PANOLA COLLEGE

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED

AUGUST 31, 2014 AND 2013

PREPARED BY:

FISCAL SERVICES DEPARTMENT

PANOLA COLLEGE
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INTRODUCTORY SECTION
November 21, 2014

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

We are pleased to present the following comprehensive annual financial report (CAFR) for the Panola County Junior College District (Panola College) for the fiscal year ended August 31, 2014. The CAFR has been prepared in conformance with the financial reporting standards applicable to government entities set forth by the Governmental Accounting Standards Board (GASB) in its authoritative pronouncements, as well as the financial reporting requirements of the Government Finance Officers Association (GFOA). The report complies with the requirements of Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB).

The College is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended in 1996 and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of Texas Single Audit Circular. Information related to this single audit, including the schedules of expenditures of federal and state awards and auditor's reports on the internal control over compliance with applicable laws and regulations are included in this report.

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

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

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

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

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

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

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

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

BOND ELECTION

On May 11, 2013 the College conducted a successful bond election in which the voters authorized the issuance of $35 million of general obligation bonds for the construction of a new science/health science building, a new student life center and the renovation of several existing buildings. All of the authorized bonds have been issued and construction on the science/health science building and the student life center is underway. Completion is planned in time for the opening of the Fall 2015 semester. Renovation of several existing buildings will begin shortly thereafter.

ECONOMIC CONDITION AND OUTLOOK

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

Panola County ranks as one of the leading natural gas producers in Texas and is located in the Cotton Valley Gas Field, which is the second largest natural gas field in the state. Continued lignite mining activities along with new natural gas wells contribute greatly to the area’s wealth. Timber, poultry, and cattle production also continue to contribute to the local economy. All of these activities have a positive impact on employment and the county tax base.

Panola College continues to have strong enrollment. Today approximately 2,600 credit students and 800 continuing education students are enrolled in one of 56 programs of study offered through Panola College. This growth has created a need for additional facilities to handle the increased student loads. In addition to the aforementioned bond election, the College constructed a new 64 bed residence hall in fiscal year 2013. The College can now house up to 250 resident students.

Panola College’s financial condition remains strong. The largest areas of funding for the College are property taxes, tuition and fees and state appropriations. Although the state appropriations have significantly decreased as a percentage of our total funding, the College’s outlook for the future remains strong due to student growth, strategic leadership and fiscal management. As part of the College’s long-term financial plan, the College maintains reserves sufficient to operate the College for between 3 and 7 months.
BUDGETING PROCESS

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) for the fiscal year ended August 31, 2013 to Panola College for its comprehensive annual financial report. This was the twentieth consecutive year that the college has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a College must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Sincerely,

Stephen K. Williams

Stephen K. Williams, CPA
Vice President of Fiscal Services
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Panola College
Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

August 31, 2013

Executive Director/CEO
ORGANIZATIONAL CHART

PANOLA COLLEGE

Carthage, Texas

Voters of Panola County

Panola College
Board of Trustees

President

Vice President of Instruction

Vice President of Fiscal Services

Vice President of Student Services
BOARD OF TRUSTEES

OFFICERS

Mr. William Goolsby        Chair
Mr. Hal Palmer        Vice-Chair
Mrs. Evelyn Sharp       Secretary

MEMBERS

Term Expires
May 31

Mr. William Goolsby           2016
Mr. Bobby Phillips           2016
Mr. Kevin Smith           2016
Mrs. Evelyn Sharp           2018
Mr. Richard Thomas           2018
Mr. Hal Palmer            2020
Mrs. Glendell Chadwick           2020

ADMINISTRATION

Dr. Gregory Powell       President
Dr. Joe Shannon        Vice President of Instruction
Mr. Stephen Williams, CPA       Vice President of Fiscal Services
Mr. Don Clinton       Vice President of Student Services
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PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION
INDEPENDENT AUDITOR’S REPORT

Board of Trustees
Panola College
Carthage, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Panola College (the College) as of and for the years ended August 31, 2014 and 2013, which collectively comprise Panola College’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

Report on the Financial Statements – Continued

Auditor’s Responsibility - Continued

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Panola College as of August 31, 2014 and 2013 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 29 to the financial statements, effective September 1, 2013 Panola College adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 12 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.
INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Other Matters - Continued

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola College’s basic financial statements. The introductory section, supplementary schedules, which include the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the Schedule of Expenditures of State Awards, and statistical supplements are presented for purposes of additional analysis, and are not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2014 on our consideration of Panola College’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Panola College’s internal control over financial reporting and compliance.

Alexanders, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
November 21, 2014
As management of Panola County Junior College District (College), we offer readers of the College’s financial statement this narrative overview and analysis of the financial activities of the College for the year ended August 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the front of this report, and the College’s financial statements and notes to the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the College exceeded its liabilities at August 31, 2014 by $31,388,020 (net position). Of this amount, $10,832,984 (unrestricted net position) may be used to meet the College’s ongoing obligations.
- Revenue exceeded expenses by $5,305,151, or 18.08%, for the current fiscal year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the College’s basic financial statements. Governmental Accounting Standards Board (GASB) Statement No. 34 first required the implementation of new financial statement reporting standards for the College with the fiscal year ended August 31, 2002. The new standards required the College's financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. The basic financial statements include: 1) the Statement of Net Position, 2) the Statement of Revenues, Expenses, and Changes in Net Position, and 3) the Statement of Cash Flows. The notes to the financial statements are an integral part of the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities, which are supported mainly by state appropriations, federal revenue, ad-valorem taxes, and tuition and fee revenues. This approach is intended to summarize and simplify the user’s analysis of costs of various College services to students and the public. The statement presents information for all of the current year’s revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

**ANALYSIS OF BASIC FINANCIAL STATEMENTS**

### Condensed Statements of Net Position

**as of August 31, 2014, 2013 and 2012**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>% of Total</th>
<th>Increase (Decrease)</th>
<th>% Change</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$27,143,589</td>
<td>55.1%</td>
<td>$ 8,936,771</td>
<td>49.1%</td>
<td>$18,206,818</td>
<td>$18,035,162</td>
</tr>
<tr>
<td>Noncurrent assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>19,031,850</td>
<td>38.7%</td>
<td>4,621,068</td>
<td>32.1%</td>
<td>14,410,782</td>
<td>12,914,811</td>
</tr>
<tr>
<td>Other</td>
<td>3,071,979</td>
<td>6.2%</td>
<td>87,743</td>
<td>2.9%</td>
<td>2,984,236</td>
<td>2,827,435</td>
</tr>
<tr>
<td>Total Assets</td>
<td>49,247,418</td>
<td>100.0%</td>
<td>13,645,582</td>
<td>38.3%</td>
<td>35,601,836</td>
<td>33,777,408</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>7,410,681</td>
<td>41.5%</td>
<td>1,648,881</td>
<td>28.6%</td>
<td>5,761,800</td>
<td>5,505,464</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>10,448,717</td>
<td>58.5%</td>
<td>6,691,550</td>
<td>178.1%</td>
<td>3,757,167</td>
<td>4,502,277</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>17,859,398</td>
<td>100.0%</td>
<td>8,340,431</td>
<td>87.6%</td>
<td>9,518,967</td>
<td>10,007,741</td>
</tr>
</tbody>
</table>

**Net Position:**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>% of Total</th>
<th>Increase (Decrease)</th>
<th>% Change</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in</td>
<td>12,311,505</td>
<td>39.2%</td>
<td>2,225,012</td>
<td>22.1%</td>
<td>10,086,493</td>
<td>7,817,619</td>
</tr>
<tr>
<td>capital assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>8,243,531</td>
<td>26.2%</td>
<td>5,288,000</td>
<td>178.9%</td>
<td>2,955,531</td>
<td>2,848,143</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>10,832,984</td>
<td>34.6%</td>
<td>(2,207,861)</td>
<td>(16.9)%</td>
<td>13,040,845</td>
<td>13,103,905</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$31,388,020</td>
<td>100.0%</td>
<td>$5,305,151</td>
<td>20.3%</td>
<td>$26,082,869</td>
<td>$23,769,667</td>
</tr>
</tbody>
</table>
The College’s assets exceeded liabilities by $31,388,020 at August 31, 2014. Assets amounted to $49,247,418 with investment in capital assets comprising $19,031,850 of that total. Capital assets include land, library books, buildings and improvements, construction in progress, vehicles, furniture, and equipment. The College uses these capital assets to provide services to students and, consequently, these assets are not available for future spending. The College’s net investment in capital assets is 39.2% of total net position. It should be noted that the capital assets themselves may not be used to liquidate liabilities. Additionally $8,243,531 or 26.2%, of total net position is externally restricted. The remaining balance of $10,832,984 represents unrestricted net position that may be used to meet the College’s ongoing obligations. Debt related to capital assets was $6,720,344. Total liabilities amounted to $17,859,398, of which $7,410,681 is due next year.
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2014, 2013 and 2012

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>2014</th>
<th>% of Total</th>
<th>Increase (Decrease)</th>
<th>% Change</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees, Net of Discounts</td>
<td>$3,409,716</td>
<td>11.6%</td>
<td>$645,562</td>
<td>23.4%</td>
<td>$2,764,154</td>
<td>$2,879,361</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>710,748</td>
<td>2.4%</td>
<td>76,209</td>
<td>12.0%</td>
<td>634,539</td>
<td>539,547</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>1,118,502</td>
<td>3.8%</td>
<td>232,406</td>
<td>26.2%</td>
<td>886,096</td>
<td>980,922</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>355,084</td>
<td>1.2%</td>
<td>(34,415)</td>
<td>(8.8)%</td>
<td>389,499</td>
<td>395,963</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$5,594,050</td>
<td>19.1%</td>
<td>$919,762</td>
<td>19.7%</td>
<td>$4,674,288</td>
<td>$4,795,793</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Operating Revenues</th>
<th>2014</th>
<th>% of Total</th>
<th>Increase (Decrease)</th>
<th>% Change</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>5,305,479</td>
<td>18.1%</td>
<td>849,882</td>
<td>19.1%</td>
<td>4,455,597</td>
<td>4,087,270</td>
</tr>
<tr>
<td>Ad-Valorem Taxes</td>
<td>9,010,677</td>
<td>30.7%</td>
<td>3,048,136</td>
<td>51.1%</td>
<td>5,962,541</td>
<td>5,750,320</td>
</tr>
<tr>
<td>Federal Revenue – Non-Operating</td>
<td>9,100,492</td>
<td>31.0%</td>
<td>141,725</td>
<td>1.6%</td>
<td>8,958,767</td>
<td>8,296,479</td>
</tr>
<tr>
<td>Gifts</td>
<td>165,382</td>
<td>0.6%</td>
<td>(75,137)</td>
<td>(31.2)%</td>
<td>240,519</td>
<td>266,257</td>
</tr>
<tr>
<td>Loss on disposal of assets</td>
<td>(50,505)</td>
<td>(0.2)%</td>
<td>0</td>
<td>N/A</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Investment Income</td>
<td>218,850</td>
<td>0.7%</td>
<td>(26,724)</td>
<td>(10.9)%</td>
<td>245,574</td>
<td>260,289</td>
</tr>
<tr>
<td><strong>Total Non-Operating Revenues</strong></td>
<td>23,750,375</td>
<td>80.9%</td>
<td>3,887,377</td>
<td>19.6%</td>
<td>19,862,998</td>
<td>18,660,615</td>
</tr>
</tbody>
</table>

| Total Revenues | 29,344,425 | 100.0% | 4,807,139 | 19.6% | 24,537,286 | 23,456,408 |

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th>2014</th>
<th>% of Total</th>
<th>Increase (Decrease)</th>
<th>% Change</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>7,959,060</td>
<td>33.1%</td>
<td>840,045</td>
<td>11.8%</td>
<td>7,119,015</td>
<td>6,660,695</td>
</tr>
<tr>
<td>Public Service</td>
<td>291,095</td>
<td>1.2%</td>
<td>(77,517)</td>
<td>(21.0)%</td>
<td>368,612</td>
<td>338,797</td>
</tr>
<tr>
<td>Academic Support</td>
<td>2,223,237</td>
<td>9.2%</td>
<td>211,623</td>
<td>10.5%</td>
<td>2,011,614</td>
<td>2,032,467</td>
</tr>
<tr>
<td>Student Services</td>
<td>1,301,687</td>
<td>5.4%</td>
<td>16,161</td>
<td>1.3%</td>
<td>1,285,526</td>
<td>1,225,849</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>2,161,827</td>
<td>9.0%</td>
<td>(335,909)</td>
<td>(13.4)%</td>
<td>2,497,736</td>
<td>2,036,018</td>
</tr>
<tr>
<td>Operation and Maintenance of Plant</td>
<td>1,724,697</td>
<td>7.2%</td>
<td>339,370</td>
<td>24.5%</td>
<td>1,385,327</td>
<td>1,371,639</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>4,293,425</td>
<td>17.9%</td>
<td>15,904</td>
<td>0.4%</td>
<td>4,277,521</td>
<td>4,026,163</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>2,712,348</td>
<td>11.3%</td>
<td>365,057</td>
<td>15.6%</td>
<td>2,347,291</td>
<td>2,216,774</td>
</tr>
<tr>
<td>Depreciation</td>
<td>867,811</td>
<td>3.6%</td>
<td>90,640</td>
<td>11.7%</td>
<td>777,171</td>
<td>824,402</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>23,535,187</td>
<td>97.9%</td>
<td>1,465,374</td>
<td>8.2%</td>
<td>22,069,813</td>
<td>20,732,804</td>
</tr>
</tbody>
</table>

| Non-Operating Expenses | 504,087 | 2.1% | 349,816 | 226.6% | 154,271 | 189,932 |

| Total Expenses | 24,039,274 | 100.0% | 1,815,190 | 8.2% | 22,224,084 | 20,922,736 |

| Changes in Net Position | 5,305,151 | 16.9% | 2,991,949 | 129.3% | 2,313,202 | 2,533,672 |

| Beginning Net Position | 26,082,869 | 83.1% | 2,313,202 | 9.7% | 23,769,667 | 21,235,995 |

| Ending Net Position | $31,388,020 | 100.0% | $5,305,151 | 20.3% | $26,082,869 | $23,769,667 |
Operating revenues amounted to $5,594,050 and non-operating revenues $23,750,375 for a total of $29,344,425. Major operating revenues include $3,409,716 in tuition and fees, $710,748 in grants and contracts, and $1,118,502 in auxiliary enterprises. Gross tuition and fees are up 9.9% this year due to tuition, fee and enrollment increases.

Major non-operating revenues include $5,305,479 in state appropriations, $9,010,677 in ad-valorem taxes, and $9,100,492 in federal revenues. State appropriations include $989,753 for employee benefits ($241,870 for retirement benefits and $747,883 for health and life insurance coverage). Additional information is available in footnotes 14, 15, and 17-19 found on pages 44-47. The Federal Pell Grant Program is the largest of the federal revenues and amounts to $5,246,189. More detail is provided on federal awards in Schedule F (page 56) and state awards in Schedule G (page 57).
Operating Expense Comparison
For Years Ended August 31, 2014, 2013, and 2012

Instruction
- 2014: 7,959,060
- 2013: 7,119,015
- 2012: 6,660,695

Public Service
- 2014: 291,095
- 2013: 368,612
- 2012: 338,797

Academic Support
- 2014: 2,223,237
- 2013: 2,011,614
- 2012: 2,032,467

Student Services
- 2014: 1,301,687
- 2013: 1,285,526
- 2012: 1,225,849

Institutional Support
- 2014: 2,161,827
- 2013: 2,497,736
- 2012: 2,036,018

Operation and Maintenance of Plant
- 2014: 1,724,697
- 2013: 1,385,327
- 2012: 1,371,639

Scholarships and Fellowships
- 2014: 4,293,425
- 2013: 4,277,521
- 2012: 4,026,163

 Auxiliary Enterprises
- 2014: 2,712,348
- 2013: 2,347,291
- 2012: 2,216,774

Depreciation
- 2014: 867,811
- 2013: 777,171
- 2012: 824,402
Operating expenses totaled $23,535,187 and non-operating expenses were $504,087 for total expenses of $24,039,274. Instruction at $8.0 million is the largest operating expense. It includes expenditures for all activities that are part of the College’s instruction program. These activities include credit and noncredit courses for academic, vocational, and developmental and tutorial instruction. Public Service expenses totaled $291,095. Public Service includes funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the College. Academic support amounted to $2.2 million. These expenses are used to provide support services for the College’s primary missions of instruction, research, and public service. This includes library expenses, academic administration, computer services, and distance learning support. Student services, $1.3 million, include expenses for offices of records and admissions and student activities. Institutional support, $2.2 million, includes expenses related to the College’s executive management, fiscal operations, personnel management, college development, administrative computing, and general institutional expenses. Operation and maintenance of plant, $1.7 million, are expenditures for the operation and maintenance of the physical plant. Scholarships and fellowships, $4.3 million, includes scholarships and fellowships including tuition remissions and exemptions. Auxiliary enterprises, $2.7 million, include expenditures for the college store, food service, residence halls, and athletic programs.

### Operating Expenses By Object
For Years Ended August 31, 2014, 2013, and 2012

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>9,046,043</td>
<td>8,655,936</td>
<td>8,324,214</td>
</tr>
<tr>
<td>State Benefits</td>
<td>989,753</td>
<td>732,862</td>
<td>705,629</td>
</tr>
<tr>
<td>Local Benefits</td>
<td>1,859,303</td>
<td>2,101,110</td>
<td>1,577,607</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>11,640,088</td>
<td>10,579,905</td>
<td>10,125,353</td>
</tr>
</tbody>
</table>

Operating expenses for educational activities amounted to $20.0 million; $5.8 million (29.0%) were restricted. Employee related expenses amounted to $11.5 million, or 57.5%, of educational activities expenses.
Condensed Statements of Cash Flows
For the Years Ended August 31, 2014, 2013 and 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Increase (Decrease)</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$(14,988,611)</td>
<td>$ 397,068</td>
<td>$(15,385,679)</td>
<td>$(14,620,383)</td>
</tr>
<tr>
<td>2013</td>
<td>22,696,268</td>
<td>4,156,565</td>
<td>18,539,703</td>
<td>17,606,484</td>
</tr>
<tr>
<td>2012</td>
<td>865,917</td>
<td>4,066,233</td>
<td>(3,200,316)</td>
<td>(2,279,086)</td>
</tr>
<tr>
<td></td>
<td>(4,624,935)</td>
<td>(3,924,086)</td>
<td>(700,849)</td>
<td>(1,270,315)</td>
</tr>
<tr>
<td></td>
<td>3,948,639</td>
<td>4,695,780</td>
<td>(747,141)</td>
<td>(563,300)</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at August 31, 2014 were $5,958,368, which is an increase of $3,948,639 or 196.5%.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION

As mentioned earlier, revenues exceeded expenses by $5,305,151 for the year ended August 31, 2014. The College’s financial position remains strong, with unrestricted net position representing approximately five months of operating reserves, which is above the 3.6 months minimum recommended by the State Auditor’s Office.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
The College’s investment in capital assets as of August 31, 2014 amounts to $19,031,850 (net of accumulated depreciation) and represents a 32.1% increase from last year. This investment includes land, library books, buildings and improvements, and furniture and equipment.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$1,822,519</td>
<td>$1,822,519</td>
<td>$1,384,457</td>
</tr>
<tr>
<td>Library Books</td>
<td>195,091</td>
<td>216,133</td>
<td>233,336</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>10,818,383</td>
<td>11,270,502</td>
<td>10,359,069</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>5,120,955</td>
<td>82,617</td>
<td>49,297</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>1,074,902</td>
<td>1,019,011</td>
<td>888,652</td>
</tr>
<tr>
<td>Total</td>
<td>$19,031,850</td>
<td>$14,410,782</td>
<td>$12,914,811</td>
</tr>
</tbody>
</table>

Please refer to footnote number 8 on page 37 for additional information on capital assets.
Long-term Debt

The College issued $6 million, 10 year revenue bonds in April 2008. The principal balance at August 31, 2014 was $2,400,000. The College issued $2.5 million, 15 year revenue bonds in March 2005. The principal balance at August 31, 2014 was $1,175,000. In September 2013, the College issued a 25 year general obligation bond of $9,325,000. The principal balance at August 31, 2014 was $7,360,000.

Long-term Liabilities

as of August 31, 2014, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>Increase (Decrease)</th>
<th>% Change</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>$7,360,000</td>
<td>$7,360,000</td>
<td>N/A</td>
<td>$</td>
<td>0</td>
</tr>
<tr>
<td>General Obligation Bonds Premium</td>
<td>315,941</td>
<td>315,941</td>
<td>N/A</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Revenue Bonds Payable</td>
<td>3,575,000</td>
<td>(771,000)</td>
<td>(17.7)%</td>
<td>4,346,000</td>
<td>5,110,000</td>
</tr>
<tr>
<td>Total Long-term Liabilities</td>
<td>$11,250,941</td>
<td>$6,904,941</td>
<td>158.9%</td>
<td>$4,346,000</td>
<td>$5,110,000</td>
</tr>
</tbody>
</table>

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

Additional information on the College's long-term debt can be found in footnote number 9 on page 39 of this report.

ECONOMIC FACTORS

Panola College is committed to excellence in instructional programs, student services, service to the community, and leadership in economic development and cultural enrichment of the area. Our ability to meet this commitment is highly dependent on enrollment and state appropriations. The College continues to see strong student enrollment but State appropriations have not kept up with these past increases. The support of the State is critical in the mission to provide an affordable education to the students in our District.

The Board of Trustees and the citizens of the College district are committed to meeting the needs of our students today and in the future. The College is currently in a building program that will provide facilities to meet the needs of these students for years to come. The College will continue to strive to meet its mission while providing an affordable education for its students. The outlook for Panola College is positive due to its strong leadership, fiscal management and a strong economy in its service area.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, students, stakeholders and creditors with a general overview of the College's finances as well as demonstrate accountability for the funds the College receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Vice President of Fiscal Services, Panola College, 1109 West Panola, Carthage, Texas 75633.
BASIC FINANCIAL STATEMENTS
## PANOLA COLLEGE
### EXHIBIT 1
### STATEMENTS OF NET POSITION
#### August 31, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 5,958,368</td>
<td>$ 2,009,729</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>16,713,257</td>
<td>11,951,189</td>
</tr>
<tr>
<td>Accounts receivable (net)</td>
<td>3,244,135</td>
<td>3,349,712</td>
</tr>
<tr>
<td>Inventories</td>
<td>474,432</td>
<td>277,077</td>
</tr>
<tr>
<td>Other assets</td>
<td>753,397</td>
<td>619,110</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>27,143,589</td>
<td>18,206,817</td>
</tr>
<tr>
<td>Noncurrent Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment and other short-term investments</td>
<td>3,071,979</td>
<td>2,984,236</td>
</tr>
<tr>
<td>Capital assets, net (See note)</td>
<td>19,031,850</td>
<td>14,410,782</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>22,103,829</td>
<td>17,395,018</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>49,247,418</td>
<td>35,601,835</td>
</tr>
</tbody>
</table>

| **LIABILITIES** |                       |                       |
| Current Liabilities |                       |                       |
| Accounts payable | 1,618,078              | 377,869              |
| Accrued liabilities | 242,269               | 181,580               |
| Accrued compensable absences - current portion | 113,520       | 104,016       |
| Funds held for others | 410,790               | 364,546               |
| Unearned revenues | 4,013,158              | 3,962,789              |
| Bonds payable - current portion | 1,012,866  | 771,000  |
| **Total Current Liabilities** | 7,410,681  | 5,761,800  |
| Noncurrent Liabilities |                       |                       |
| Deposits | 65,365             | 61,539             |
| Accrued compensable absences | 145,277       | 120,628       |
| Bonds payable | 10,238,075  | 3,575,000  |
| **Total Noncurrent Liabilities** | 10,448,717  | 3,757,167  |
| **Total Liabilities** | 17,859,398  | 9,518,967  |

| **NET POSITION** |                       |                       |
| Net investment in capital assets | 12,311,505  | 10,086,493  |
| Restricted for |                       |                       |
| Nonexpendable |                       |                       |
| Student Aid | 3,103,835              | 2,955,531              |
| Expendable |                       |                       |
| Construction | 4,530,598              | -                      |
| Debt Service | 308,311                | -                      |
| Student Aid | 300,787                | -                      |
| **Unrestricted** |                       |                       |
| **Total Net Position** | $ 10,832,984 | $ 13,040,845 |

The accompanying notes are an integral part of this financial statement.
PANOLA COLLEGE
EXHIBIT 1-A
AFFILIATED ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
August 31, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Panola College</td>
<td>Panola College</td>
</tr>
<tr>
<td></td>
<td>Foundation</td>
<td>Foundation</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 153,208</td>
<td>$ 80,594</td>
</tr>
<tr>
<td>Short-term certificates of deposit</td>
<td>119,300</td>
<td>120,197</td>
</tr>
<tr>
<td>Mutual fund investments</td>
<td>1,525,248</td>
<td>1,284,539</td>
</tr>
<tr>
<td>Annuity contracts</td>
<td>240,633</td>
<td>208,490</td>
</tr>
<tr>
<td>Miscellaneous receivables</td>
<td>-</td>
<td>2,373</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,038,389</td>
<td>1,696,193</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>330</td>
<td>210</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>330</td>
<td>210</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>671,931</td>
<td>559,904</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>1,366,128</td>
<td>1,136,079</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$ 2,038,059</td>
<td>$ 1,695,983</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial statement.
PANOLA COLLEGE
EXHIBIT 2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended August 31, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014 Primary Institution</th>
<th>2013 Primary Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and fees (net of discounts of)</td>
<td>$3,409,716</td>
<td>$2,764,154</td>
</tr>
<tr>
<td>Federal grants and contracts</td>
<td>402,088</td>
<td>426,456</td>
</tr>
<tr>
<td>State grants and contracts</td>
<td>306,870</td>
<td>206,271</td>
</tr>
<tr>
<td>Non-governmental grants and contracts</td>
<td>1,790</td>
<td>1,812</td>
</tr>
<tr>
<td>Sales and services of educational activities</td>
<td>97,608</td>
<td>139,997</td>
</tr>
<tr>
<td>Auxiliary enterprises (net of discounts of)</td>
<td>$1,118,502</td>
<td>$886,096</td>
</tr>
<tr>
<td>Other operating revenues (net of discounts of $-0-)</td>
<td>257,476</td>
<td>249,502</td>
</tr>
<tr>
<td>Total Operating Revenues (Schedule A)</td>
<td>$5,594,050</td>
<td>$4,674,288</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>7,959,060</td>
<td>7,119,015</td>
</tr>
<tr>
<td>Public service</td>
<td>291,095</td>
<td>368,612</td>
</tr>
<tr>
<td>Academic support</td>
<td>2,223,237</td>
<td>2,011,614</td>
</tr>
<tr>
<td>Student services</td>
<td>1,301,687</td>
<td>1,285,526</td>
</tr>
<tr>
<td>Institutional support</td>
<td>2,161,827</td>
<td>2,497,736</td>
</tr>
<tr>
<td>Operation and maintenance of plant</td>
<td>1,724,697</td>
<td>1,385,327</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>4,293,425</td>
<td>4,277,521</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>2,712,348</td>
<td>2,347,291</td>
</tr>
<tr>
<td>Depreciation</td>
<td>867,811</td>
<td>777,171</td>
</tr>
<tr>
<td>Total Operating Expenses (Schedule B)</td>
<td>$23,535,187</td>
<td>$22,069,813</td>
</tr>
<tr>
<td>Operating Loss</td>
<td>(17,941,137)</td>
<td>(17,395,525)</td>
</tr>
<tr>
<td>Non-Operating Revenues (Expenses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State appropriations</td>
<td>5,305,479</td>
<td>4,455,597</td>
</tr>
<tr>
<td>Ad-valorem taxes - maintenance &amp; operations</td>
<td>6,468,902</td>
<td>5,962,541</td>
</tr>
<tr>
<td>Ad-valorem taxes - debt service</td>
<td>2,541,775</td>
<td>-</td>
</tr>
<tr>
<td>Federal revenue, non-operating</td>
<td>9,100,492</td>
<td>8,958,767</td>
</tr>
<tr>
<td>Gifts</td>
<td>165,382</td>
<td>240,519</td>
</tr>
<tr>
<td>Investment income (net of investment expenses)</td>
<td>187,033</td>
<td>213,288</td>
</tr>
<tr>
<td>Gain (loss) on disposal of capital assets</td>
<td>(50,505)</td>
<td>800</td>
</tr>
<tr>
<td>Royalty income</td>
<td>31,817</td>
<td>31,486</td>
</tr>
<tr>
<td>Interest on capital related debt</td>
<td>(341,047)</td>
<td>(154,271)</td>
</tr>
<tr>
<td>Bond issuance costs</td>
<td>(163,040)</td>
<td>-</td>
</tr>
<tr>
<td>Net Non-Operating Revenues (Schedule C)</td>
<td>$23,246,288</td>
<td>$19,708,727</td>
</tr>
<tr>
<td>Increase in Net Position</td>
<td>5,305,151</td>
<td>2,313,202</td>
</tr>
<tr>
<td>Net Position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net position - beginning of year</td>
<td>26,082,869</td>
<td>23,769,667</td>
</tr>
<tr>
<td>Net position - end of year</td>
<td>$31,388,020</td>
<td>$26,082,869</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial statement.
## Panola College
### Exhibit 2-A
#### Affiliated Organization
#### Statements of Activities
For the Years Ended August 31, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014 Panola College Foundation Unrestricted</th>
<th>2014 Panola College Foundation Restricted</th>
<th>2014 Panola College Foundation Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$58</td>
<td>$45,519</td>
<td>$45,577</td>
</tr>
<tr>
<td>Unrealized investment income</td>
<td>-</td>
<td>198,101</td>
<td>198,101</td>
</tr>
<tr>
<td>Gifts</td>
<td>126,693</td>
<td>20,311</td>
<td>147,004</td>
</tr>
<tr>
<td>Other</td>
<td>42</td>
<td>-</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>126,793</td>
<td>263,931</td>
<td>390,724</td>
</tr>
</tbody>
</table>

|          | 2013 Panola College Foundation Unrestricted | 2013 Panola College Foundation Restricted | 2013 Panola College Foundation Total |
|----------|---------------------------------------------|------------------------------------------|                                     |
| **Revenue** |                                             |                                           |                                     |
| Investment income | $40                                       | $36,459                                  | $36,499                             |
| Unrealized investment income | -                                        | 104,288                                  | 104,288                             |
| Gifts | 200,940                                    | 212,396                                  | 413,336                             |
| Other | 32                                        | 1,536                                    | 1,568                                |
| **Total Revenue** | 201,012                                   | 354,679                                  | 555,691                             |

|          | 2014 Panola College Foundation Unrestricted | 2014 Panola College Foundation Restricted | 2014 Panola College Foundation Total |
|----------|---------------------------------------------|------------------------------------------|                                     |
| **Expenses** |                                             |                                           |                                     |
| Scholarships and support | 14,766                                    | 33,882                                   | 48,648                              |
| **Total Expenses** | 14,766                                    | 33,882                                   | 48,648                              |

|          | 2013 Panola College Foundation Unrestricted | 2013 Panola College Foundation Restricted | 2013 Panola College Foundation Total |
|----------|---------------------------------------------|------------------------------------------|                                     |
| **Expenses** |                                             |                                           |                                     |
| Scholarships and support | 81,411                                    | 79,856                                   | 161,267                             |
| **Total Expenses** | 81,411                                    | 79,856                                   | 161,267                             |

|          | 2013 Panola College Foundation Unrestricted | 2013 Panola College Foundation Restricted | 2013 Panola College Foundation Total |
|----------|---------------------------------------------|------------------------------------------|                                     |
| **Increase in Net Position** | 119,601                                   | 274,823                                  | 394,424                             |

|          | 2013 Panola College Foundation Unrestricted | 2013 Panola College Foundation Restricted | 2013 Panola College Foundation Total |
|----------|---------------------------------------------|------------------------------------------|                                     |
| **Net position - beginning of year** | 440,303                                   | 861,256                                  | 1,301,559                           |
| **Net position - end of year** | $559,904                                   | $1,136,079                               | $1,695,983                          |

The accompanying notes are an integral part of this financial statement.
## Statements of Cash Flows

For the Years Ended August 31, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary</td>
<td>Primary</td>
</tr>
<tr>
<td></td>
<td>Institution</td>
<td>Institution</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from students and other customers</td>
<td>$4,768,422</td>
<td>$4,211,318</td>
</tr>
<tr>
<td>Receipts from grants and contracts</td>
<td>$692,919</td>
<td>$645,662</td>
</tr>
<tr>
<td>Payments to or on behalf of employees</td>
<td>$(10,815,513)</td>
<td>$(10,727,718)</td>
</tr>
<tr>
<td>Payments to suppliers for goods or services</td>
<td>$(5,341,014)</td>
<td>$(5,237,420)</td>
</tr>
<tr>
<td>Payments of scholarships</td>
<td>$(4,293,425)</td>
<td>$(4,277,521)</td>
</tr>
<tr>
<td><strong>Net cash used for operating activities</strong></td>
<td>$(14,988,611)</td>
<td>$(15,385,679)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from state appropriations</td>
<td>$4,315,726</td>
<td>$3,722,735</td>
</tr>
<tr>
<td>Ad valorem tax revenues</td>
<td>$8,969,178</td>
<td>$5,924,833</td>
</tr>
<tr>
<td>Receipts from non-operating federal revenue</td>
<td>$9,195,347</td>
<td>$8,546,736</td>
</tr>
<tr>
<td>Proceeds from disposal of assets</td>
<td>$565</td>
<td>$-</td>
</tr>
<tr>
<td>Gifts and grants (other than capital)</td>
<td>$165,382</td>
<td>$240,519</td>
</tr>
<tr>
<td>Student organization and other agency transactions</td>
<td>$50,070</td>
<td>$104,880</td>
</tr>
<tr>
<td><strong>Net cash provided by noncapital financing activities</strong></td>
<td>$22,696,268</td>
<td>$18,539,703</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>$(5,500,780)</td>
<td>$(2,273,142)</td>
</tr>
<tr>
<td>Proceeds from issuance of bonds (net of bond issuance costs)</td>
<td>$9,529,768</td>
<td>$5,924,833</td>
</tr>
<tr>
<td>Interest expense paid</td>
<td>$(427,071)</td>
<td>$(163,174)</td>
</tr>
<tr>
<td>Payments on capital debt and leases</td>
<td>$(2,736,000)</td>
<td>$(764,000)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) capital and related financing activities</strong></td>
<td>$865,917</td>
<td>$(3,200,316)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale and maturity of investments</td>
<td>$40,662,996</td>
<td>$25,365,534</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>$189,897</td>
<td>$231,127</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>$(45,477,828)</td>
<td>$(26,297,510)</td>
</tr>
<tr>
<td><strong>Net cash used for investing activities</strong></td>
<td>$(4,624,935)</td>
<td>$(700,849)</td>
</tr>
<tr>
<td>Increase (decrease) in cash and cash equivalents</td>
<td>$3,948,639</td>
<td>$(747,141)</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>$2,009,729</td>
<td>$2,756,870</td>
</tr>
<tr>
<td>Cash and cash equivalents - end of year</td>
<td>$5,958,368</td>
<td>$2,009,729</td>
</tr>
</tbody>
</table>

Noncash investing, capital, and financing activities:

- **Increase in fair value of investments**
  - 2014: $34,982
  - 2013: $21,219

- **Amortization of bond premium**
  - 2014: $51,367
  - 2013: $-

The accompanying notes are an integral part of this financial statement.
### STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary</strong></td>
<td><strong>Institution</strong></td>
<td><strong>Institution</strong></td>
</tr>
<tr>
<td><strong>Reconciliation of operating loss to net cash used</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>$(17,941,137)</td>
<td>$(17,395,525)</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile operating loss to net cash used</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>$867,811</td>
<td>$777,171</td>
</tr>
<tr>
<td><strong>On-behalf state appropriations</strong></td>
<td>$989,753</td>
<td>$732,862</td>
</tr>
<tr>
<td><strong>Changes in assets and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(Increase) decrease in Receivables, net</strong></td>
<td>46,193</td>
<td>44,451</td>
</tr>
<tr>
<td><strong>(Increase) decrease in Inventories</strong></td>
<td>$(197,355)</td>
<td>162,345</td>
</tr>
<tr>
<td><strong>(Increase) decrease in Other assets</strong></td>
<td>$(134,287)</td>
<td>113,767</td>
</tr>
<tr>
<td><strong>Increase in Unearned revenue</strong></td>
<td>50,369</td>
<td>367,512</td>
</tr>
<tr>
<td><strong>Increase (decrease) in Accounts payable</strong></td>
<td>1,240,209</td>
<td>$(217,590)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in Accrued liabilities-payroll related</strong></td>
<td>55,680</td>
<td>13,221</td>
</tr>
<tr>
<td><strong>Increase in Compensated absences</strong></td>
<td>34,153</td>
<td>16,107</td>
</tr>
<tr>
<td><strong>Total Adjustments</strong></td>
<td><strong>2,952,526</strong></td>
<td><strong>2,009,846</strong></td>
</tr>
<tr>
<td><strong>Net cash used for operating activities</strong></td>
<td><strong>$(14,988,611)</strong></td>
<td><strong>$(15,385,679)</strong></td>
</tr>
</tbody>
</table>

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Tuition Discounting

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

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

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

Basis of Accounting

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

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

Budgetary Data

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

Cash and Cash Equivalents

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

Deferred Inflows and Outflows of Resources

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by GASB. The College has no items that qualify for reporting in this category.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one more future periods and so will not be recognized as an outflow of resources (expense) until that time. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The College has no items that qualify for reporting in this category.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. (The governing board has designated public funds investment pools comprised of $796 and $795 at August 31, 2014 and 2013, respectively, to be short-term investments). Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of consumable office supplies, physical plant supplies, food service supplies, and bookstore stock. Inventories are valued at lower of cost under the “first-in, first-out” method, or market and are charged to expense as consumed.
Capital Assets

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

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

Collections

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

Unearned Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2014 and 2013 have been reported as unearned revenue.

Estimates

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

Operating Revenues and Expenses and Non-Operating Revenues and Expenses

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

Net Position

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

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

Financial transactions in the form of support from the Foundation to the College for the years ended August 31, 2014 and 2013 amounted to approximately $48,648 and $161,267 respectively.

Deposits were fully covered by FDIC insurance at August 31, 2014 and 2013, and consisted of deposits in bank, certificates of deposit and money market funds. Investments in mutual funds and annuities are valued at fair value based on quoted market values obtained from the various investment brokers. The Foundation’s investments in mutual funds are all rated "***" or better by Morningstar Rating Services, except for the investment in TPF Balanced Fund which is unrated.

4. AUTHORIZED INVESTMENTS

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

5. DEPOSITS AND SHORT-TERM INVESTMENTS

During the 2014 and 2013 fiscal years, deposits and investments were comprised of cash on hand, bank demand deposits, bank time deposits, investments with the Lonestar Investment Pool, and mutual funds administered by American Funds Distributors.

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

The College’s temporary investments consist of balances held by Lonestar Investment Pool (Government Overnight Fund) and Lincoln Financial Advisors. The Lonestar Investment Pool is a public fund investment pool created to provide a safe environment for the placement of local government funds in short-term investments. The Government Overnight Fund is regulated by the Securities and Exchange Act and seeks to maintain a net asset value of one dollar, and its dollar weighted average maturity is 57 days or fewer.
Lonestar Investment Pool is administered by First Public. Lonestar Investment Pool has a rating of AAAm by Standard & Poor’s.

The fair value of the investment in Lonestar Investment Pool was the same as its carrying value of $796 and $795 for the years ending August 31, 2014 and 2013, respectively.

Lincoln Financial Advisors is the broker for the College’s investment in five mutual funds within the American Funds Family. Each of the five funds were rated “***” or better by Morningstar Rating Services. The fair value of the mutual fund investments was the same as its carrying value of $216,810 and $171,829 for the years ending August 31, 2014 and 2013, respectively.

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

Composition of Cash, Deposits and Investments

<table>
<thead>
<tr>
<th></th>
<th>August 31, 2014</th>
<th>August 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Deposits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in Banks:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand Deposits</td>
<td>$ 5,955,382</td>
<td>$ 2,006,444</td>
</tr>
<tr>
<td>Time Deposits</td>
<td>19,568,426</td>
<td>14,763,596</td>
</tr>
<tr>
<td>Petty Cash on Hand</td>
<td>2,190</td>
<td>2,490</td>
</tr>
<tr>
<td><strong>Total Cash and Deposits</strong></td>
<td>25,525,998</td>
<td>16,772,530</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-Term Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lonestar Investment Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquidity Plus Fund</td>
<td>796</td>
<td>795</td>
</tr>
<tr>
<td>Mutual Fund Investments</td>
<td>216,810</td>
<td>171,829</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>217,606</td>
<td>172,624</td>
</tr>
<tr>
<td><strong>Total Deposits and Investments</strong></td>
<td>$ 25,743,604</td>
<td>$ 16,945,154</td>
</tr>
</tbody>
</table>
Classification in Statement of Net Position, Exhibit 1

<table>
<thead>
<tr>
<th></th>
<th>August 31, 2013</th>
<th>August 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in Banks:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand Deposits</td>
<td>$ 5,955,382</td>
<td>$ 2,006,444</td>
</tr>
<tr>
<td><strong>Short-Term Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lonestar Investment Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquidity Plus Fund</td>
<td>796</td>
<td>795</td>
</tr>
<tr>
<td>Petty Cash on Hand</td>
<td>2,190</td>
<td>2,490</td>
</tr>
<tr>
<td><strong>Total Cash and Cash Equivalents</strong></td>
<td>5,958,368</td>
<td>2,009,729</td>
</tr>
<tr>
<td><strong>Short-Term Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in Banks – Time Deposits</td>
<td>16,713,257</td>
<td>11,951,189</td>
</tr>
<tr>
<td><strong>Endowment and Other Short-Term Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in Banks – Time Deposits</td>
<td>2,855,169</td>
<td>2,812,407</td>
</tr>
<tr>
<td>Mutual Fund Investments</td>
<td>216,810</td>
<td>171,829</td>
</tr>
<tr>
<td><strong>Total Short-Term Investments</strong></td>
<td>3,071,979</td>
<td>2,984,236</td>
</tr>
<tr>
<td><strong>Total Cash, Deposits and Investments</strong></td>
<td>$ 25,743,604</td>
<td>$ 16,945,154</td>
</tr>
</tbody>
</table>

**Policies Governing Deposits and Investments**

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

a. **Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College’s investment policy does not limit investments based on credit ratings. The credit ratings for the College’s investments are indicated in the preceding paragraphs.

b. **Custodial Credit Risk – Deposits:** This is the risk that, in the event of a bank failure, the College’s deposits may not be returned to it. The College’s policy with respect to custodial credit risk complies with State law. At August 31, 2014 and 2013, the bank balance of the College’s deposits were $25,922,933 and $17,169,354, respectively. Of these balances, the amounts covered by FDIC insurance were $654,767 and $633,568 at August 31, 2014 and 2013, respectively. The remaining balance at August 31, 2014 and 2013 of $25,268,166 and $16,535,786, respectively, were entirely covered by pledged collateral held by the pledging financial institution in the College’s name.
c. Concentration of Credit Risk: This is the risk of loss that occurs due to a lack of diversification. The College’s investment policy does not limit the amount that may be invested in any one issuer. At August 31, 2013 and 2012, more than five percent of the College’s investments, excluding certificates of deposit, were in the following:

<table>
<thead>
<tr>
<th>Issuer</th>
<th>% of Investments</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual Funds</td>
<td>8/31/14</td>
<td>8/31/13</td>
</tr>
<tr>
<td>The Growth Fund of America</td>
<td>19.02%</td>
<td>18.71%</td>
</tr>
<tr>
<td>New Perspective Fund</td>
<td>14.15%</td>
<td>14.42%</td>
</tr>
<tr>
<td>Capital Income Builder</td>
<td>24.99%</td>
<td>26.47%</td>
</tr>
<tr>
<td>Washington Mutual Investors Fund</td>
<td>18.54%</td>
<td>18.52%</td>
</tr>
<tr>
<td>American Balanced Fund</td>
<td>22.94%</td>
<td>21.44%</td>
</tr>
</tbody>
</table>

6. **DERIVATIVES**

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

7. **ENDOWMENTS**

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

Distributions from endowment investments are required to be spent for the purposes for which the endowment was established. Scholarship distributions are made pursuant to the investment policy. For the years ended August 31, 2014 and 2013, endowment interest, dividend earnings, and capital gains totaled $15,362 and $32,384 respectively. Gifts to endowments totaled $113,087 and $85,859 for the fiscal years ended August 31, 2014 and 2013, respectively. Unrealized gains and losses for the years ended August 31, 2014 and 2013 totaled $34,981 gain and $21,219 gain, respectively. Endowment net position is classified as restricted nonexpendable student aid in the Statement of Net Position.
8. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2014 was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 1, 2013</th>
<th>Increases</th>
<th>Decreases</th>
<th>August 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>$82,617</td>
<td>$5,038,338</td>
<td>$-</td>
<td>$5,120,955</td>
</tr>
<tr>
<td>Land</td>
<td>1,822,519</td>
<td></td>
<td>-</td>
<td>1,822,519</td>
</tr>
<tr>
<td><strong>Total capital assets not being depreciated:</strong></td>
<td>1,905,136</td>
<td>5,038,338</td>
<td>-</td>
<td>6,943,474</td>
</tr>
<tr>
<td><strong>Capital assets being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>23,260,577</td>
<td>129,042</td>
<td>219,431</td>
<td>23,170,188</td>
</tr>
<tr>
<td>Furniture, Fixtures, Machinery &amp; Equipment and Other Equipment</td>
<td>4,003,663</td>
<td>355,333</td>
<td>-</td>
<td>4,358,996</td>
</tr>
<tr>
<td>Library Books</td>
<td>525,106</td>
<td>17,235</td>
<td>48,566</td>
<td>493,775</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated:</strong></td>
<td>27,789,346</td>
<td>501,610</td>
<td>267,997</td>
<td>28,022,959</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>(11,990,075)</td>
<td>(530,092)</td>
<td>(168,362)</td>
<td>(12,351,805)</td>
</tr>
<tr>
<td>Furniture, Fixtures, Machinery &amp; Equipment and Other Equipment</td>
<td>(2,984,652)</td>
<td>(299,442)</td>
<td>-</td>
<td>(3,284,094)</td>
</tr>
<tr>
<td>Library Books</td>
<td>(308,973)</td>
<td>(38,277)</td>
<td>(48,566)</td>
<td>(298,684)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>(15,283,700)</td>
<td>(867,811)</td>
<td>(216,928)</td>
<td>(15,934,583)</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated, net</strong></td>
<td>12,505,646</td>
<td>(366,201)</td>
<td>51,069</td>
<td>12,088,376</td>
</tr>
<tr>
<td><strong>Net Capital Assets</strong></td>
<td>$14,410,782</td>
<td>$4,672,137</td>
<td>$51,069</td>
<td>$19,031,850</td>
</tr>
</tbody>
</table>
Capital assets activity for the year ended August 31, 2013 was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance September 1, 2012</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance August 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets not being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>$49,297</td>
<td>$82,617</td>
<td>$49,297</td>
<td>$82,617</td>
</tr>
<tr>
<td>Land</td>
<td>1,384,457</td>
<td>438,062</td>
<td>-</td>
<td>1,822,519</td>
</tr>
<tr>
<td>Total capital assets not being depreciated</td>
<td>1,433,754</td>
<td>520,679</td>
<td>49,297</td>
<td>1,905,136</td>
</tr>
<tr>
<td>Capital assets being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>21,848,323</td>
<td>1,412,254</td>
<td>-</td>
<td>23,260,577</td>
</tr>
<tr>
<td>Furniture, Fixtures, Machinery &amp; Equipment and Other Equipment</td>
<td>3,643,294</td>
<td>366,669</td>
<td>6,300</td>
<td>4,003,663</td>
</tr>
<tr>
<td>Library Books</td>
<td>554,574</td>
<td>22,837</td>
<td>52,305</td>
<td>525,106</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>26,046,191</td>
<td>1,801,760</td>
<td>58,605</td>
<td>27,789,346</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>(11,489,254)</td>
<td>(500,821)</td>
<td>-</td>
<td>(11,990,075)</td>
</tr>
<tr>
<td>Furniture, Fixtures, Machinery &amp; Equipment and Other Equipment</td>
<td>(2,754,642)</td>
<td>(236,310)</td>
<td>(6,300)</td>
<td>(2,984,652)</td>
</tr>
<tr>
<td>Library Books</td>
<td>(321,238)</td>
<td>(40,040)</td>
<td>(52,305)</td>
<td>(308,973)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(14,565,134)</td>
<td>(777,171)</td>
<td>(58,605)</td>
<td>(15,283,700)</td>
</tr>
<tr>
<td>Total capital assets being depreciated, net</td>
<td>11,481,057</td>
<td>(1,024,589)</td>
<td>-</td>
<td>12,505,646</td>
</tr>
<tr>
<td>Net Capital Assets</td>
<td>$12,914,811</td>
<td>$1,545,268</td>
<td>$49,297</td>
<td>$14,410,782</td>
</tr>
</tbody>
</table>
9. **LONG-TERM LIABILITIES**

Long-term liability activity for the year ended August 31, 2014 was as follows:

<table>
<thead>
<tr>
<th>Notes and Bonds</th>
<th>Balance September 1, 2013</th>
<th>Additions</th>
<th>Reductions</th>
<th>Balance August 31, 2014</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Bonds Payable</td>
<td>$ 4,346,000</td>
<td>-</td>
<td>$ 771,000</td>
<td>$ 3,575,000</td>
<td>$ 778,000</td>
</tr>
<tr>
<td>General Obligation Bonds Payable</td>
<td>-</td>
<td>9,325,000</td>
<td>1,965,000</td>
<td>7,360,000</td>
<td>195,000</td>
</tr>
<tr>
<td>General Obligation Bond Premium</td>
<td>-</td>
<td>367,808</td>
<td>51,867</td>
<td>315,941</td>
<td>39,866</td>
</tr>
<tr>
<td>Other Long-Term Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Compensable Absences</td>
<td>224,644</td>
<td>129,971</td>
<td>95,818</td>
<td>258,797</td>
<td>113,520</td>
</tr>
<tr>
<td><strong>Total Long-Term Liabilities</strong></td>
<td><strong>$ 4,570,644</strong></td>
<td><strong>9,822,779</strong></td>
<td><strong>2,883,685</strong></td>
<td><strong>11,509,738</strong></td>
<td><strong>1,126,386</strong></td>
</tr>
</tbody>
</table>

Long-term liability activity for the year ended August 31, 2013 was as follows:

<table>
<thead>
<tr>
<th>Notes and Bonds</th>
<th>Balance September 1, 2012</th>
<th>Additions</th>
<th>Reductions</th>
<th>Balance August 31, 2013</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds Payable</td>
<td>$ 5,110,000</td>
<td>-</td>
<td>$ 764,000</td>
<td>$ 4,346,000</td>
<td>$ 771,000</td>
</tr>
<tr>
<td>Other Long-Term Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Compensable Absences</td>
<td>208,537</td>
<td>121,116</td>
<td>105,009</td>
<td>224,644</td>
<td>104,016</td>
</tr>
<tr>
<td><strong>Total Long-Term Liabilities</strong></td>
<td><strong>$ 5,318,537</strong></td>
<td><strong>121,116</strong></td>
<td><strong>869,009</strong></td>
<td><strong>4,570,644</strong></td>
<td><strong>875,016</strong></td>
</tr>
</tbody>
</table>
Revenue Bonds Payable

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

The College issued $2,500,000 in revenue bonds in fiscal year 2005 to finance construction of student housing apartment complexes and additional improvements to the physical plant. In accordance with Section 130.123 of the Texas Education Code, the Series 2005 revenue bonds are to be paid by the assessment of a dorm fee to all students occupying residence halls at the College. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient for payment of principal and interest on the bonds. The Series 2005 bonds mature in the year ending August 31, 2020. The remaining principal and interest to be paid was $1,341,938 and $1,565,970 at August 31, 2014 and 2013, respectively. Principal and interest paid during the years ended August 31, 2014 and 2013 was $224,032 and $223,494 respectively. Total dorm fee revenue for August 31, 2014 and 2013 was $1,124,160 and $938,701, respectively.

In fiscal year 2008, the College issued $6,000,000 in revenue bonds to finance the expansion and renovation of the existing library. In accordance with Section 130.123 of the Texas Education Code, the Series 2008 revenue bonds are to be paid by the collection of a general use fee. Such fees assessed are pledged toward repayment of the bonds along with other pledged revenues of the College sufficient for payment of principal and interest on the bonds. The final maturity of the bonds is in the year ending August 31, 2018. The remaining principal and interest to be paid was $2,572,800 and $3,259,200 at August 31, 2014 and 2013, respectively. Principal and interest paid during the years ended August 31, 2014 and 2013 was $686,400 and $703,680 respectively. Total general use fee revenue for August 31, 2014 and 2013 was $2,624,830 and $2,357,083 respectively.

Bonds currently outstanding are as follows:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Purpose</th>
<th>Interest Rates</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2005</td>
<td>Student housing</td>
<td>3.94%</td>
<td>$1,175,000</td>
</tr>
<tr>
<td>Series 2008</td>
<td>Library expansion</td>
<td>2.88%</td>
<td>$2,400,000</td>
</tr>
</tbody>
</table>

Total outstanding revenue bonds $3,575,000

Interest expense on the bonds amounted to $130,617 and $154,271 for the years ended August 31, 2014 and 2013, respectively. Accrued interest on the bonds at August 31, 2014 and 2013 amounted to approximately $43,472 and $52,287 respectively, and is included in the financial statements.

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

<table>
<thead>
<tr>
<th>Year Ending August 31</th>
<th>2014 Interest</th>
<th>Principal</th>
<th>Total Requirement</th>
<th>2013 Interest</th>
<th>Principal</th>
<th>Total Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$139,432</td>
<td>$771,000</td>
<td>$910,432</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$115,415</td>
<td>$778,000</td>
<td>$893,415</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$91,122</td>
<td>$785,000</td>
<td>$876,122</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$66,553</td>
<td>$792,000</td>
<td>$858,553</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>$41,708</td>
<td>$841,708</td>
<td>$883,416</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019-2020</td>
<td>$24,940</td>
<td>$444,940</td>
<td>$469,880</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$339,738</td>
<td>$3,575,000</td>
<td>$3,914,738</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$479,170</td>
<td>$4,346,000</td>
<td>$4,825,170</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
General Obligation Bonds Payable

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

On September 26, 2013 the College issued $9,325,000 in general obligation bonds approved by the voters in the May 2013 $35 million bond election to finance construction and equipping of buildings and the renovation of current buildings. The bonds were sold in $5,000 increments with interest rates varying from 2% to 4.5% and maturity dates from February 15, 2014 to February 15, 2038. A call option can be exercised for maturities after February 15, 2024. The bonds are issued pursuant to the provisions of the Constitution and the laws of the State of Texas. The remaining principal and interest to be paid is $12,021,100 at August 31, 2014. Principal and interest paid during the year ended August 31, 2014 was $2,276,450.

Bonds currently outstanding are as follows:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Purpose</th>
<th>Interest Rates</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2013</td>
<td>Construction, renovation</td>
<td>2.00-5.00%</td>
<td>$ 7,360,000</td>
</tr>
</tbody>
</table>

Total outstanding general obligation bonds $7,360,000

Interest expense on the bonds amounted to $262,295 for the year ended August 31, 2014. Accrued interest on the bonds at August 31, 2014 amounted to approximately $13,824, and is included in the financial statements. Interest capitalized into construction in progress amounted to $39,166 for the year ended August 31, 2014.

The bonds also include a premium in the amount of $367,808. Amortization expense amounted to $51,867 for the year ended August 31, 2014.

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

<table>
<thead>
<tr>
<th>Year Ending August 31</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>Principal</td>
<td>Total</td>
</tr>
<tr>
<td>2015</td>
<td>$ 305,250</td>
<td>$ 195,000</td>
</tr>
<tr>
<td>2016</td>
<td>301,300</td>
<td>200,000</td>
</tr>
<tr>
<td>2017</td>
<td>296,225</td>
<td>205,000</td>
</tr>
<tr>
<td>2018</td>
<td>290,000</td>
<td>210,000</td>
</tr>
<tr>
<td>2019</td>
<td>283,550</td>
<td>220,000</td>
</tr>
<tr>
<td>2020-2024</td>
<td>1,293,775</td>
<td>1,210,000</td>
</tr>
<tr>
<td>2025-2029</td>
<td>1,027,800</td>
<td>1,475,000</td>
</tr>
<tr>
<td>2030-2034</td>
<td>675,825</td>
<td>1,830,000</td>
</tr>
<tr>
<td>2035-2038</td>
<td>187,375</td>
<td>1,815,000</td>
</tr>
<tr>
<td>Total</td>
<td>$ 4,661,100</td>
<td>$ 7,360,000</td>
</tr>
</tbody>
</table>
10. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2014 and 2013 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>For</td>
</tr>
<tr>
<td></td>
<td>Receivable</td>
<td>Uncollectibles</td>
</tr>
<tr>
<td>Student Receivables</td>
<td>$1,475,210</td>
<td>$931,529</td>
</tr>
<tr>
<td>Taxes Receivable</td>
<td>375,419</td>
<td>200,075</td>
</tr>
<tr>
<td>Federal Receivables</td>
<td>2,418,012</td>
<td>-</td>
</tr>
<tr>
<td>State Receivables</td>
<td>29,917</td>
<td>-</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>40,242</td>
<td>-</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>36,939</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$4,375,739</td>
<td>$1,131,604</td>
</tr>
</tbody>
</table>

Payables

Payables at August 31, 2014 and 2013 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>For</td>
</tr>
<tr>
<td></td>
<td>Receivable</td>
<td>Uncollectibles</td>
</tr>
<tr>
<td>Vendors Payable</td>
<td>$1,618,078</td>
<td>-</td>
</tr>
<tr>
<td>Salaries and Benefits Payable</td>
<td>443,769</td>
<td>-</td>
</tr>
<tr>
<td>Students Payable</td>
<td>175,440</td>
<td>-</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>57,296</td>
<td>-</td>
</tr>
<tr>
<td>Other Payables</td>
<td>235,351</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,529,934</td>
<td>-</td>
</tr>
</tbody>
</table>
for taxes paid between October 1 and December 31. Taxes become past due February 1 and become delinquent on June 30. A tax lien attaches to property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed. Taxes receivable as reflected on the balance sheet are net of an allowance for doubtful accounts. The allowance is based upon historical experience in collecting property taxes.

Taxes levied for current year operations are summarized below:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original tax levy</td>
<td>$8,486,233</td>
<td>$5,971,045</td>
</tr>
<tr>
<td>Supplemental levy and adjustments</td>
<td>886,714</td>
<td>184,207</td>
</tr>
<tr>
<td>Adjusted levy</td>
<td>9,372,947</td>
<td>6,155,252</td>
</tr>
<tr>
<td>Penalty and interest assessments</td>
<td>76,876</td>
<td>25,605</td>
</tr>
<tr>
<td>Total Levies</td>
<td>$9,296,071</td>
<td>$6,129,647</td>
</tr>
</tbody>
</table>

Tax collections for the years ended August 31, 2014 and 2013, including delinquent collections, exceeded 96% of the levy for both years.

A summary of tax data is presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed valuation of the District</td>
<td>$5,088,971,480</td>
<td>$5,185,944,504</td>
</tr>
<tr>
<td>Less: Exemptions</td>
<td>(210,679,832)</td>
<td>(193,466,087)</td>
</tr>
<tr>
<td>Less: Abatements</td>
<td>(928,083,246)</td>
<td>(879,905,402)</td>
</tr>
<tr>
<td>Net Assessed Valuation of the District</td>
<td>$3,950,208,402</td>
<td>$4,112,573,015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate Per $100 authorized:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Operations</td>
<td>$0.35000</td>
<td>$0.35000</td>
</tr>
<tr>
<td>Debt Service</td>
<td>0.50000</td>
<td>0.50000</td>
</tr>
<tr>
<td>Total</td>
<td>$0.85000</td>
<td>$0.85000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Taxes Collected (Current Operations)</td>
<td>$9,060,783</td>
<td>$5,961,324</td>
</tr>
<tr>
<td>Discounts Allowed</td>
<td>(191,969)</td>
<td>(101,602)</td>
</tr>
<tr>
<td>Delinquent Taxes Collected</td>
<td>170,255</td>
<td>117,393</td>
</tr>
<tr>
<td>Penalties and Interest Collected</td>
<td>106,153</td>
<td>76,760</td>
</tr>
<tr>
<td>Collection Fees</td>
<td>(134,545)</td>
<td>(91,334)</td>
</tr>
<tr>
<td>Total Collections</td>
<td>$9,010,677</td>
<td>$5,962,541</td>
</tr>
</tbody>
</table>
13. UNEARNED REVENUES
Revenues, primarily consisting of tuition, fees and housing charges, related to academic terms in the next fiscal year are recorded in the statement of net position as unearned revenues in the current fiscal year.

A summary of unearned revenues follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>$3,356,476</td>
<td>$3,347,669</td>
</tr>
<tr>
<td>Housing and Residential Life</td>
<td>644,510</td>
<td>609,800</td>
</tr>
<tr>
<td>Other</td>
<td>12,172</td>
<td>5,320</td>
</tr>
<tr>
<td>Total</td>
<td>$4,013,158</td>
<td>$3,962,789</td>
</tr>
</tbody>
</table>

14. EMPLOYEE RETIREMENT PLANS
The State of Texas has joint contributory retirement plans for almost all its employees.

Teacher Retirement System of Texas (TRS)

*Plan Description.* Panola County Junior College District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member’s annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’s unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4 percent for fiscal years 2014, 2013 and 2012. The state contribution rate was 6.8 percent for fiscal year 2014, 6.4 percent for fiscal year 2013 and 6.0 percent for fiscal year 2012. In certain instances the reporting district is required to make all or a portion of the state’s contributions.

For the years ended August 31, 2013 and 2012, the State of Texas did not provide $216,161 and $193,972, respectively, of the On Behalf State Contribution. The total of $410,133 was paid by the College in fiscal year 2013. Actual contributions by the College equaled the required contributions for 2013 and 2012. Actual contributions to TRS for both the State and the College were equal to the required contributions for 2014. The on behalf amounts have been reflected in the financial statements as revenue and expense. Contributions made for 2012-2014 are shown below:

<table>
<thead>
<tr>
<th>Fiscal Year Ended August 31</th>
<th>On Behalf State</th>
<th>Panola College</th>
<th>Employee</th>
<th>Total Payroll</th>
<th>Covered Payroll</th>
<th>Total College Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$180,320</td>
<td>$223,279</td>
<td>$379,859</td>
<td>$783,458</td>
<td>$5,935,288</td>
<td>$9,046,043</td>
</tr>
<tr>
<td>2013</td>
<td>75,930</td>
<td>442,665</td>
<td>340,925</td>
<td>859,520</td>
<td>5,328,117</td>
<td>8,655,936</td>
</tr>
<tr>
<td>2012</td>
<td>79,059</td>
<td>29,834</td>
<td>323,057</td>
<td>431,950</td>
<td>5,073,032</td>
<td>8,324,214</td>
</tr>
</tbody>
</table>
Optional Retirement Program

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries contributed by the state and each participant are 3.30 and 6.65 respectively for fiscal year 2014 and 6.00 and 6.65 respectively for fiscal years 2013 and 2012. The College contributed 5.20 percent for fiscal year 2014 and 2.50 percent for fiscal years 2013 and 2012 for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual contracts, the state has no additional or unfunded liability for the program.

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

<table>
<thead>
<tr>
<th>Year Ended August 31,</th>
<th>On Behalf</th>
<th>Panola</th>
<th>Participant</th>
<th>Total</th>
<th>Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State</td>
<td>College</td>
<td>Contributions</td>
<td>Contributions</td>
<td>Payroll</td>
</tr>
<tr>
<td>2014</td>
<td>$61,550</td>
<td>$82,744</td>
<td>$124,033</td>
<td>$268,327</td>
<td>$1,865,160</td>
</tr>
<tr>
<td>2013</td>
<td>127,107</td>
<td>30,046</td>
<td>140,877</td>
<td>298,030</td>
<td>2,118,450</td>
</tr>
<tr>
<td>2012</td>
<td>123,978</td>
<td>28,333</td>
<td>137,409</td>
<td>289,720</td>
<td>2,066,300</td>
</tr>
</tbody>
</table>

15. DEFERRED COMPENSATION PROGRAM

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2014 and 2013, the College had twenty-six and twenty-six respectively, employees participating in the tax sheltered annuity program. A total of $103,525 and $89,100 in payroll deductions was invested in approved plans during the years ending August 31, 2014 and 2013, respectively.

16. COMPENSATED ABSENCES

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

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

Total accrued compensated absences representing unused vacation leave amounted to approximately $258,797 at August 31, 2014 and $224,644 at August 31, 2013. The liability is shown in the statement of net position split between current and noncurrent in the amounts of $113,520 and $145,277 respectively for August 31, 2014 and $104,016 and $120,628 respectively for August 31, 2013.
17. HEALTH CARE AND LIFE INSURANCE COVERAGE

Employees of Panola College were covered by a health and life insurance plan (the Plan). The Plan is funded by the State. The State paid premiums of $503 and $470 per month per employee to the Plan for the years ending August 31, 2014 and 2013, respectively. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51.2, Texas Insurance Code.

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

<table>
<thead>
<tr>
<th>Fiscal Year Ended August 31</th>
<th>Average Number of Employees Covered</th>
<th>Board Members Covered</th>
<th>On Behalf of the State Contributions</th>
<th>College Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>142</td>
<td>6</td>
<td>$527,052</td>
<td>$690,419</td>
</tr>
<tr>
<td>2013</td>
<td>138</td>
<td>6</td>
<td>120,497</td>
<td>760,071</td>
</tr>
<tr>
<td>2012</td>
<td>135</td>
<td>6</td>
<td>112,682</td>
<td>673,816</td>
</tr>
</tbody>
</table>

18. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was $503 per month for the year ended August 31, 2014 and $470 per month for the year ended August 31, 2013 and totaled $747,883 for the year ended August 31, 2014 and $529,825 for the year ended August 31, 2013. The cost of providing those benefits for 64 retirees in the year ended August 31, 2014 was $220,831 and benefits for 64 retirees cost $409,328 in the year ended August 31, 2013. For 142 active employees, the cost was $527,052 for the year ended August 31, 2014 and active employee benefits for 138 employees cost $120,497 for the year ended August 31, 2013.

Panola College as allowed, but not required by state statutes, presently reimburses retired employees for the cost of continuation of dental insurance. This is the same amount provided to active employees employed prior to May 26, 1998 who participate in the dental plan.

Additionally, the College in accordance with state statutes, funds the costs of health insurance of retired employees who formerly worked in auxiliary departments of the College. Shown below are costs and coverages associated with the dental and health insurance plans.

<table>
<thead>
<tr>
<th>Year Ended August 31</th>
<th>Average Number of Retirees Covered</th>
<th>Average Monthly Dental Premium</th>
<th>Average Monthly Auxiliary Employees Health Insurance Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>52</td>
<td>$20.00</td>
<td>$503</td>
</tr>
<tr>
<td>2013</td>
<td>51</td>
<td>20.00</td>
<td>470</td>
</tr>
<tr>
<td>2012</td>
<td>52</td>
<td>20.00</td>
<td>438</td>
</tr>
</tbody>
</table>
19. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

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

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

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

The College’s contributions to SRHP for the years ended August 31, 2014, 2013, and 2012 were $690,419, $760,071, $673,816, respectively, which equaled the required contributions each year.

20. **RELATED PARTIES**

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

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

The balances and transactions of funds held in trust by others on behalf of Panola College are not reflected in the financial statements. At August 31, 2014 and 2013 there were four such funds for the benefit of the College. The Lawrence R. and Debbie H. Sharp Endowment Scholarship Trust, the Quintin M. Martin Trust No. 2, the Daniel Scholarship Fund Trust, and the Jacke Daniel Davis Memorial Scholarship Fund Trust are held in trust by First State Bank and Trust Company of Carthage, Texas. Funds held in trust in these amounted to $280,782 at August 31, 2014 and $282,217 at August 31, 2013.

22. **RISK MANAGEMENT**

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

23. NON-MONETARY TRANSACTIONS

The College receives the benefit from the use of certain facilities at its off campus sites at no cost or costs below prevailing market rates that the College would have to pay in an exchange transaction. Included in operating revenues is approximately $229,271 and $229,271 in non-monetary transactions representing the value of the use of the facilities for the years ended August 31, 2014 and 2013 respectively. A corresponding amount is also included in operating expenses.

24. PENDING CLAIMS

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

25. OTHER DISCLOSURES

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

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2014 or 2013.

26. COMMITMENTS

At August 31, 2014, the College has a commitment of $3,382,439 remaining on the uncompleted construction contract with Hunt Construction Group, Inc. There is also a remaining commitment to the architect, Corgan Associates, Inc., in the amount of $776,208. Both of these relate to the 2013 Bond Program projects.

27. SUBSEQUENT EVENTS

In September 2014, the College issued General Obligation Bonds, Series 2014, in the par amount of $25,155,000 with a premium of $944,171. Interest rates range from 2% to 5% and the bonds will be redeemed over the next 24 years with property tax revenue. The bonds are callable on August 15, 2023 or any date thereafter.

28. AUTHORITATIVE PRONOUNCEMENTS NOT YET EFFECTIVE

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 (issued June 2012)

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves the information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement requires
the recognition of the entire net pension liability and a more comprehensive measure of pension expense. The effective date of this statement is for periods beginning after June 15, 2014.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68 (issued November 2013)

This statement’s objective is to improve accounting and financial reporting by addressing an issue in GASB Statement No. 68 related to transition provisions for certain contributions to pensions made by employers and nonemployer contributing entities after the implementation of Statement No. 68. The provisions of this statement are to be implemented simultaneously with GASB Statement No. 68.

29. CHANGE IN ACCOUNTING PRINCIPLE

Effective September 1, 2013, the College adopted the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. With the adoption of this statement, the College’s deferred revenue was renamed to unearned revenue. There was no change in the net position of the College as a result of the adoption of the statement.
SUPPLEMENTARY SCHEDULES
## PANOLA COLLEGE
### SCHEDULE A
### SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2014 (With Memorandum Totals for the Year Ended August 31, 2013)

<table>
<thead>
<tr>
<th>Total</th>
<th>Educational Activities</th>
<th>Auxiliary Enterprises</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Restricted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State funded courses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-district resident tuition</td>
<td>$340,250</td>
<td>-</td>
<td>$340,250</td>
<td>-</td>
</tr>
<tr>
<td>Out-of-district resident tuition</td>
<td>939,295</td>
<td>-</td>
<td>939,295</td>
<td>-</td>
</tr>
<tr>
<td>TPEG (set aside)*</td>
<td>118,402</td>
<td>-</td>
<td>118,402</td>
<td>-</td>
</tr>
<tr>
<td>Non-resident tuition</td>
<td>145,432</td>
<td>-</td>
<td>145,432</td>
<td>-</td>
</tr>
<tr>
<td>State funded continuing education</td>
<td>550,255</td>
<td>-</td>
<td>550,255</td>
<td>-</td>
</tr>
<tr>
<td>Non-state funded continuing education</td>
<td>29,190</td>
<td>-</td>
<td>29,190</td>
<td>-</td>
</tr>
<tr>
<td>Total tuition</td>
<td>2,122,824</td>
<td>-</td>
<td>2,122,824</td>
<td>-</td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fee</td>
<td>2,624,830</td>
<td>-</td>
<td>2,624,830</td>
<td>-</td>
</tr>
<tr>
<td>Out-of-district fees</td>
<td>1,761,026</td>
<td>-</td>
<td>1,761,026</td>
<td>-</td>
</tr>
<tr>
<td>Laboratory fee</td>
<td>437,039</td>
<td>-</td>
<td>437,039</td>
<td>-</td>
</tr>
<tr>
<td>Other fees</td>
<td>789,945</td>
<td>-</td>
<td>789,945</td>
<td>-</td>
</tr>
<tr>
<td>Total fees</td>
<td>5,612,840</td>
<td>-</td>
<td>5,612,840</td>
<td>-</td>
</tr>
<tr>
<td>Scholarship allowances and discounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional scholarships</td>
<td>(676,291)</td>
<td>-</td>
<td>(676,291)</td>
<td>-</td>
</tr>
<tr>
<td>Remissions and exemptions-state</td>
<td>(137,607)</td>
<td>-</td>
<td>(137,607)</td>
<td>-</td>
</tr>
<tr>
<td>Remissions and exemptions-local</td>
<td>(199,644)</td>
<td>-</td>
<td>(199,644)</td>
<td>-</td>
</tr>
<tr>
<td>Title IV federal grants</td>
<td>(3,248,663)</td>
<td>-</td>
<td>(3,248,663)</td>
<td>-</td>
</tr>
<tr>
<td>TPEG allowances</td>
<td>(38,460)</td>
<td>-</td>
<td>(38,460)</td>
<td>-</td>
</tr>
<tr>
<td>Other federal grants</td>
<td>(25,283)</td>
<td>-</td>
<td>(25,283)</td>
<td>-</td>
</tr>
<tr>
<td>State grants to students</td>
<td>(25,283)</td>
<td>-</td>
<td>(25,283)</td>
<td>-</td>
</tr>
<tr>
<td>Total scholarship allowances</td>
<td>(4,325,948)</td>
<td>-</td>
<td>(4,325,948)</td>
<td>-</td>
</tr>
<tr>
<td>Total net tuition and fees</td>
<td>3,409,716</td>
<td>-</td>
<td>3,409,716</td>
<td>-</td>
</tr>
<tr>
<td>Additional operating revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal grants and contracts</td>
<td>-</td>
<td>402,088</td>
<td>402,088</td>
<td>-</td>
</tr>
<tr>
<td>State grants and contracts</td>
<td>-</td>
<td>306,870</td>
<td>306,870</td>
<td>-</td>
</tr>
<tr>
<td>Nongovernmental grants and contracts</td>
<td>-</td>
<td>1,790</td>
<td>1,790</td>
<td>-</td>
</tr>
<tr>
<td>Sales and services of educational activities</td>
<td>97,608</td>
<td>-</td>
<td>97,608</td>
<td>-</td>
</tr>
<tr>
<td>General operating revenues</td>
<td>257,476</td>
<td>-</td>
<td>257,476</td>
<td>-</td>
</tr>
<tr>
<td>Total other operating revenues</td>
<td>355,084</td>
<td>710,748</td>
<td>1,065,832</td>
<td>-</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bookstore</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,952,661</td>
</tr>
<tr>
<td>Less allowances and discounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,132,790)</td>
</tr>
<tr>
<td>Residential life</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,124,160</td>
</tr>
<tr>
<td>Less allowances and discounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(825,529)</td>
</tr>
<tr>
<td>Total net auxiliary enterprises</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,118,502</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$3,764,800</td>
<td>710,748</td>
<td>$4,475,548</td>
<td>$1,118,502</td>
</tr>
</tbody>
</table>

*(Exhibit 2) (Exhibit 2)*

*In accordance with Education Code 56.033, $118,402 and $107,436 of tuition was set aside for Texas Public Education Grants (TPEG).*

See Accompanying Independent Auditor’s Report on Supplementary Information.
## PANOLA COLLEGE

**SCHEDULE B**

**SCHEDULE OF OPERATING EXPENSES BY OBJECT**

For the Year Ended August 31, 2014 (With Memorandum Totals for the Year Ended August 31, 2013)

<table>
<thead>
<tr>
<th>Unrestricted Educational Activities</th>
<th>Salaries and Wages</th>
<th>Benefits</th>
<th>Local Benefits</th>
<th>Other Expenses</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instruction</strong></td>
<td>$ 5,421,110</td>
<td>$ -</td>
<td>$ 865,563</td>
<td>$ 846,860</td>
<td>$ 7,133,533</td>
<td>$ 6,593,162</td>
</tr>
<tr>
<td><strong>Public Service</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Academic Support</strong></td>
<td>1,280,683</td>
<td>-</td>
<td>272,307</td>
<td>525,024</td>
<td>2,078,014</td>
<td>1,901,876</td>
</tr>
<tr>
<td><strong>Student Services</strong></td>
<td>767,916</td>
<td>-</td>
<td>173,722</td>
<td>169,063</td>
<td>1,110,701</td>
<td>1,072,370</td>
</tr>
<tr>
<td><strong>Institutional Support</strong></td>
<td>862,386</td>
<td>-</td>
<td>336,755</td>
<td>860,594</td>
<td>2,059,735</td>
<td>2,423,201</td>
</tr>
<tr>
<td><strong>Operation and Maintenance of Plant</strong></td>
<td>264,343</td>
<td>-</td>
<td>82,517</td>
<td>1,377,837</td>
<td>1,724,697</td>
<td>1,385,327</td>
</tr>
<tr>
<td><strong>Scholarship and Fellowships</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Unrestricted Educational Activities</strong></td>
<td>$8,596,438</td>
<td>-</td>
<td>1,730,864</td>
<td>3,779,378</td>
<td>14,106,680</td>
<td>13,375,936</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Restricted Educational Activities</th>
<th>Salaries and Wages</th>
<th>Benefits</th>
<th>Local Benefits</th>
<th>Other Expenses</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instruction</strong></td>
<td>1,545</td>
<td>634,951</td>
<td>161</td>
<td>188,870</td>
<td>825,527</td>
<td>525,853</td>
</tr>
<tr>
<td><strong>Public Service</strong></td>
<td>151,676</td>
<td>18,626</td>
<td>45,043</td>
<td>75,750</td>
<td>291,095</td>
<td>368,612</td>
</tr>
<tr>
<td><strong>Academic Support</strong></td>
<td>-</td>
<td>145,223</td>
<td>-</td>
<td>-</td>
<td>145,223</td>
<td>109,738</td>
</tr>
<tr>
<td><strong>Student Services</strong></td>
<td>1,384</td>
<td>88,861</td>
<td>781</td>
<td>99,960</td>
<td>190,986</td>
<td>213,156</td>
</tr>
<tr>
<td><strong>Institutional Support</strong></td>
<td>-</td>
<td>102,092</td>
<td>-</td>
<td>-</td>
<td>102,092</td>
<td>74,535</td>
</tr>
<tr>
<td><strong>Operation and Maintenance of Plant</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Scholarship and Fellowships</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,293,425</td>
<td>4,293,425</td>
<td>4,277,521</td>
</tr>
<tr>
<td><strong>Total Restricted Educational Activities</strong></td>
<td>$154,605</td>
<td>989,753</td>
<td>45,985</td>
<td>4,658,005</td>
<td>5,848,348</td>
<td>5,569,415</td>
</tr>
</tbody>
</table>

| Auxiliary Enterprises             | 295,000            | -        | 82,454         | 2,334,894      | 2,712,348  | 2,347,291  |

| Depreciation Expense-Buildings & other real estate improvements | - | - | 530,092 | 530,092 | 500,821 |
| Depreciation Expense-Equipment & fixtures | - | - | 299,442 | 299,442 | 236,310 |
| Depreciation Expense-Library books | 38,277 | 38,277 | 40,040 |

| **Total** | $9,046,043 | $989,753 | $1,859,303 | $11,640,088 | $23,535,187 | $22,069,813 |

See Accompanying Independent Auditor's Report on Supplementary Information.
PANOLA COLLEGE
SCHEDULE C
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2014 (With Memorandum Totals for the Year Ended August 31, 2013)

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted</th>
<th>Auxiliary Enterprises</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON-OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and General State Support</td>
<td>$4,315,726</td>
<td>-</td>
<td>-</td>
<td>$4,315,726</td>
<td>$3,722,735</td>
</tr>
<tr>
<td>CTC Enrollment Growth</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State Group Insurance</td>
<td>-</td>
<td>747,883</td>
<td>-</td>
<td>747,883</td>
<td>529,825</td>
</tr>
<tr>
<td>State Retirement Matching</td>
<td>-</td>
<td>241,870</td>
<td>-</td>
<td>241,870</td>
<td>203,037</td>
</tr>
<tr>
<td>Total State Appropriations</td>
<td>$4,315,726</td>
<td>989,753</td>
<td>-</td>
<td>$5,305,479</td>
<td>$4,455,597</td>
</tr>
<tr>
<td>Ad-Valorem Taxes - Maintenance &amp; Operations</td>
<td>$6,468,902</td>
<td>-</td>
<td>-</td>
<td>$6,468,902</td>
<td>$5,962,541</td>
</tr>
<tr>
<td>Ad-Valorem Taxes - Debt Service</td>
<td>$2,541,775</td>
<td>-</td>
<td>-</td>
<td>$2,541,775</td>
<td>-</td>
</tr>
<tr>
<td>Federal Revenue, Non Operating</td>
<td>-</td>
<td>9,100,492</td>
<td>-</td>
<td>9,100,492</td>
<td>8,958,767</td>
</tr>
<tr>
<td>Gifts</td>
<td>39,095</td>
<td>126,287</td>
<td>-</td>
<td>165,382</td>
<td>240,519</td>
</tr>
<tr>
<td>Investment Income</td>
<td>125,861</td>
<td>59,998</td>
<td>1,174</td>
<td>187,033</td>
<td>213,288</td>
</tr>
<tr>
<td>Gain (Loss) on Disposal of Asset</td>
<td>(50,505)</td>
<td>-</td>
<td>-</td>
<td>(50,505)</td>
<td>800</td>
</tr>
<tr>
<td>Royalty Income</td>
<td>-</td>
<td>31,817</td>
<td>-</td>
<td>31,817</td>
<td>31,486</td>
</tr>
<tr>
<td>Total Non-Operating Revenues</td>
<td>$9,125,128</td>
<td>9,318,594</td>
<td>1,174</td>
<td>$18,444,896</td>
<td>$15,407,401</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Capital Related Debt</td>
<td>341,047</td>
<td>-</td>
<td>-</td>
<td>341,047</td>
<td>154,271</td>
</tr>
<tr>
<td>Bond Issuance Costs</td>
<td>163,040</td>
<td>-</td>
<td>-</td>
<td>163,040</td>
<td>-</td>
</tr>
<tr>
<td>Total Non-Operating Expenses</td>
<td>$504,087</td>
<td>-</td>
<td>-</td>
<td>$504,087</td>
<td>$154,271</td>
</tr>
<tr>
<td>Net Non-Operating Revenues</td>
<td>$12,936,767</td>
<td>$10,308,347</td>
<td>$1,174</td>
<td>$23,246,288</td>
<td>$19,708,727</td>
</tr>
</tbody>
</table>

See Accompanying Independent Auditor's Report on Supplementary Information.
## PANOLA COLLEGE

### SCHEDULE D

**SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY**

For the Year Ended August 31, 2014

With Memorandum Totals for the Year Ended August 31, 2013

<table>
<thead>
<tr>
<th>Detail By Source</th>
<th>Available for Current Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restricted</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$12,311,862</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>1,404,712</td>
</tr>
<tr>
<td><strong>Endowment</strong></td>
<td></td>
</tr>
<tr>
<td>Quasi:</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
</tr>
<tr>
<td><strong>Plant</strong></td>
<td></td>
</tr>
<tr>
<td>Unexpended</td>
<td>(2,883,590)</td>
</tr>
<tr>
<td>Debt Service</td>
<td>308,311</td>
</tr>
<tr>
<td>Investment in Plant</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Net Position, August 31, 2014</strong></td>
<td>$10,832,984</td>
</tr>
<tr>
<td><strong>Total Net Position, August 31, 2013</strong></td>
<td>$13,040,845</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) in Net Position</strong></td>
<td>$(2,207,861)</td>
</tr>
</tbody>
</table>

(Exhibit 1)

See Accompanying Independent Auditor’s Report on Supplementary Information.
CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from donors</td>
<td>$147,004</td>
<td>$413,336</td>
</tr>
<tr>
<td>Payments for scholarships and support</td>
<td>(48,528)</td>
<td>(165,534)</td>
</tr>
<tr>
<td>Other income</td>
<td>42</td>
<td>1,568</td>
</tr>
<tr>
<td>Investment receipts</td>
<td>47,950</td>
<td>34,126</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>146,468</strong></td>
<td><strong>283,496</strong></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturities and liquidation of investments</td>
<td>21,208</td>
<td>42,595</td>
</tr>
<tr>
<td>Purchase of investments and annuities</td>
<td>(95,062)</td>
<td>(386,473)</td>
</tr>
<tr>
<td><strong>Net cash used for investing activities</strong></td>
<td><strong>(73,854)</strong></td>
<td><strong>(343,878)</strong></td>
</tr>
</tbody>
</table>

Increase (decrease) in cash and cash equivalents

- 2014: $72,614
- 2013: $(60,382)

Cash and cash equivalents-beginning

- 2014: $80,594
- 2013: $140,976

Cash and cash equivalents-ending

- 2014: $153,208
- 2013: $80,594

Reconciliation of change in net assets to net cash provided by operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$342,076</td>
<td>$394,424</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by for operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) in fair value of investments</td>
<td>(198,101)</td>
<td>(104,288)</td>
</tr>
</tbody>
</table>

Changes in assets and liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in miscellaneous receivables</td>
<td>2,373</td>
<td>(2,373)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>120</td>
<td>(4,267)</td>
</tr>
<tr>
<td><strong>Total Adjustments</strong></td>
<td><strong>(195,608)</strong></td>
<td><strong>(110,928)</strong></td>
</tr>
</tbody>
</table>

Net cash provided by operating activities

- 2014: $146,468
- 2013: $283,496

See Accompanying Independent Auditor's Report on Supplementary Information.
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**For the Year Ended August 31, 2014**

<table>
<thead>
<tr>
<th>Program Title</th>
<th>Federal CFDA Number</th>
<th>Pass-Through Grantor's CFDA Number</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U. S. Department of Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct: Student Financial Aid Cluster:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity Grant</td>
<td>84.007</td>
<td>P007A134092</td>
<td>20,132</td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity Grant</td>
<td>84.007</td>
<td>P033A134092</td>
<td>11,994</td>
</tr>
<tr>
<td>Subtotal Federal Supplemental Educational Opportunity Grant</td>
<td></td>
<td></td>
<td>32,126</td>
</tr>
<tr>
<td>Federal Workstudy Program</td>
<td>84.033</td>
<td>P033A134092</td>
<td>35,984</td>
</tr>
<tr>
<td>Federal Workstudy Program</td>
<td>84.033</td>
<td>P033A094092</td>
<td>3,658</td>
</tr>
<tr>
<td>Subtotal Federal Workstudy Program</td>
<td></td>
<td></td>
<td>39,642</td>
</tr>
<tr>
<td>Federal Pell Grant Program</td>
<td>84.063</td>
<td>P063P142297</td>
<td>1,917,218</td>
</tr>
<tr>
<td>Federal Pell Grant Program</td>
<td>84.063</td>
<td>P063P132297</td>
<td>3,330,632</td>
</tr>
<tr>
<td>Federal Pell Grant Program</td>
<td>84.063</td>
<td>P063P122297</td>
<td>1,661</td>
</tr>
<tr>
<td>Subtotal Federal Pell Grant Program</td>
<td></td>
<td></td>
<td>5,246,189</td>
</tr>
<tr>
<td>Federal Direct Student Loans</td>
<td>84.268</td>
<td>P268K152297</td>
<td>434,374</td>
</tr>
<tr>
<td>Federal Direct Student Loans</td>
<td>84.268</td>
<td>P268K142297</td>
<td>3,344,980</td>
</tr>
<tr>
<td>Federal Direct Student Loans</td>
<td>84.268</td>
<td>P268K132297</td>
<td>3,181</td>
</tr>
<tr>
<td>Subtotal Federal Direct Student Loans</td>
<td></td>
<td></td>
<td>3,782,535</td>
</tr>
<tr>
<td><strong>Passed Through From:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas Workforce Commission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Education - Basic Grants to States</td>
<td>84.002</td>
<td>0814ABE001</td>
<td>160,802</td>
</tr>
<tr>
<td>Texas Higher Education Coordinating Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career and Technical Education - Basic Grants to States</td>
<td>84.048</td>
<td>134250</td>
<td>191,880</td>
</tr>
<tr>
<td>Statewide Data Systems</td>
<td>84.372</td>
<td>R372A090010</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Total U. S. Department of Education</strong></td>
<td></td>
<td></td>
<td>9,455,174</td>
</tr>
<tr>
<td><strong>U.S. Department of Health and Human Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed Through From:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Texas Council of Governments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td>93.558</td>
<td>PC-TANF-PY13-01</td>
<td>38,991</td>
</tr>
<tr>
<td>Texas Workforce Commission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td>93.558</td>
<td>0814ABE001</td>
<td>8,415</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Health and Human Services</strong></td>
<td></td>
<td></td>
<td>47,406</td>
</tr>
<tr>
<td><strong>Total Federal Awards</strong></td>
<td></td>
<td></td>
<td>$9,502,580</td>
</tr>
</tbody>
</table>

See accompanying independent auditor's report on supplementary information and notes to schedules of expenditures of federal and state awards.
PANOLA COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2014

<table>
<thead>
<tr>
<th>Grantor Agency/ Contract Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Workforce Commission</td>
<td></td>
</tr>
<tr>
<td>Adult Education GR-Adult Education 0814ABE001</td>
<td>43,117</td>
</tr>
<tr>
<td>Skills Development Grant</td>
<td>61,881</td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td>4,429</td>
</tr>
<tr>
<td><strong>Subtotal Texas Workforce Commission</strong></td>
<td><strong>109,427</strong></td>
</tr>
<tr>
<td>Texas Higher Education Coordinating Board</td>
<td></td>
</tr>
<tr>
<td>Texas Grant</td>
<td>69,026</td>
</tr>
<tr>
<td>Texas College Work-Study</td>
<td>12,206</td>
</tr>
<tr>
<td>Hazelwood Legacy</td>
<td>7,262</td>
</tr>
<tr>
<td><strong>Subtotal Texas Higher Education Coordinating Board</strong></td>
<td><strong>88,494</strong></td>
</tr>
<tr>
<td>Texas Comptroller</td>
<td></td>
</tr>
<tr>
<td>Jet Grant</td>
<td>104,949</td>
</tr>
<tr>
<td>Trinity Valley Community College</td>
<td></td>
</tr>
<tr>
<td>CABNET Grant</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Total State Awards</strong></td>
<td><strong>$ 306,870</strong></td>
</tr>
<tr>
<td><strong>State Grants and Revenues -Per Schedule A</strong></td>
<td><strong>$ 306,870</strong></td>
</tr>
</tbody>
</table>

See accompanying independent auditor's report on supplementary information and notes to schedules of expenditures of federal and state awards.
Note 1: Federal Awards Reconciliation:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Grants and Contracts – Schedule A</td>
<td>$ 402,088</td>
</tr>
<tr>
<td>Add: Federal Revenue, Non-Operating – Schedule C</td>
<td>$ 9,100,492</td>
</tr>
<tr>
<td>Total Federal Awards</td>
<td>$ 9,502,580</td>
</tr>
</tbody>
</table>

Significant Accounting Policies Used in Preparing the Schedules

The expenditures included in the schedules are reported for the College’s fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported on pages 56 and 57 represent funds which have been expended by the College for the purposes of the award. The expenditures reported in the schedules may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedules may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

Relationship to Federal and State Financial Reports

Amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedules of expenditures of federal and state awards may be different because of program year ends and accruals that will be reflected in the next report filed with the agencies.
SINGLE AUDIT SECTION
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Panola College
Carthage, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Panola College as of and for the year ended August 31, 2014, which collectively comprise Panola College’s basic financial statements and have issued our report thereon dated November 21, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - CONTINUED

Compliance and Other Matters

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

Public Funds Investment Act

We have performed tests designed to verify Panola College’s compliance with the requirements of the Public
Funds Investment Act. During the year ended August 31, 2014, no instances of noncompliance were found.

Purpose of this Report

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

Alexander, Lankford & Hiets, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
November 21, 2014
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Panola College
Carthage, Texas

Report on Compliance for Each Major Federal Program

We have audited Panola College’s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Panola College’s major federal programs for the year ended August 31, 2014. Panola College’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Panola College’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Panola College’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Panola College’s compliance.
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 - CONTINUED

Report on Compliance for Each Major Federal Program - Continued

Opinion on Each Major Federal Program

In our opinion, Panola College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

Report on Internal Control Over Compliance

Management of Panola College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Panola College’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Panola College’s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
November 21, 2014
A. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes No

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

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

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal or State Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007</td>
<td>Federal Supplemental Education Opportunity Grant</td>
</tr>
<tr>
<td>84.033</td>
<td>Federal Work Study Program</td>
</tr>
<tr>
<td>84.063</td>
<td>Federal Pell Grant Program</td>
</tr>
<tr>
<td>84.268</td>
<td>Federal Direct Student Loans</td>
</tr>
</tbody>
</table>

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

Auditee qualified as low-risk auditee? Yes No
B. Financial Statements Findings

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

None

C. Federal and State Awards Findings and Questioned Costs

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

None
PANOLA COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SUPPLEMENTS
(UNAUDITED)
### Net Position by Component

**Fiscal Years 2005 to 2014**

(unaudited)

(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Investment in capital assets</th>
<th>Restricted - expendable</th>
<th>Restricted - nonexpendable</th>
<th>Unrestricted</th>
<th>Total primary government net position</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$12,311</td>
<td>5,140</td>
<td>3,104</td>
<td>10,833</td>
<td>31,388</td>
</tr>
<tr>
<td>2013</td>
<td>$10,086</td>
<td>-</td>
<td>-</td>
<td>13,041</td>
<td>26,083</td>
</tr>
<tr>
<td>2012</td>
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<td>-</td>
<td>2,956</td>
<td>13,104</td>
<td>23,770</td>
</tr>
<tr>
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<td>$6,553</td>
<td>-</td>
<td>2,848</td>
<td>12,068</td>
<td>21,236</td>
</tr>
<tr>
<td>2010</td>
<td>$6,039</td>
<td>-</td>
<td>2,615</td>
<td>10,082</td>
<td>18,383</td>
</tr>
<tr>
<td>2009</td>
<td>$5,898</td>
<td>-</td>
<td>2,262</td>
<td>8,700</td>
<td>16,668</td>
</tr>
<tr>
<td>2008</td>
<td>$4,886</td>
<td>-</td>
<td>2,070</td>
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<td>14,065</td>
</tr>
<tr>
<td>2007</td>
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<td>-</td>
<td>1,883</td>
<td>6,797</td>
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</tr>
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<td>-</td>
<td>956</td>
<td>5,688</td>
<td>12,161</td>
</tr>
<tr>
<td>2005</td>
<td>$4,252</td>
<td>-</td>
<td>1,705</td>
<td>5,646</td>
<td>11,508</td>
</tr>
</tbody>
</table>

**For the Fiscal Year Ended August 31,**
### Panola College
#### Statistical Supplement 2
### Revenues by Source
#### Fiscal years 2005 to 2014
#### (unaudited)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition and Fees (Net of Discounts)</th>
<th>Governmental Grants and Contracts</th>
<th>Other Operating Revenues</th>
<th>Total Operating Revenues</th>
<th>State Appropriations</th>
<th>Ad Valorem Taxes</th>
<th>Non-Governmental Grants and Contracts</th>
<th>Gifts</th>
<th>Investment income</th>
<th>Gain (Loss) on Disposal of Capital Assets</th>
<th>Other Non-operating Revenues</th>
<th>Total Non-operating Revenues</th>
<th>Total Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$3,410</td>
<td>$2,764</td>
<td>$2,879</td>
<td>$2,196</td>
<td>$2,088</td>
<td>2,336</td>
<td>$2,206</td>
<td>573</td>
<td>232</td>
<td>4,582</td>
<td>56</td>
<td>6,265</td>
<td>$29,344</td>
</tr>
<tr>
<td>2006</td>
<td>$3,410</td>
<td>$2,764</td>
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<td>56</td>
<td>6,265</td>
<td>$29,344</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition and Fees (Net of Discounts)</th>
<th>Governmental Grants and Contracts</th>
<th>Other Operating Revenues</th>
<th>Total Operating Revenues</th>
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<th>Ad Valorem Taxes</th>
<th>Non-Governmental Grants and Contracts</th>
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<td>4,582</td>
<td>56</td>
<td>6,265</td>
<td>$29,344</td>
</tr>
</tbody>
</table>

For the Year Ended August 31, (amounts expressed in thousands)
### Panola College
**Statistical Supplement 3**
**Program Expenses by Function**
**Fiscal Years 2005 to 2014**
(unaudited)

<table>
<thead>
<tr>
<th>Year</th>
<th>Instruction</th>
<th>Research</th>
<th>Public Service</th>
<th>Academic Support</th>
<th>Student Services</th>
<th>Institutional Support</th>
<th>Operation and maintenance of plant</th>
<th>Scholarships and fellowships</th>
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<th>Academic support</th>
<th>Student services</th>
<th>Institutional support</th>
<th>Operation and maintenance of plant</th>
<th>Scholarships and fellowships</th>
<th>Total Operating Expenses</th>
<th>Interest on capital related debt</th>
<th>Bond issuance costs</th>
<th>Loss on disposal of fixed assets</th>
<th>Total Non-Operating Expenses</th>
<th>Total Expenses</th>
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**For the Year Ended August 31,**
(amounts expressed in thousands)

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<th>Academic Support</th>
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<th>Scholarships and fellowships</th>
<th>Total Operating Expenses</th>
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<th>Bond issuance costs</th>
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<td>10.25%</td>
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<td>100.00%</td>
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### Resident

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

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<th>Academic Year (Fall)</th>
<th>Registration Fee (per student)</th>
<th>In-District Tuition</th>
<th>Out-of-District Tuition</th>
<th>Technology Fees</th>
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Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees.

### Non-Resident

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

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<th>Academic Year (Fall)</th>
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Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees.
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<th>Out-of-District Fees</th>
<th>Cost for 12 SCH In-District</th>
<th>Cost for 12 SCH Out-of-District</th>
<th>Increase from Prior Year In-District</th>
<th>Increase from Prior Year Out-of-District</th>
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<th>Cost for 12 SCH International</th>
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</table>
Panola College
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Residential Property</th>
<th>Commercial Property</th>
<th>Personal Property</th>
<th>Mineral</th>
<th>Less: Exemptions</th>
<th>Taxable Assessed Value (TAV)</th>
<th>Ratio of Taxable Assessed Value to Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>$1,621,302</td>
<td>$300,582</td>
<td>$76,670</td>
<td>$3,090,417</td>
<td>$1,138,763</td>
<td>$3,950,208</td>
<td>77.62%</td>
</tr>
<tr>
<td>2012-13</td>
<td>$1,589,713</td>
<td>303,647</td>
<td>68,638</td>
<td>3,223,946</td>
<td>1,073,371</td>
<td>4,112,573</td>
<td>79.30%</td>
</tr>
<tr>
<td>2011-12</td>
<td>1,532,863</td>
<td>291,863</td>
<td>63,206</td>
<td>3,593,438</td>
<td>1,107,280</td>
<td>4,374,090</td>
<td>79.80%</td>
</tr>
<tr>
<td>2010-11</td>
<td>1,519,420</td>
<td>257,371</td>
<td>62,771</td>
<td>4,082,132</td>
<td>1,067,043</td>
<td>4,854,651</td>
<td>81.98%</td>
</tr>
<tr>
<td>2009-10</td>
<td>1,304,979</td>
<td>236,802</td>
<td>70,538</td>
<td>4,306,204</td>
<td>867,770</td>
<td>5,050,753</td>
<td>85.34%</td>
</tr>
<tr>
<td>2008-09</td>
<td>1,241,281</td>
<td>201,772</td>
<td>66,118</td>
<td>4,679,892</td>
<td>822,942</td>
<td>5,366,121</td>
<td>86.70%</td>
</tr>
<tr>
<td>2007-08</td>
<td>1,073,341</td>
<td>190,800</td>
<td>61,946</td>
<td>3,770,106</td>
<td>688,521</td>
<td>4,407,672</td>
<td>86.49%</td>
</tr>
<tr>
<td>2006-07</td>
<td>964,014</td>
<td>175,663</td>
<td>60,713</td>
<td>3,740,767</td>
<td>625,236</td>
<td>4,315,921</td>
<td>87.35%</td>
</tr>
<tr>
<td>2005-06</td>
<td>791,870</td>
<td>144,294</td>
<td>49,871</td>
<td>3,072,773</td>
<td>604,286</td>
<td>3,454,522</td>
<td>85.11%</td>
</tr>
<tr>
<td>2004-05</td>
<td>906,194</td>
<td>174,761</td>
<td>48,629</td>
<td>2,290,650</td>
<td>580,049</td>
<td>2,840,185</td>
<td>83.04%</td>
</tr>
</tbody>
</table>

(amounts expressed in thousands)

Notes: Property is assessed at full market value.
(a) per $100 Taxable Assessed Valuation

Source: Local Appraisal District
<table>
<thead>
<tr>
<th>Maintenance &amp; Operations (a)</th>
<th>Debt Service (a)</th>
<th>Total (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.154830</td>
<td>0.060000</td>
<td>0.214830</td>
</tr>
<tr>
<td>0.145190</td>
<td>0.000000</td>
<td>0.145190</td>
</tr>
<tr>
<td>0.134070</td>
<td>0.000000</td>
<td>0.134070</td>
</tr>
<tr>
<td>0.118130</td>
<td>0.000000</td>
<td>0.118130</td>
</tr>
<tr>
<td>0.105790</td>
<td>0.000000</td>
<td>0.105790</td>
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<tr>
<td>0.095930</td>
<td>0.000000</td>
<td>0.095930</td>
</tr>
<tr>
<td>0.104770</td>
<td>0.000000</td>
<td>0.104770</td>
</tr>
<tr>
<td>0.094320</td>
<td>0.000000</td>
<td>0.094320</td>
</tr>
<tr>
<td>0.108500</td>
<td>0.000000</td>
<td>0.108500</td>
</tr>
<tr>
<td>0.117170</td>
<td>0.000000</td>
<td>0.117170</td>
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</table>
Panola College  
Statistical Supplement 6  
State Appropriation per FTSE and Contact Hour  
Last Ten Fiscal Years  
(unaudited)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Appropriation</th>
<th>FTSE (a)</th>
<th>State Appropriation per FTSE</th>
<th>Academic Contact Hours (a)</th>
<th>Voc/Tech Contact Hours (b)</th>
<th>Total Contact Hours</th>
<th>State Appropriation per Contact Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>$4,315,726</td>
<td>1,932</td>
<td>2,234</td>
<td>732,752</td>
<td>588,286</td>
<td>1,321,038</td>
<td>$3.27</td>
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<tr>
<td>2012-13</td>
<td>3,722,735</td>
<td>1,860</td>
<td>2,001</td>
<td>700,368</td>
<td>559,283</td>
<td>1,259,651</td>
<td>$2.96</td>
</tr>
<tr>
<td>2011-12</td>
<td>3,381,641</td>
<td>1,804</td>
<td>1,875</td>
<td>729,184</td>
<td>491,800</td>
<td>1,220,984</td>
<td>$2.77</td>
</tr>
<tr>
<td>2010-11</td>
<td>3,428,604</td>
<td>1,617</td>
<td>2,120</td>
<td>667,008</td>
<td>478,359</td>
<td>1,145,367</td>
<td>$2.99</td>
</tr>
<tr>
<td>2009-10</td>
<td>3,686,559</td>
<td>1,552</td>
<td>2,375</td>
<td>607,664</td>
<td>481,322</td>
<td>1,088,986</td>
<td>$3.39</td>
</tr>
<tr>
<td>2008-09</td>
<td>3,643,562</td>
<td>1,475</td>
<td>2,470</td>
<td>551,088</td>
<td>461,097</td>
<td>1,012,185</td>
<td>$3.60</td>
</tr>
<tr>
<td>2007-08</td>
<td>3,643,558</td>
<td>1,388</td>
<td>2,625</td>
<td>538,528</td>
<td>422,646</td>
<td>961,174</td>
<td>$3.79</td>
</tr>
<tr>
<td>2006-07</td>
<td>3,300,206</td>
<td>1,383</td>
<td>2,386</td>
<td>546,016</td>
<td>408,684</td>
<td>954,700</td>
<td>$3.46</td>
</tr>
<tr>
<td>2005-06</td>
<td>3,300,206</td>
<td>1,428</td>
<td>2,311</td>
<td>581,632</td>
<td>403,276</td>
<td>984,908</td>
<td>$3.35</td>
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<tr>
<td>2004-05</td>
<td>3,208,094</td>
<td>1,426</td>
<td>2,250</td>
<td>558,368</td>
<td>383,456</td>
<td>941,824</td>
<td>$3.41</td>
</tr>
</tbody>
</table>

Notes:

FTSE is defined as the number semester hours divided by 30 plus non-semester length contact hours divided by 900.

(a) Source THECB Report CBM001  
(b) Source THECB Report CBM00A
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## Panola College
### Statistical Supplement 7
#### Principal Taxpayers
##### Last Ten Tax Years
(unaudited)

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

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Type of Business</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Devon Energy (Pennzenergy)</td>
<td>Petroleum</td>
<td>$328,213</td>
<td>$379,623</td>
<td>$460,033</td>
<td>$669,158</td>
<td>$705,899</td>
<td></td>
</tr>
<tr>
<td>Anadarko E &amp; P Company LP</td>
<td>Petroleum</td>
<td>256,522</td>
<td>253,302</td>
<td>334,472</td>
<td>400,768</td>
<td>422,063</td>
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</tr>
<tr>
<td>MarkWest Eastern TX Gas Co LP</td>
<td>Petroleum</td>
<td>153,956</td>
<td>146,575</td>
<td>137,866</td>
<td>134,438</td>
<td>117,310</td>
<td></td>
</tr>
<tr>
<td>DCP Midstream LP</td>
<td>Petroleum</td>
<td>136,948</td>
<td>144,307</td>
<td>128,525</td>
<td>117,969</td>
<td>97,956</td>
<td></td>
</tr>
<tr>
<td>XTO Energy</td>
<td>Petroleum</td>
<td>112,289</td>
<td>110,701</td>
<td>114,211</td>
<td>150,928</td>
<td>123,161</td>
<td></td>
</tr>
<tr>
<td>MarkWest Carthage Plant &amp; East</td>
<td>Petroleum</td>
<td>78,246</td>
<td>70,132</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>ETC Tiger Pipeline</td>
<td>Petroleum</td>
<td>77,288</td>
<td>82,904</td>
<td>71,791</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Chevron USA Inc.</td>
<td>Petroleum</td>
<td>69,630</td>
<td>84,022</td>
<td>135,824</td>
<td>193,937</td>
<td>225,486</td>
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</tr>
<tr>
<td>Lacy Operations Ltd.</td>
<td>Petroleum</td>
<td>66,241</td>
<td>71,399</td>
<td>94,102</td>
<td>124,911</td>
<td>129,763</td>
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</tr>
<tr>
<td>Exxon Mobile Corp.</td>
<td>Petroleum</td>
<td>62,964</td>
<td>72,677</td>
<td>87,985</td>
<td>127,263</td>
<td>128,656</td>
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</tr>
<tr>
<td>Luminant</td>
<td>Coal Mining</td>
<td>-</td>
<td>61,504</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>EOG Resources Inc.</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>99,708</td>
<td>115,854</td>
<td>140,599</td>
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</tr>
<tr>
<td>BP America Production</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>86,788</td>
<td>115,563</td>
<td>154,171</td>
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</tr>
<tr>
<td>Conoco Phillips Co</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>81,182</td>
<td></td>
</tr>
<tr>
<td>Samson Lone Star LP</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Devon Louisiana Corporation</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Duke Energy Field Svs</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Louisiana Pacific</td>
<td>Timber</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Ocean Energy</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>RME Petroleum Company</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Texaco E &amp; P Inc.</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Union Pacific Resources</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Vastar Resources Inc.</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Amoco Production Company</td>
<td>Petroleum</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td>$1,342,497</td>
<td>$1,407,214</td>
<td>$1,634,941</td>
<td>$2,105,868</td>
<td>$2,182,711</td>
<td>$2,497,511</td>
</tr>
</tbody>
</table>

| **Total Taxable Assessed Value** | $5,971,045 | $5,864,343 | $5,734,799 | $5,343,192 | $5,147,720 | $4,407,672 |

% of Taxable Assessed Value (TAV) by Tax Year

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Type of Business</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Devon Energy (Pennzenergy)</td>
<td>Petroleum</td>
<td>5.50%</td>
<td>6.48%</td>
<td>8.02%</td>
<td>12.52%</td>
<td>13.71%</td>
<td>18.11%</td>
</tr>
<tr>
<td>Anadarko E &amp; P Company LP</td>
<td>Petroleum</td>
<td>4.30%</td>
<td>4.32%</td>
<td>5.83%</td>
<td>7.50%</td>
<td>8.20%</td>
<td>10.22%</td>
</tr>
<tr>
<td>MarkWest Eastern TX Gas Co LP</td>
<td>Petroleum</td>
<td>2.58%</td>
<td>2.50%</td>
<td>2.40%</td>
<td>2.52%</td>
<td>2.28%</td>
<td>1.89%</td>
</tr>
<tr>
<td>DCP Midstream LP</td>
<td>Petroleum</td>
<td>2.29%</td>
<td>2.46%</td>
<td>2.24%</td>
<td>2.21%</td>
<td>1.90%</td>
<td>0.00%</td>
</tr>
<tr>
<td>XTO Energy</td>
<td>Petroleum</td>
<td>1.88%</td>
<td>1.89%</td>
<td>1.99%</td>
<td>2.82%</td>
<td>2.39%</td>
<td>3.59%</td>
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<tr>
<td>MarkWest Carthage Plant &amp; East</td>
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<td>1.31%</td>
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<td>1.22%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>ETC Tiger Pipeline</td>
<td>Petroleum</td>
<td>1.29%</td>
<td>1.41%</td>
<td>1.25%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
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<tr>
<td>Chevron USA Inc.</td>
<td>Petroleum</td>
<td>1.17%</td>
<td>1.43%</td>
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<td>3.63%</td>
<td>4.38%</td>
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<tr>
<td>Lacy Operations Ltd.</td>
<td>Petroleum</td>
<td>1.11%</td>
<td>1.22%</td>
<td>1.64%</td>
<td>2.34%</td>
<td>2.52%</td>
<td>3.62%</td>
</tr>
<tr>
<td>Exxon Mobile Corp.</td>
<td>Petroleum</td>
<td>1.05%</td>
<td>1.24%</td>
<td>1.53%</td>
<td>2.38%</td>
<td>2.52%</td>
<td>3.66%</td>
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<tr>
<td>Luminant</td>
<td>Coal Mining</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>EOG Resources Inc.</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.87%</td>
<td>2.25%</td>
<td>3.19%</td>
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<tr>
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<td>Petroleum</td>
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<td>0.00%</td>
<td>0.00%</td>
<td>1.62%</td>
<td>2.24%</td>
<td>3.50%</td>
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<tr>
<td>Conoco Phillips Co</td>
<td>Petroleum</td>
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<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.84%</td>
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<tr>
<td>Samson Lone Star LP</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Devon Louisiana Corporation</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Duke Energy Field Svs</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Louisiana Pacific</td>
<td>Timber</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Ocean Energy</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>RME Petroleum Company</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Texaco E &amp; P Inc.</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Union Pacific Resources</td>
<td>Petroleum</td>
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<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Vastar Resources Inc.</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Amoco Production Company</td>
<td>Petroleum</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

| **Totals** | 22.48% | 24.00% | 28.51% | 39.41% | 42.40% | 56.66% |

Source: Local County Appraisal District

79
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<th>2007</th>
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<tr>
<td>15.37%</td>
<td>17.48%</td>
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<td>9.82%</td>
<td>9.60%</td>
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<tr>
<td>9.56%</td>
<td>14.56%</td>
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<tr>
<td>1.43%</td>
<td>1.41%</td>
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<tr>
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<tr>
<td>6.91%</td>
<td>10.08%</td>
<td>8.89%</td>
<td>9.08%</td>
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<tr>
<td>3.09%</td>
<td>4.20%</td>
<td>3.51%</td>
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<tr>
<td>3.13%</td>
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<td>2.18%</td>
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<td>3.12%</td>
<td>4.81%</td>
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<tr>
<td>1.86%</td>
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<td>0.00%</td>
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</tr>
<tr>
<td>49.43%</td>
<td>65.34%</td>
<td>57.72%</td>
<td>55.66%</td>
<td>55.00%</td>
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</tbody>
</table>
Panola College

Statistical Supplement 8

Property Tax Levies and Collections

Last Ten Tax Years

(unaudited)

(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>Fiscal Year Ended August 31</th>
<th>Levy (a)</th>
<th>Cumulative Levy Adjustments</th>
<th>Adjusted Tax Levy (b)</th>
<th>Collections - Year of Levy (c)</th>
<th>Percentage</th>
<th>Prior Collections of Prior Levies (d)</th>
<th>Current Collections of Prior Levies (e)</th>
<th>Total Collections (C+D+E)</th>
<th>Cumulative Collections of Adjusted Levy</th>
</tr>
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<tbody>
<tr>
<td>2014</td>
<td>$ 8,483</td>
<td>$ 813</td>
<td>$ 9,296</td>
<td>$ 9,136</td>
<td>98.28%</td>
<td>$ -</td>
<td>-</td>
<td>$ 9,136</td>
<td>98.28%</td>
</tr>
<tr>
<td>2013</td>
<td>$ 5,971</td>
<td>$ 69</td>
<td>$ 6,040</td>
<td>$ 5,881</td>
<td>97.37%</td>
<td>0</td>
<td>102</td>
<td>$ 5,983</td>
<td>99.06%</td>
</tr>
<tr>
<td>2012</td>
<td>$ 5,864</td>
<td>105</td>
<td>5,969</td>
<td>5,833</td>
<td>97.72%</td>
<td>86</td>
<td>22</td>
<td>5,941</td>
<td>99.53%</td>
</tr>
<tr>
<td>2011</td>
<td>$ 5,735</td>
<td>157</td>
<td>5,892</td>
<td>5,765</td>
<td>97.84%</td>
<td>103</td>
<td>9</td>
<td>5,877</td>
<td>99.75%</td>
</tr>
<tr>
<td>2010</td>
<td>$ 5,343</td>
<td>134</td>
<td>5,477</td>
<td>5,308</td>
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<td>149</td>
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<td>5,461</td>
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<tr>
<td>2009</td>
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<td>5,250</td>
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<td>2</td>
<td>5,361</td>
<td>99.83%</td>
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<tr>
<td>2008</td>
<td>$ 4,618</td>
<td>165</td>
<td>4,783</td>
<td>4,702</td>
<td>98.31%</td>
<td>74</td>
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<td>4,777</td>
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<tr>
<td>2007</td>
<td>$ 4,071</td>
<td>184</td>
<td>4,255</td>
<td>4,184</td>
<td>98.33%</td>
<td>64</td>
<td>1</td>
<td>4,249</td>
<td>99.86%</td>
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<tr>
<td>2006</td>
<td>$ 3,753</td>
<td>(3)</td>
<td>3,750</td>
<td>3,705</td>
<td>98.80%</td>
<td>40</td>
<td>1</td>
<td>3,746</td>
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<td>3,330</td>
<td>3,272</td>
<td>98.26%</td>
<td>54</td>
<td>0</td>
<td>3,326</td>
<td>99.88%</td>
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</table>

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

(e) Represents current year collections of prior years levies.
# Panola College
## Statistical Supplement 9
### Ratios of Outstanding Debt
#### Last Ten Fiscal Years
(unaudited)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Bonded Debt</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General obligation bonds</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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</tr>
<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Funds restricted for debt service</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>895</td>
<td>1,035</td>
<td>1,169</td>
<td>1,297</td>
<td>1,536</td>
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<tr>
<td><strong>Net general bonded debt</strong></td>
<td>$7,360</td>
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<td>-</td>
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<td></td>
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</tr>
<tr>
<td>Revenue bonds</td>
<td>$3,575</td>
<td>$4,346</td>
<td>$5,110</td>
<td>$5,868</td>
<td>$6,620</td>
<td>$7,366</td>
<td>$8,107</td>
<td>$2,374</td>
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<td>13</td>
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<td>Capital lease obligations</td>
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<td>-</td>
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</tr>
<tr>
<td><strong>Total Outstanding Debt</strong></td>
<td>$3,575</td>
<td>$4,346</td>
<td>$5,110</td>
<td>$6,763</td>
<td>$7,655</td>
<td>$8,535</td>
<td>$9,417</td>
<td>$4,010</td>
<td>$4,155</td>
<td>$1,806</td>
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### General Bonded Debt Ratios

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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita</td>
<td>$0.31</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Per FTSE</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>As a percentage of Taxable Assessed Value</td>
<td>0.19%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Total Outstanding Debt Ratios

<table>
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<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Per Capita</td>
<td>$0.15</td>
<td>$0.18</td>
<td>$0.21</td>
<td>$0.29</td>
<td>$0.34</td>
<td>$0.37</td>
<td>$0.41</td>
<td>$0.17</td>
<td>$0.18</td>
<td>$0.08</td>
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<tr>
<td>Per FTSE</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>As a percentage of Taxable Assessed Value</td>
<td>0.09%</td>
<td>0.11%</td>
<td>0.12%</td>
<td>0.14%</td>
<td>0.15%</td>
<td>0.16%</td>
<td>0.21%</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.06%</td>
</tr>
</tbody>
</table>

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.
Panola College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Assessed Value</td>
<td>$3,950,208</td>
<td>$4,112,573</td>
<td>$4,374,091</td>
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</tbody>
</table>

**General Obligation Bonds**

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<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Tax Levy Limit for Debt Service</td>
<td>1,975,104</td>
<td>2,056,287</td>
<td>2,187,046</td>
</tr>
<tr>
<td>Less: Funds Restricted for Repayment of General Obligation Bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Net General Obligation Debt</td>
<td>1,975,104</td>
<td>2,056,287</td>
<td>2,187,046</td>
</tr>
<tr>
<td>Current Year Debt Service Requirements</td>
<td>1,965,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess of Statutory Limit for Debt Service over Current Requirements</td>
<td>$10,104</td>
<td>$2,056,287</td>
<td>$2,187,046</td>
</tr>
<tr>
<td>Net Current Requirements as a % of Statutory Limit</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to $0.50 per hundred dollars taxable assessed valuation.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$4,854,651</td>
<td>$5,050,753</td>
<td>$5,366,121</td>
<td>$4,407,672</td>
<td>$4,315,921</td>
<td>$3,454,522</td>
<td>$2,840,185</td>
</tr>
<tr>
<td></td>
<td>2,427,326</td>
<td>2,525,377</td>
<td>2,683,061</td>
<td>2,203,836</td>
<td>2,157,961</td>
<td>1,727,261</td>
<td>1,420,093</td>
</tr>
<tr>
<td></td>
<td>2,427,326</td>
<td>2,525,377</td>
<td>2,683,061</td>
<td>2,203,836</td>
<td>2,157,961</td>
<td>1,727,261</td>
<td>1,420,093</td>
</tr>
<tr>
<td></td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
Revenue Bonds

<table>
<thead>
<tr>
<th>Fiscal Year Ended August 31</th>
<th>Tuition</th>
<th>Fee</th>
<th>Operating Revenues</th>
<th>Auxiliary Revenues</th>
<th>Investment Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$2,123</td>
<td>$5,613</td>
<td>$257</td>
<td>$3,077</td>
<td>$127</td>
<td>$11,197</td>
</tr>
<tr>
<td>2013</td>
<td>1,952</td>
<td>5,086</td>
<td>250</td>
<td>2,690</td>
<td>152</td>
<td>10,130</td>
</tr>
<tr>
<td>2012</td>
<td>1,905</td>
<td>4,853</td>
<td>256</td>
<td>2,620</td>
<td>151</td>
<td>9,785</td>
</tr>
<tr>
<td>2011</td>
<td>1,636</td>
<td>3,980</td>
<td>240</td>
<td>2,411</td>
<td>89</td>
<td>8,356</td>
</tr>
<tr>
<td>2010</td>
<td>1,585</td>
<td>3,016</td>
<td>322</td>
<td>2,305</td>
<td>329</td>
<td>7,557</td>
</tr>
<tr>
<td>2009</td>
<td>1,386</td>
<td>2,717</td>
<td>304</td>
<td>2,278</td>
<td>221</td>
<td>6,906</td>
</tr>
<tr>
<td>2008</td>
<td>1,144</td>
<td>2,544</td>
<td>371</td>
<td>1,868</td>
<td>332</td>
<td>6,259</td>
</tr>
<tr>
<td>2007</td>
<td>1,160</td>
<td>2,281</td>
<td>251</td>
<td>1,794</td>
<td>347</td>
<td>5,833</td>
</tr>
<tr>
<td>2006</td>
<td>1,101</td>
<td>1,980</td>
<td>310</td>
<td>1,737</td>
<td>272</td>
<td>5,400</td>
</tr>
<tr>
<td>2005</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The Series 2005 and Series 2008 Revenue Bonds requires virtually all tuition, fees and general revenues of the College be pledged toward payment of principal and interest on the bonds.
### Debt Service Requirements ($000 omitted)

<table>
<thead>
<tr>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>$771</td>
<td>$139</td>
<td>$910</td>
<td>12.30</td>
</tr>
<tr>
<td>764</td>
<td>163</td>
<td>927</td>
<td>10.93</td>
</tr>
<tr>
<td>758</td>
<td>187</td>
<td>945</td>
<td>10.35</td>
</tr>
<tr>
<td>752</td>
<td>210</td>
<td>962</td>
<td>8.69</td>
</tr>
<tr>
<td>746</td>
<td>233</td>
<td>979</td>
<td>7.72</td>
</tr>
<tr>
<td>741</td>
<td>259</td>
<td>1,000</td>
<td>6.91</td>
</tr>
<tr>
<td>136</td>
<td>88</td>
<td>224</td>
<td>27.94</td>
</tr>
<tr>
<td>131</td>
<td>94</td>
<td>225</td>
<td>25.92</td>
</tr>
<tr>
<td>126</td>
<td>99</td>
<td>225</td>
<td>24.00</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Panola College
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years
(unaudited)

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>District Population</th>
<th>District Personal Income (thousands of dollars)</th>
<th>District Personal Income Per Capita</th>
<th>District Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>23,870</td>
<td>$1,070,065</td>
<td>$44,549</td>
<td>5.1%</td>
</tr>
<tr>
<td>2012</td>
<td>24,020</td>
<td>1,000,264</td>
<td>40,962</td>
<td>5.6%</td>
</tr>
<tr>
<td>2011</td>
<td>24,058</td>
<td>953,996</td>
<td>39,654</td>
<td>6.7%</td>
</tr>
<tr>
<td>2010</td>
<td>23,826</td>
<td>883,668</td>
<td>37,089</td>
<td>7.3%</td>
</tr>
<tr>
<td>2009</td>
<td>23,678</td>
<td>799,987</td>
<td>33,786</td>
<td>7.3%</td>
</tr>
<tr>
<td>2008</td>
<td>23,537</td>
<td>871,091</td>
<td>37,009</td>
<td>4.0%</td>
</tr>
<tr>
<td>2007</td>
<td>23,351</td>
<td>751,002</td>
<td>32,161</td>
<td>3.9%</td>
</tr>
<tr>
<td>2006</td>
<td>23,456</td>
<td>662,733</td>
<td>28,254</td>
<td>4.4%</td>
</tr>
<tr>
<td>2005</td>
<td>23,140</td>
<td>609,972</td>
<td>26,360</td>
<td>4.9%</td>
</tr>
<tr>
<td>2004</td>
<td>22,892</td>
<td>579,763</td>
<td>25,326</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Sources:
Population from U.S. Bureau of the Census.
Personal income from U.S. Bureau of Economic Analysis.
Unemployment rate from Texas Workforce Commission
### Panola College
**Statistical Supplement 13**
**Principal Employers by Industry**
**Current Fiscal Year**
(unaudited)

<table>
<thead>
<tr>
<th>Employer</th>
<th>Number of Employees</th>
<th>Percentage of Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resource and Mining</td>
<td>1,407</td>
<td>13.25%</td>
</tr>
<tr>
<td>Construction</td>
<td>2,078</td>
<td>19.72%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>865</td>
<td>8.49%</td>
</tr>
<tr>
<td>Trade, Transportation, Utilities</td>
<td>2,254</td>
<td>20.06%</td>
</tr>
<tr>
<td>Information</td>
<td>60</td>
<td>0.59%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>248</td>
<td>2.13%</td>
</tr>
<tr>
<td>Professional Business Services</td>
<td>697</td>
<td>6.77%</td>
</tr>
<tr>
<td>Education Health Services</td>
<td>830</td>
<td>8.20%</td>
</tr>
<tr>
<td>Leasure Hospitality</td>
<td>398</td>
<td>4.18%</td>
</tr>
<tr>
<td>Other Services</td>
<td>267</td>
<td>2.30%</td>
</tr>
<tr>
<td>Federal</td>
<td>73</td>
<td>0.76%</td>
</tr>
<tr>
<td>State</td>
<td>61</td>
<td>0.57%</td>
</tr>
<tr>
<td>Local</td>
<td>1,247</td>
<td>12.98%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,485</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

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

**Note:**
Percentages are calculated using the midpoints of the ranges.
This institution previously did not present this schedule and chose to implement prospectively.
## Panola College
### Statistical Supplement 14
### Faculty, Staff, and Administrators Statistics
### Last Ten Fiscal Years
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>69</td>
<td>65</td>
<td>63</td>
<td>61</td>
<td>63</td>
<td>64</td>
<td>61</td>
<td>61</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Part-Time</td>
<td>76</td>
<td>74</td>
<td>78</td>
<td>71</td>
<td>60</td>
<td>54</td>
<td>56</td>
<td>54</td>
<td>46</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td>145</td>
<td>139</td>
<td>141</td>
<td>132</td>
<td>123</td>
<td>118</td>
<td>117</td>
<td>115</td>
<td>107</td>
<td>109</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>47.6%</td>
<td>46.8%</td>
<td>44.7%</td>
<td>46.2%</td>
<td>51.2%</td>
<td>54.2%</td>
<td>52.1%</td>
<td>53.0%</td>
<td>57.0%</td>
<td>56.0%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>52.4%</td>
<td>53.2%</td>
<td>55.3%</td>
<td>53.8%</td>
<td>48.8%</td>
<td>45.8%</td>
<td>47.9%</td>
<td>47.0%</td>
<td>43.0%</td>
<td>44.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>77</td>
<td>75</td>
<td>74</td>
<td>72</td>
<td>73</td>
<td>72</td>
<td>69</td>
<td>68</td>
<td>67</td>
<td>66</td>
</tr>
<tr>
<td>Part-Time</td>
<td>62</td>
<td>62</td>
<td>68</td>
<td>68</td>
<td>65</td>
<td>67</td>
<td>62</td>
<td>56</td>
<td>70</td>
<td>68</td>
</tr>
<tr>
<td>Total</td>
<td>139</td>
<td>137</td>
<td>142</td>
<td>140</td>
<td>138</td>
<td>139</td>
<td>131</td>
<td>124</td>
<td>137</td>
<td>134</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>55.4%</td>
<td>54.7%</td>
<td>52.1%</td>
<td>51.4%</td>
<td>52.9%</td>
<td>51.8%</td>
<td>52.7%</td>
<td>54.8%</td>
<td>48.9%</td>
<td>49.3%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>44.6%</td>
<td>45.3%</td>
<td>47.9%</td>
<td>48.6%</td>
<td>47.1%</td>
<td>48.2%</td>
<td>47.3%</td>
<td>45.2%</td>
<td>51.1%</td>
<td>50.7%</td>
</tr>
</tbody>
</table>

| FTSE per Full-time Faculty | 28.0 | 28.6 | 28.6 | 26.5 | 24.6 | 23.0 | 22.6 | 22.7 | 23.4 | 23.4 |
| FTSE per Full-Time Staff Member | 25.1 | 24.8 | 23.1 | 22.5 | 21.3 | 22.0 | 20.1 | 20.3 | 21.3 | 21.6 |

| Average Annual Faculty Salary | $54,794 | $50,215 | $49,218 | $48,558 | $50,562 | $46,602 | $45,801 | $44,746 | $43,489 | $43,362 |
## Panola College
### Statistical Supplement 15
#### Enrollment Details
##### Last Ten Fiscal Years
(unaudited)

<table>
<thead>
<tr>
<th>Student Classification</th>
<th>Fall 2013</th>
<th>Fall 2012</th>
<th>Fall 2011</th>
<th>Fall 2010</th>
<th>Fall 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>00-30 hours</td>
<td>1,984</td>
<td>1,929</td>
<td>1,969</td>
<td>1,777</td>
<td>1,622</td>
</tr>
<tr>
<td></td>
<td>73.45%</td>
<td>74.65%</td>
<td>76.85%</td>
<td>76.53%</td>
<td>76.84%</td>
</tr>
<tr>
<td>31-60 hours</td>
<td>518</td>
<td>479</td>
<td>418</td>
<td>394</td>
<td>353</td>
</tr>
<tr>
<td></td>
<td>19.18%</td>
<td>18.54%</td>
<td>16.32%</td>
<td>16.97%</td>
<td>16.72%</td>
</tr>
<tr>
<td>&gt; 60 hours</td>
<td>199</td>
<td>176</td>
<td>175</td>
<td>151</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td>7.37%</td>
<td>6.81%</td>
<td>6.83%</td>
<td>6.50%</td>
<td>6.44%</td>
</tr>
<tr>
<td>Total</td>
<td>2,701</td>
<td>2,584</td>
<td>2,562</td>
<td>2,322</td>
<td>2,111</td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Semester Hour Load</th>
<th>Fall 2013</th>
<th>Fall 2012</th>
<th>Fall 2011</th>
<th>Fall 2010</th>
<th>Fall 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3</td>
<td>9</td>
<td>18</td>
<td>35</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>0.33%</td>
<td>0.70%</td>
<td>1.37%</td>
<td>0.47%</td>
<td>1.14%</td>
</tr>
<tr>
<td>3-5 semester hours</td>
<td>480</td>
<td>420</td>
<td>501</td>
<td>491</td>
<td>428</td>
</tr>
<tr>
<td></td>
<td>17.77%</td>
<td>16.25%</td>
<td>19.56%</td>
<td>21.15%</td>
<td>20.27%</td>
</tr>
<tr>
<td>6-8 Semester hours</td>
<td>535</td>
<td>574</td>
<td>574</td>
<td>476</td>
<td>423</td>
</tr>
<tr>
<td></td>
<td>19.61%</td>
<td>22.21%</td>
<td>22.40%</td>
<td>20.50%</td>
<td>20.04%</td>
</tr>
<tr>
<td>9-11 semester hours</td>
<td>320</td>
<td>347</td>
<td>311</td>
<td>296</td>
<td>246</td>
</tr>
<tr>
<td></td>
<td>11.85%</td>
<td>13.43%</td>
<td>12.14%</td>
<td>12.75%</td>
<td>11.65%</td>
</tr>
<tr>
<td>12-14 semester hours</td>
<td>799</td>
<td>726</td>
<td>723</td>
<td>684</td>
<td>644</td>
</tr>
<tr>
<td></td>
<td>29.58%</td>
<td>28.10%</td>
<td>28.22%</td>
<td>29.46%</td>
<td>30.51%</td>
</tr>
<tr>
<td>15-17 semester hours</td>
<td>441</td>
<td>402</td>
<td>303</td>
<td>272</td>
<td>266</td>
</tr>
<tr>
<td></td>
<td>16.33%</td>
<td>15.56%</td>
<td>11.83%</td>
<td>11.71%</td>
<td>12.60%</td>
</tr>
<tr>
<td>18 &amp; over</td>
<td>117</td>
<td>97</td>
<td>115</td>
<td>92</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>4.33%</td>
<td>3.75%</td>
<td>4.49%</td>
<td>3.96%</td>
<td>3.79%</td>
</tr>
<tr>
<td>Total</td>
<td>2,701</td>
<td>2,584</td>
<td>2,562</td>
<td>2,322</td>
<td>2,111</td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

| Average course load    | 10.0      | 9.5       | 9.5       | 8.6       | 8.5       |

<table>
<thead>
<tr>
<th>Tuition Status</th>
<th>Fall 2008</th>
<th>Fall 2007</th>
<th>Fall 2006</th>
<th>Fall 2005</th>
<th>Fall 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Resident (in-District)</td>
<td>707</td>
<td>632</td>
<td>658</td>
<td>596</td>
<td>557</td>
</tr>
<tr>
<td></td>
<td>26.18%</td>
<td>24.46%</td>
<td>25.68%</td>
<td>25.67%</td>
<td>26.39%</td>
</tr>
<tr>
<td>Texas Resident (out-of-District)</td>
<td>1,721</td>
<td>1,723</td>
<td>1,653</td>
<td>1,482</td>
<td>1,326</td>
</tr>
<tr>
<td></td>
<td>63.72%</td>
<td>66.68%</td>
<td>64.52%</td>
<td>63.82%</td>
<td>62.81%</td>
</tr>
<tr>
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<td>229</td>
<td>251</td>
<td>244</td>
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<td></td>
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<td>10.80%</td>
</tr>
<tr>
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<td>1,871</td>
<td>1,922</td>
<td>1,774</td>
</tr>
<tr>
<td></td>
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<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
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</tbody>
</table>

| Average course load    | 7.7       | 8.4       | 9.7       | 9.7       |

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<th>Fall 2005</th>
<th>Fall 2004</th>
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<td>555</td>
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<td>65.43%</td>
<td>62.32%</td>
<td>68.52%</td>
<td>67.47%</td>
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<td></td>
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<td>8.01%</td>
<td>9.83%</td>
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<td>1.24%</td>
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<td>1,922</td>
<td>1,774</td>
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<td>100.00%</td>
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<td>100.00%</td>
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## Panola College
### Statistical Supplement 16
#### Student Profile

### Last Ten Fiscal Years (unaudited)

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<tr>
<th></th>
<th>Fall 2013</th>
<th>Fall 2012</th>
<th>Fall 2011</th>
<th>Fall 2010</th>
<th>Fall 2009</th>
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<td>2,111</td>
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<td>548</td>
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<td>2,562</td>
<td>2,322</td>
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<th>Fall 2011</th>
<th>Fall 2010</th>
<th>Fall 2009</th>
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<td>962</td>
<td>900</td>
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<td>231</td>
<td>238</td>
<td>213</td>
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<td>25 - 35</td>
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<td>535</td>
<td>546</td>
<td>481</td>
<td>399</td>
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<tr>
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<td>292</td>
<td>293</td>
<td>285</td>
<td>255</td>
<td>205</td>
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<td>44</td>
<td>29</td>
<td>27</td>
<td>33</td>
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<tr>
<td><strong>Total</strong></td>
<td>2,701</td>
<td>2,584</td>
<td>2,562</td>
<td>2,322</td>
<td>2,111</td>
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| **Average Age**| 24.0   | 24.3     | 24.0     | 24.0     | 23.6     |

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<th>Fall 2008</th>
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<th>Fall 2006</th>
<th>Fall 2005</th>
<th>Fall 2004</th>
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<tbody>
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<td><strong>Gender</strong></td>
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<td>610</td>
<td>652</td>
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<tr>
<td><strong>Total</strong></td>
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<td>1,886</td>
<td>1,871</td>
<td>1,922</td>
<td>1,774</td>
</tr>
<tr>
<td><strong>Ethnic Origin</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
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<td>327</td>
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<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,981</td>
<td>1,886</td>
<td>1,871</td>
<td>1,922</td>
<td>1,774</td>
</tr>
</tbody>
</table>

<table>
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<th>Fall 2007</th>
<th>Fall 2006</th>
<th>Fall 2005</th>
<th>Fall 2004</th>
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<td>329</td>
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<td>173</td>
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<td>324</td>
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<td>170</td>
<td>180</td>
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<tr>
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<td>26</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,981</td>
<td>1,886</td>
<td>1,871</td>
<td>1,922</td>
<td>1,774</td>
</tr>
</tbody>
</table>

| **Average Age**| 23.3   | 23.3     | 23.3     | 23.3     | 23.0     |
## Transfers to Senior Institutions

### 2012 Fall Students as of Fall 2013

(Includes only public senior colleges in Texas)

(unaudited)

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<th>Technical Count</th>
<th>Tech-Prep Count</th>
<th>Total of all Sample Transfer Students</th>
<th>% of all Sample Transfer Students</th>
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</tr>
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**Totals:** 200, 33, 3, 236, 100.00%

Source: THECB Automated Student and Adult Learner Follow-Up System. Most current information available is listed.
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<td>3</td>
<td>3</td>
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