody>
</table>

45
Comment on Status of prior findings:

Prior findings relating to federal financial reporting, claims for reimbursement, and cash management were not corrected as of August 31, 1993.
Independent Auditor's Report

SINGLE AUDIT REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1993, and have issued our report thereon dated February 15, 1994.

We have applied procedures to test Panola College’s compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended August 31, 1993: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget’s "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Panola College’s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failures to follow the general requirements that cause us to conclude that the misstatements resulting from those failures are material to Panola College’s financial statements. The results of our tests of the general requirements disclosed the following instances of noncompliance that may be material to a federal financial assistance program or to the financial statements, but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in Panola College’s August 31, 1993 financial statements.

Reporting

Quarterly federal cash transaction reports and the annual FISAP report
Board of Trustees
Panola College
Page 2

did not agree to the accounting records.

Cash Management

Claims for reimbursement received were not disbursed from the federal funds account within the Department of Education three day guideline.

Claims for Advances and Reimbursement/Amounts Claimed or Used for Matching

Claims for reimbursement were not adequately documented by underlying financial information. Some claims that required matching funds were made for incorrect amounts.

We considered these instances of noncompliance in forming our opinion on whether the College’s 1993 financial statements are presented fairly, in all material respects, in conformity with general accepted accounting principles, and this report does not affect our report dated February 15, 1994, on those financial statements.

Except as referred to in the fourth paragraph, the results of our procedures to determine compliance indicate that, with respect to the items tested, Panola College complied, in all material respects, with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Panola College had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the College’s administration, trustees, the Texas Higher Education Coordinating Board, and the United States Department of Education. However, this report is a matter of public record and its distribution is not limited.

Alexander, Lankford & Hiers, Inc.
Alexander, Lankford & Hiers, Inc.
Certified Public Accountants

February 15, 1994
Independent Auditor's Report

SINGLE AUDIT OPINION ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1993, and have issued our report thereon dated February 15, 1994.

We have also audited Panola College's compliance with the specific requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended August 31, 1993. The administration of Panola College is responsible for the College's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENTS. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Panola College's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

As described in the accompanying Schedule of Findings and Questioned Costs, the results of our audit procedures for the Pell Grant Program disclosed that Panola College did not comply with the requirements for reporting, cash management, and claims for advances and reimbursement. In our opinion, compliance with these items is necessary for Panola College to comply with the requirements of the Pell Grant Program.
In addition, the results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to in the second paragraph which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except for the effect, which is not presently determinable as described in the following paragraph, of those instances of noncompliance applicable to the Pell Grant Program referred to in the fourth paragraph of this report and identified in the accompanying Schedule of Findings and Questioned Costs, Panola College complied, in all material respects, with the specific requirements referred to in the second paragraph for the year ended August 31, 1993.

Resolving the instances of noncompliance identified in the fourth paragraph of this report is the responsibility of Panola College and federal officials. Their determination of whether the identified instances of noncompliance will ultimately result in a disallowance of costs cannot be presently determined. Accordingly, no adjustment for any disallowances that may result has been made to the federal program amounts listed in the accompanying Schedule of Federal Financial Assistance and no provision for any liability that may result has been recognized in Panola College's August 31, 1993 financial statements.

This report is intended for the information of the College's administration, trustees, the Texas Higher Education Coordinating Board, and the United States Department of Education. However, this report is a matter of public record and its distribution is not limited.

Alexander, Lankford & Hiers, Inc.
Certified Public Accountants

February 15, 1994
Independent Auditor’s Report

SINGLE AUDIT REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO NON-MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1993, and have issued our report thereon dated February 15, 1994.

In connection with our audit of the financial statements of Panola College, and with our consideration of Panola College’s control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, we selected certain transactions applicable to certain non-major federal financial assistance programs for the year ended August 31, 1993.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; special tests and provisions, claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Panola College’s compliance with these requirements. Accordingly, we do not express such an opinion.

As described in the accompanying Schedule of Findings and Questioned Costs, the results of our tests of the specific requirement disclosed instances of noncompliance that may be material to the financial statements but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in Panola College’s August 31, 1993 financial statements.

We considered these instances of noncompliance in forming our opinion on whether the College’s 1993 financial statements are presented...
fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated February 15, 1994 on those financial statements.

This report is intended for the information of the administration, trustees, the Texas Higher Education Coordinating Board, and the United States Department of Education. However, this report is a matter of public record and its distribution is not limited.

Alexander, Lankford & Hiers, Inc.
Alexander, Lankford & Hiers, Inc.
Certified Public Accountants

February 15, 1994
Independent Auditor’s Report

REPORT ON SUPPLEMENTARY INFORMATION:
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

Members of the Board:

We have audited the financial statements of Panola College for the year ended August 31, 1993, and have issued our report thereon dated February 15, 1994. These financial statements are the responsibility of Panola College’s administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENTS. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of Panola College taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Alexander, Lankford & Hiers, Inc.
Alexander, Lankford & Hiers, Inc.
Certified Public Accountants

February 15, 1994
### PANOLA COLLEGE
#### SCHEDULE D-3
#### SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
**For the Year Ended August 31, 1993**

<table>
<thead>
<tr>
<th>Federal Grantor/Pass Through Grantor/ Program Title</th>
<th>PROJECT NUMBER</th>
<th>CFDA Number</th>
<th>PROGRAM OR AWARD AMOUNT</th>
<th>ACCRUED or (DEFERRED) REVENUE AT 09/30/92</th>
<th>GRANT PROCEEDS RECEIVED</th>
<th>DISBURSEMENTS/ EXPENDITURES AT 08/31/93</th>
<th>ACCRUED or (DEFERRED) REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Education</strong></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct Programs:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEOG</td>
<td>EP007A14092</td>
<td>84.007</td>
<td>$19,466 $</td>
<td>(171) $</td>
<td></td>
<td></td>
<td>(171) $</td>
</tr>
<tr>
<td>SEOG</td>
<td>EP007A24092</td>
<td>84.007</td>
<td>22,938</td>
<td></td>
<td>25,793</td>
<td>23,424</td>
<td>(2,369)</td>
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<tr>
<td>College Workstudy</td>
<td>EP033A14092</td>
<td>84.033</td>
<td>43,039</td>
<td>36,834</td>
<td>36,834</td>
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<tr>
<td>College Workstudy</td>
<td>EP033A24092</td>
<td>84.033</td>
<td>30,757</td>
<td>22,975</td>
<td>28,079</td>
<td>5,095</td>
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<tr>
<td>Pell Grant</td>
<td>EP063P16491</td>
<td>84.063</td>
<td>386,299</td>
<td>(48,556)</td>
<td>520,237</td>
<td>522,422</td>
<td>2,185</td>
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<td>Pell Grant</td>
<td>EP063P26491</td>
<td>84.063 *</td>
<td>521,164</td>
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<td>Pell Grant</td>
<td>EP063P36491</td>
<td>84.063 *</td>
<td>939,015</td>
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<tr>
<td><strong>Total Direct Programs</strong></td>
<td></td>
<td></td>
<td></td>
<td>(11,893)</td>
<td>605,839</td>
<td>597,466</td>
<td>(20,266)</td>
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<td><strong>Pass-Through From:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Texas Higher Education Coordinating Board</td>
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</tr>
<tr>
<td>Carl Perkins Voc. Ed.</td>
<td>22420236</td>
<td>84.048</td>
<td>117,967</td>
<td>37,542</td>
<td>37,542</td>
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</tr>
<tr>
<td>Carl Perkins Voc. Ed.</td>
<td>33420236</td>
<td>84.048</td>
<td>108,000</td>
<td>12,211</td>
<td>75,671</td>
<td>95,789</td>
<td>32,329</td>
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<tr>
<td>Carl Perkins Voc. Ed.</td>
<td>44420236</td>
<td>84.048</td>
<td>100,000</td>
<td></td>
<td>11,628</td>
<td>11,628</td>
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<tr>
<td>Carl Perkins Voc. Ed.</td>
<td>33140042</td>
<td>84.048</td>
<td>2,000</td>
<td></td>
<td>2,000</td>
<td>2,000</td>
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<tr>
<td><strong>Total Pass-Through Programs</strong></td>
<td></td>
<td></td>
<td></td>
<td>49,753</td>
<td>115,213</td>
<td>109,417</td>
<td>43,957</td>
</tr>
<tr>
<td><strong>Total Federal Financial Assistance</strong></td>
<td></td>
<td></td>
<td></td>
<td>$37,860</td>
<td>$721,052 $</td>
<td>$706,883 $</td>
<td>$23,691</td>
</tr>
</tbody>
</table>

* Denotes major federal financial assistance programs as defined by the Single Audit Act of 1984 and OMB Circular A-128.