

PANOLA COLLEGE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 1992

FINANCIAL SECTION

PANOLA COLLEGE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 1992

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PANOLA COLLEGE
 ORGANIZATIONAL DATA
 FOR THE FISCAL YEAR 1991-1992

BOARD OF TRUSTEES

OFFICERS

Dr. Dennis Golden
 Steve Roberson
 William Goolsby

President
 Vice-President
 Secretary/Treasurer

MEMBERS

	Term Expires <u>August 31</u>
Paul Carter	1994
Evelyn Sharp	1994
Hal Palmer	1996
Herman Reed, Jr.	1996
Dr. Dennis Golden	1998
William Goolsby	1998
Steve Roberson	1998

ADMINISTRATION

Charles Hughes
 Dr. Ron Johnston

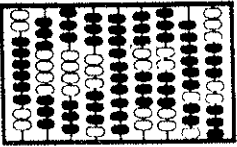
Charles Hughes
 Betsy Wheat

Twink Ross

Kathy Brightwell

Interim President
 Dean of Vocational
 Programs
 Dean of Academics
 Dean of Admissions
 and Student Services
 Director of College
 Related Services
 Director of Business
 Operations

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CHAPMAN, ROBINSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS
410 WEST PANOLA
CARTHAGE, TEXAS 75633

MEMBERS OF
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE
(903) 693-8522

Board of Trustees
Panola College
Carthage, TX 75633

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheets of Panola College as of August 31, 1992 and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panola College as of August 31, 1992, and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

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

Chapman, Robinson & Co.

Chapman, Robinson & Co.
Certified Public Accountants

December 4, 1992

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BASIC FINANCIAL STATEMENTS

PANOLA COLLEGE
BALANCE SHEET
FOR THE YEAR ENDED AUGUST 31, 1992
WITH COMPARATIVE TOTALS AT AUGUST 31, 1991

CURRENT FUNDS

	Unrestricted	Auxiliary Enterprises	Restricted	Loan Funds	Endowment and Similar Funds
ASSETS					
Cash and Temporary Inv. (Sch. A-1)	\$345,786	\$230,240	\$272,054	\$5,277	\$703,650
Balance in State Appropriations (Sch. A-1)	290,332				
Accounts Receivable	5,027	834		10,147	
Taxes Receivable (net of allowance for doubtful accounts of \$197,769 for 1992 and \$206,982 for 1991)	21,974				
Due from Other Funds	130,510	19			
Due from Other Agencies	38,412				
Investments					
Accrued Interest Receivable					
Prepaid Expenses	21,361	182			
Assets Held by Third Parties					
Federal Receivables			86,587		
Contract and Grant Awards					
Deposits					
Consumable Inventories					
Inventories, at cost		164,038			
Land					
Buildings					
Improvements Other Than Buildings					
Equipment					
Library Books					
Construction in Progress					
Total Assets	\$853,402	\$395,313	\$358,641	\$15,424	\$703,650

The accompanying notes are an integral part of this statement.

Annuity and Life Income Funds	PLANT FUNDS				Agency Funds	TOTALS MEMORANDUM ONLY	
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant		CURRENT YEAR	PRIOR YEAR
\$0	\$223,619		\$30,085		\$18,081	\$1,828,792	\$1,543,141
						290,332	45,976
						16,008	9,740
						0	0
						0	0
						21,974	31,047
	2,335		13,923		5,764	152,551	200,029
						38,412	11,578
						0	0
						0	0
						21,543	66,977
						0	0
						86,587	433
						0	12,710
						0	103,451
						0	418,154
						164,038	7,753,694
				\$ 418,154		418,154	0
				7,924,547		7,924,547	2,668,404
				2,020,746		2,020,746	299,033
				306,322		306,322	0
				329,205		329,205	0
						0	0
<u>\$0</u>	<u>\$225,954</u>	<u>\$0</u>	<u>\$44,008</u>	<u>\$10,998,974</u>	<u>\$23,845</u>	<u>\$ 13,619,211</u>	<u>\$13,164,367</u>

PANOLA COLLEGE
BALANCE SHEET
FOR THE YEAR ENDED AUGUST 31, 1992
WITH COMPARATIVE TOTALS AT AUGUST 31, 1991

	CURRENT FUNDS				
	Unrestricted	Auxiliary Enterprises	Restricted	Loan Funds	Endowment and Similar Funds
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 47,641	\$ 88,757	\$ 48,727	\$ 0	\$ 0
Accrued Liabilities	20,000		48,727		
Deposits Payable	1,958	10,740			
Due to Other Funds	19,686	74,000	56,511		
Due to Other Agencies					
Deferred Revenues	242,274	76,891			
Accrued Compensable Absences Payable	9,571				
Interest Payable					
Bonds Payable					
Lease-Purchase Agreements Payable					
Note Payable					
Assets Held in Trust			32,092		
Funds Held in Custody for Others					
Total Liabilities	\$ 341,130	\$ 250,388	\$ 137,330	\$ 0	\$ 0
FUND BALANCE					
Unrestricted					
Reserved					
Accounts Receivable					
Goods for Resale Inventory					
Prepaid Expenses					
Consumable Supplies Inventory		\$ 164,038			
Prepaid Expenses					
Imprest Funds					
Unreserved					
Allocated					
Balances Subject to Reappropriation					
Future Operating Budgets					
Capital Projects					
Inventories					
Student Service Fees					
Service Department Operating Funds					
Student Loan Programs					
Other					
Unallocated	\$ 512,272	(19,113)			
Restricted					
Restricted-Encumbered					
Restricted-Other			\$ 221,311	\$ 3,480	
U.S. Government Grants Refundable				1,944	
Endowment					\$703,650
Term Endowment					
Quasi-Endowment-Unrestricted					
Quasi-Endowment-Restricted					
Net Investment in Plant					
Total Fund Balances (Exh.B)	512,272	144,925	221,311	15,424	703,650
Total Liabilities and Fund Balances	\$853,402	\$395,313	\$358,641	\$15,424	\$703,650

The accompanying notes are an integral part of this statement.

PANOLA COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 1992
WITH COMPARATIVE TOTALS AT AUGUST 31, 1991

	CURRENT FUNDS				Endowment and Similar Funds
	Unrestricted	Auxiliary Enterprises	Restricted	Loan Funds	
FUND BALANCES, September 1, 1991	\$168,294	(\$68,527)	\$159,885	\$10,424	\$870,164
Restatements (Prior Period Adjustments)	(960)	70,253	20,068	0	(166,514)
FUND BALANCES, September 1, 1991-Restated	<u>167,334</u>	<u>1,726</u>	<u>179,953</u>	<u>10,424</u>	<u>703,650</u>
REVENUES AND OTHER ADDITIONS					
Unrestricted Current Funds Revenue	5,800,801	785,990			
Federal Appropriations					
State Appropriations-Restricted					
Federal Grants and Contracts			575,542		
State Grants and Contracts			10,163		
Local Gifts, Grants, and Contracts			83,711		
Private Gifts, Grants and Contracts					
Investment Income	33,074		46,670		
Endowment Income					
Realized Gains on Investments					
U. S. Government Advances					
Net Increase in Inventory					
Net Decrease in Bonds Payable					
Expended for Plant Facilities (Includes \$256,702 Charged to Current Funds)					
Other Interest Income					
Other Revenue					
Other Additions					
Total Revenue and Other Additions	<u>5,833,875</u>	<u>785,990</u>	<u>716,086</u>	<u>0</u>	<u>0</u>
	(Exh. C)	(Exh. C)			
EXPENDITURES AND OTHER DEDUCTIONS					
Expenditures (Exh.C)	4,954,642	822,954	693,431		
Expended for Plant Facilities					
Lapsed Appropriations					
Indirect Costs Recovered					
Refunded to Grantors					
Retirement of Indebtedness and Expense:					
Bonds					
Net Decrease in Inventory					
Interest on Indebtedness					
Other Deductions					
Total Expenditures and Other Deductions	<u>4,954,642</u>	<u>822,954</u>	<u>693,431</u>	<u>0</u>	<u>0</u>
TRANSFERS-ADDITIONS/(DEDUCTIONS)					
Mandatory Transfers					
Retirement of Indebtedness	(130,429)				
Building Use Fees					
Tuition					
Operations					
Auxiliary Enterprises	(180,163)	180,163			
Designated Funds	(5,000)			5,000	
Unexpended Plant Funds					
Revenue Bonds					
Renewals and Replacements					
Other					
Loan Fund Matching/Grant Matching	(18,703)		18,703		
Non-Mandatory Transfers	(200,000)				
Total Transfers-Additions/(Deductions)	<u>(534,295)</u>	<u>180,163</u>	<u>18,703</u>	<u>5,000</u>	<u>0</u>
NET INCREASE/(DECREASE) FOR THE FISCAL YEAR	<u>344,938</u>	<u>143,199</u>	<u>41,358</u>	<u>5,000</u>	<u>0</u>
FUND BALANCES	<u>\$512,272</u>	<u>\$144,925</u>	<u>\$221,311</u>	<u>\$15,424</u>	<u>\$703,650</u>

The accompanying notes are an integral part of this statement.

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EXHIBIT C

PANOLA COLLEGE
 STATEMENT OF CURRENT FUNDS REVENUES AND EXPENDITURES
 FOR THE YEAR ENDED AUGUST 31, 1992
 WITH COMPARATIVE TOTALS AT AUGUST 31, 1991

	Unrestricted	Auxiliary Enterprises	Restricted	TOTALS MEMORANDUM ONLY	
				Current Year	Prior Year
REVENUES					
State Appropriations-General Revenue	\$2,941,877			\$2,941,877	\$2,901,114
Local Funds				0	0
Tuition	294,791			294,791	357,361
Tuition Remissions and Exemptions				0	0
Student Service Fees	29,852			29,852	62,990
Taxes for Current Operations	2,255,472			2,255,472	1,703,052
Sales & Service of Educational Activities	66,534			66,534	54,934
Other Sources	2,293			2,293	12,225
General Fees	209,982			209,982	126,899
Federal Grants and Contracts			\$575,542	575,542	418,398
State Grants and Contracts			10,163	10,163	95,875
Local Grants and Contracts			83,711	83,711	65,165
Private Gifts, Grants and Contracts				0	0
Investment Income	33,074		46,670	79,744	27,324
Auxiliary Enterprises				0	0
Sales and Services of Auxiliary Enterprises		\$785,990		785,990	500,646
Other Interest Income				0	0
Other Gains/Losses on Investments				0	0
Total Current Funds Revenue	\$5,833,875	\$785,990	\$716,086	\$7,335,951	\$6,325,983
	(Exh.B)	(Exh.B)			
EXPENDITURES					
Education and General					
Instruction	\$2,143,929	\$0	\$24,797	\$2,168,726	\$2,209,406
Research	7,853			7,853	1,227
Public Service				0	0
Academic Support	305,032		99,067	404,099	376,554
Student Services	374,144			374,144	349,859
Institutional Support	1,366,765			1,366,765	1,158,652
Operation and Maintenance of Plant	756,919			756,919	875,438
Scholarships and Fellowships			569,567	569,567	461,963
Total Educational and General Expenditures	4,954,642	0	693,431	5,648,073	5,433,099
Auxiliary Enterprise Expenditures		822,954		822,954	751,670
Total Current Funds Expenditures (Exh.B)	\$4,954,642	\$822,954	\$693,431	\$6,471,027	\$6,184,769

The accompanying notes are an integral part of this statement.

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PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

A. Reporting Entity

The Board of Trustees, a seven member group, is the level of government which has governance responsibilities over all activities related to public college education. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other Codification of Governmental Accounting and Financial Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

B. Summary of Significant Accounting Policies

Basis of Accounting

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

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

Fund Accounting

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

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

Accordingly, all financial transactions have been recorded and reported by fund group.

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

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

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

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

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

Current Funds

Funds available for current operating and maintenance

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

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

Unrestricted Current Funds

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

Auxiliary Enterprises

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

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

Restricted

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

Loan Funds

Funds available for loans to students, faculty and staff.

Endowment and Similar Funds

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

Annuity and Life Income Funds

The Annuity Funds group consists of funds donated to an institution on the condition that the institution pay a stipulated amount of the funds to the donor or designated individual for a specified time or until the time of death of the annuitant. The Life Income funds group consists of

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

funds contributed to an institution subject to the requirement that the institution periodically pay the income earned on the assets (less management expenses) to designated beneficiaries. Panola College does not have annuity and life income funds.

Plant Funds

Plant funds are divided into these separate balanced fund groups:

Unexpended

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

Renewals and Replacements

Funds accumulated for the renewal and replacement of physical plant properties.

Retirement of Indebtedness

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

Investment in Plant

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

Agency Funds

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

C. Memorandum Totals

The Balance Sheet in columnar form, the Statement of Changes in Fund Balances, and the Statement of Current Funds Revenues and Expenditures are shown with memorandum totals for the current and prior year. Interfund borrowing has not been eliminated, but has been off-set in the assets and liability sections. The memorandum totals are presented only to facilitate financial analysis and do not purport to present financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

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

D. Deposits, Securities and Investments

1. Authorized Investments

Panola College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act of 1987 (Art. 842a-2, Texas Revised Civil Statutes). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

2. Deposits and Investments

At August 31, 1992, the carrying amount of Panola College's deposits was \$2,119,124 and total bank balances equaled \$2,194,900.

Depository bank balances of \$2,137,109 were covered by \$200,000 in federal depository insurance and \$1,937,109 in pledged securities held in safekeeping by the depository bank in the College's name (Category 2).

Deposits and investments in other financial institutions totaling \$57,791 were fully covered by federal depository insurance.

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

- a. Name of the Bank: First State Bank, Carthage, Texas.
- b. The amount of bond and/or the market value of securities pledged as of the date of the highest combined balance on deposit was \$2,904,000. The highest combined balances of cash, savings and time deposits accounts amounted to \$2,466,059 and occurred during the month of November.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEAR ENDED AUGUST 31, 1992

- c. Total amount of FDIC coverage at the time of the highest combined balance in November was \$200,000.
- d. At year end, market value of securities pledged was \$2,973,000.

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

Cash and Temporary Investments

Bank Deposits		
Demand Deposits		\$1,418,334
Cash and Cash Equivalents		
Petty Cash on Hand	\$	760
Certificates of Deposit		<u>700,030</u>
		<u>700,790</u>
 Total Cash and Temporary		 <u><u>\$2,119,124</u></u>

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

The following categories of credit risk are included:

- Category 1: Investments that are insured or registered or for which the securities are held by the institution or its agent in the institution's name.
- Category 2: Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or institution in the institution's name.
- Category 3: Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the institution's name.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

Panola College has investments in certificates of deposit totaling \$569,230 which are in Category 2 credit risk.

E. Bonds Payable

Long-term debt includes: Student Fee Revenue Bonds dated December 1, 1970, payable in annual installments varying from \$10,000 to \$30,000, the final payment being due November, Year of 2000, with interest varying from 7%, balance at August 31, 1992 was \$205,000. General Obligation Bonds dated September 1, 1971 payable in annual installments varying from \$10,000 to \$30,000, the final payment being due September 1, 1991, with interest varying from 5.25% to 6%, the balance at August 31, 1992, was \$-0-. The Student Fee Bonds require payment into a reserve fund of \$1,900 annually until the reserve reaches \$19,000, the payments are current and balance is \$30,085. Advance payments of interest and principal on the Revenue and Student Fee Bonds are required to be made to an interest and sinking fund to cover the next payment due.

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

Revenue System Bonds dated December 1, 1970

Year Ending <u>August 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1993	\$ 15,000	\$ 14,234	\$ 29,234
1994	20,000	12,965	32,965
1995	20,000	11,520	31,520
1996	20,000	10,080	30,080
1997	25,000	8,460	33,460
1998 & after	105,000	15,660	120,660
	<u>\$ 205,000</u>	<u>\$ 72,919</u>	<u>\$ 277,919</u>

F. Loans

In 1990, the College purchased a building with land for \$350,000. A ten year note was negotiated for \$300,000. In August 1991, a new four year promissory note was executed for the remaining balance of \$240,000 with payments (principal and interest) to be made monthly starting in September, 1991. The interest rate on the note is 10%. Interest paid during the fiscal year amounted to \$21,688.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEAR ENDED AUGUST 31, 1992

The annual requirements for this note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
1992-93	\$ 56,735	\$ 16,311	\$ 73,046
1993-94	62,676	10,370	73,046
1994-95	69,232	3,807	73,039
	<u>\$ 188,643</u>	<u>\$ 30,488</u>	<u>\$ 219,131</u>

G. Capital Lease Obligations

The College has entered into four lease purchase agreements for air conditioning equipment in four different locations.

The original capitalized cost of equipment under capital lease as of August 31, 1992 is \$88,057.

The following are schedules of the annual lease requirements for principal and interest.

Lease #1 - VoTech Building

<u>Fiscal Year</u>	<u>Annual Requirements</u>		<u>Total Annual Requirements</u>
	<u>Interest</u>	<u>Principal</u>	
1992-93	\$ 122	\$ 4,044	\$ 4,166
	<u>\$ 122</u>	<u>\$ 4,044</u>	<u>\$ 4,166</u>

Lease #2 - Marshall Center Building

<u>Fiscal Year</u>	<u>Annual Requirements</u>		<u>Total Annual Requirements</u>
	<u>Interest</u>	<u>Principal</u>	
1992-93	\$ 143	\$ 3,041	\$ 3,184
	<u>\$ 143</u>	<u>\$ 3,041</u>	<u>\$ 3,184</u>

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEAR ENDED AUGUST 31, 1992

Lease #3 - Fine Arts Building

Fiscal Year	Annual Requirements		Total Annual Requirements
	Interest	Principal	
1992-93	\$ 425	\$ 6,357	\$ 6,782
	<u>\$ 425</u>	<u>\$ 6,357</u>	<u>\$ 6,782</u>

Lease #4 - Marshall Center Building

Fiscal Year	Annual Requirements		Total Annual Requirements
	Interest	Principal	
1992-93	\$ 2,203	\$ 6,413	\$ 8,616
1993-94	1,549	7,067	8,616
1994-95	827	7,789	8,616
1995-96	120	4,188	4,308
	<u>\$ 4,699</u>	<u>\$ 25,457</u>	<u>\$ 30,156</u>

Capital lease obligations for various duplicating equipment have an aggregate outstanding balance of \$7,341 at August 31. These obligations have various maturities of six to twelve months.

H. Interfund Receivables and Payables

Interfund receivables and payables are summarized as follows. All amounts are payable currently without interest.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Unrestricted	Auxiliary Enterprises	\$ 73,999
	Restricted	56,511
Plant Unexpended	Retirement of Indebtedness	2,335
Agency Funds	Unrestricted	5,764
Auxiliary	Agency	19
Retirement of Indebtedness	Unrestricted	<u>13,923</u>
		<u>\$ 152,551</u>

I. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Funds received, but not expended during the reporting period, are shown as additions to fund balance on Exhibit B. Revenues are recognized on Exhibit C as

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

funds are actually expended. For Federal contract and grant awards, funds expended but not collected are reported as Federal Receivables on Exhibit A. Non-federal contract and grant awards for which funds are expended but not collected are reported as Accounts Receivable on Exhibit A.

J. Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code, but do not become due until January 1 of the following year. Taxes become past due February 1 and become delinquent on June 30. A tax lien attaches to property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the fiscal year.

K. Litigation

At August 31, 1992, Panola College is involved in one lawsuit. The College is indemnified by a policy of liability insurance which adequately protects the College.

L. Changes in General Fixed Assets

Physical plant and equipment are stated at cost at date of acquisition or fair market value at date of creation of the detail asset records. Depreciation on physical plant and equipment is not recorded. Detail asset records were established in 1992. Historical cost was used as much as possible, all other items were valued at estimated current market value.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

	Balance 9/01/91	Additions	Adjustments	Balance 8/31/92
Land and Improvements	\$ 418,154	\$ -0-	\$ -0-	\$ 418,154
Buildings	7,753,694	56,703	114,150	7,924,547
Furniture, Fixtures and Equipment	2,274,025	169,827	(511,163)	1,932,689
Capital Leases	88,057	-0-	-0-	88,057
Total Furniture, Fixtures, Equipment and Capital Leases	2,362,082	169,827	(511,163)	2,020,746
Vehicles	306,322	-0-	-0-	306,322
Library Books	299,033	30,172	-0-	329,205
Totals	<u>\$11,139,285</u>	<u>\$ 256,702</u>	<u>\$(397,013)</u>	<u>\$10,998,974</u>

M. Contingent Liabilities

The College participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at August 31, 1992 may be impaired.

The College has been advised by the United States Department of Education that it has not complied with certain requirements related to some of the grants, and that fines and penalties may result from those areas of noncompliance. A provision of \$20,000 is reflected in the unrestricted fund liabilities representing an estimate of potential penalties that may be assessed.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

N. Employees' Retirement Plan

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas. The percentages of participant salaries currently contributed by the state and by each participant are 7.65 percent and 6.4 percent, respectively, of annual compensation.

The Teacher Retirement System does not separately account for each of its component government agencies, because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature. According to an independent actuarial evaluation as of August 31, 1992, the present value of the retirement system's actual and projected liabilities, including projected benefits payable to its retirees and active members and their beneficiaries was in excess of the assets of the retirement system. However, the actuary projected that such assets, augmented by projected future contributions and earnings, would be sufficient to amortize the unfunded difference over a period of ten years. Further information regarding actuarial assumptions and conclusions, as well as audited financial statements, are included in the retirement system's annual financial report.

The state has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 8.1 percent and 6.65 percent, respectively. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the College was \$118,247 for the fiscal year ended August 31, 1992. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College.

O. Deferred Compensation Program

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Senate Bill No. 872 of the 63rd Legislature. As of August 31, 1992, the College had fifteen employees participating in the program. A total of \$74,670 in payroll deductions had been invested in approved plans during the fiscal year.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEAR ENDED AUGUST 31, 1992

P. Compensated Absences

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

Q. Health Care Coverage

During the year ended August 31, 1992, employees of Panola College were covered by a health insurance plan (the Plan). The College paid premiums of \$163 per pay period per employee to the Plan and the employees, at their option, authorized payroll withholdings to pay premium for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by (Article 3.51.2, Texas Insurance Code) and was documented by contractual agreement.

The contract between Panola College and the licensed insurer is renewable September 1 and the terms of coverage and premium costs are included in the contractual provisions.

R. Subsequent Events

There have been no material subsequent events after August 31, 1992.

S. Operating Lease Obligations and Rental Agreement

Included in current expenditures are the following amounts of rent paid or due under operating leases.

	Year Ended August 31,	
Fund Group	1991	1992
Plant Funds	\$ 60,000	\$ 60,000

T. Related Parties

Panola College Development Foundation is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation accepts donations and acts as coordinator of gifts made by other parties. During the fiscal year the Foundation received \$60,000 from the College for the operating lease described in Note S.

PANOLA COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 AT AND FOR THE YEAR ENDED AUGUST 31, 1992

U. Funds Held in Trust by Others

The balances or transaction of funds held in trust by others on behalf of Panola College are not reflected in the financial statements. At August 31, 1992 there were three such funds for the benefit of the College. The Lawrence R. and Debbie H. Sharp Endowment Scholarship Fund, the Q. M. Martin Trust No. 2, and the Reeves Scholarship Fund are held in trust by First State Bank and Trust of Carthage, Texas. Funds held in trust on these amounted to approximately \$185,000 at the end of the fiscal year.

V. Restatement to Fund Balances

Restatements to fund balances consist of corrections of errors attributable to prior years. These restatements are summarized in the following schedule and narrative.

<u>Fund</u>	<u>Restatement Amount</u> <u>Increase <Decrease></u>	
Unrestricted	\$ <960>	1)
Auxiliary Enterprises	70,253	2)
Restricted	66,514	3)
Restricted	<u><46,446></u>	4)
Total Restricted	20,068	
Endowment	<100,000>	5)
Endowment	<u>< 66,514></u>	3)
Total Endowment	<166,514>	
Investment in Plant	<u><397,013></u>	6)
Total Restatements	<u>\$ <474,166></u>	

- 1) The unrestricted fund adjustment is attributable to overstatement of prior period due from other funds.
- 2) Prior years have reflected deferred revenues resulting from bookstore sales at 100% of gross sales in the month of August. Proper recognition of deferred revenues should include only the gross profit associated with the sales since the expenditures have been recognized. Historically gross profit associated with bookstore sales has approximated 25%. The \$70,253 represents costs associated with bookstore sales of \$93,670.

PANOLA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 1992

- 3) The endowment fund had been used in prior years to account for transactions of general scholarships, and the interest earnings of endowed scholarships had also been accounted for incorrectly in the endowment fund. The \$66,514 adjustment restores endowed scholarship funds to the proper principal balance. The adjustment was restated to the restricted fund to properly account for general scholarships and the interest earnings associated with endowment scholarships.
- 4) A review of prior year assets associated with federal and state grants revealed that net assets and liabilities totaling \$46,446 (net assets) did not exist. An adjustment of this amount was required to properly reflect a -0- fund balance in federal programs at August 31, 1992.
- 5) The endowment fund in prior years reflected \$100,000 in assets representing funds held in trust by third parties. It was determined that the College does not exercise the degree of control necessary to reflect these funds on its balance sheet. Therefore, the \$100,000 is removed from the balance sheet of the College.
- 6) During the year, an extensive inventory of the College's fixed assets was performed. The results of this inventory revealed that the carrying amount of the fixed assets were overstated by \$397,013.

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SUPPLEMENTAL SCHEDULES

PANOLA COLLEGE
 SCHEDULE OF CASH AND TEMPORARY INVESTMENTS
 FOR THE YEAR ENDED AUGUST 31, 1992

CURRENT FUNDS

	Total	Unrestricted	Auxiliary Enterprises	Restricted	Loan Funds
Cash on Hand					
Cashier Accounts	\$ 0	\$0	\$0	\$0	\$0
Petty Cash	760	120	640		
Subtotal	760	120	640	0	0
Cash in Bank					
Local Funds-Demand	1,128,002	345,666	229,600	272,054	5,277
State Funds-Demand	290,332	290,332			
Subtotal	1,418,334	635,998	229,600	272,054	5,277
Cash in State Treasury	0				
Subtotal	0	0	0	0	0
Reimbursement Due From State Treasurer	0				
Short-Term Investments	0				
Certificates of Deposit	700,030				
U. S. Treasury Bills	0				
Subtotal	700,030	0	0	0	0
Total Cash and Temporary Investments	\$2,119,124	\$636,118	\$230,240	\$272,054	\$5,277

PLANT FUNDS

Endowment and Similar Funds	Annuity and Life Income Funds	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
33,157		223,619		548		18,081
33,157	0	223,619	0	548	0	18,081
0	0	0	0	0	0	0
670,493				29,537		
670,493	0	0	0	29,537	0	0
\$703,650	\$0	\$223,619	\$0	\$30,085	\$0	\$18,081

PANOLA COLLEGE
 SCHEDULE OF CURRENT FUNDS REVENUES
 FOR THE YEAR ENDED AUGUST 31, 1992

SCHEDULE C-1

	Unrestricted	Auxiliary Enterprises	Total Unrestricted	Restricted	Total
State Appropriations:					
State Basic Aid	\$2,613,108		\$2,613,108		\$2,613,108
Group Insurance State Contributions	248,098		248,098		248,098
Other	80,671		80,671		80,671
Total State Appropriations	2,941,877	0	2,941,877	0	2,941,877
<u>Tuition and Fees</u>					
Tuition	294,791		294,791		294,791
Building Use Fee	67,139		67,139		67,139
General Fees	105,161		105,161		105,161
Student Service Fee	29,852		29,852		29,852
Laboratory Fee	37,682		37,682		37,682
Correspondence Fee			0		0
Remissions and Exemptions			0		0
Blind, Deaf Students			0		0
Concurrent Registration			0		0
Good Neighbor			0		0
Highest Ranking High School Graduates			0		0
Statutory Waiver of Non-Resident Status			0		0
Veteran, Dependents, Etc.			0		0
Other (Industrial Programs)			0		0
Total Tuition and Fees	534,625	0	534,625	0	534,625
Taxes for Current Operations	2,255,472		2,255,472		2,255,472
<u>Federal Grants and Contracts</u>					
Research			0	0	0
Other Programs			0	575,542	575,542
Recovery of Indirect Costs			0		0
Total Federal Grants and Contracts	0	0	0	575,542	575,542
<u>State Grants and Contracts</u>					
Research			0		0
Other Programs			0	10,163	10,163
Recovery of Indirect Costs			0		0
Total State Grants and Contracts	0	0	0	10,163	10,163
<u>Local Grants and Contracts</u>					
Research			0		0
Other Programs			0	83,711	83,711
Recovery of Indirect Costs			0		0
Total Local Grants and Contracts	0	0	0	83,711	83,711
<u>Private Gifts, Grants and Contracts</u>					
Research			0		0
Other Programs			0		0
Recovery of Indirect Costs			0		0
Total Private Gifts, Grants and Contracts	0	0	0	0	0
Endowment Income			0		0
Sales & Services of Educational Activities	66,534		66,534		66,534
Sales & Service of Auxiliary Activities	0	785,990	785,990		785,990
Professional Fees	0	0	0	0	0
<u>Other Sources</u>					
Gains/Losses on Investments			0		0
Interest Income	33,074		33,074	46,670	79,744
Other Misc. Income	2,293		2,293		2,293
Total Other Sources	35,367	0	35,367	46,670	82,037
Total Current Funds Revenues (Exh. C)	\$5,833,875	\$785,990	\$6,619,865	\$716,086	\$7,335,951

PANOLA COLLEGE
 SCHEDULE OF CURRENT FUNDS EXPENDITURES BY OBJECT
 FOR THE YEAR ENDED AUGUST 31, 1992

SCHEDULE C-2

	SALARIES AND WAGES	OTHER EXPENSES	CAPITAL OUTLAY	TOTAL
<u>Unrestricted</u>				
<u>Educational and General</u>				
Instruction	\$1,861,190	\$210,679	\$59,753	\$2,131,622
Research	5,252	1,243	1,359	7,854
Public Service				0
Academic Support	219,353	30,353	54,750	304,456
Student Services	297,319	69,158	6,094	372,571
Institutional Support	1,009,526	306,905	42,538	1,358,969
Operation and Maintenance of Plant	243,740	484,001	26,775	754,516
Scholarships and Fellowships				0
Auxiliary Enterprises	18,401	6,253		24,654
Total Educational and General	<u>3,654,781</u>	<u>1,108,592</u>	<u>191,269</u>	<u>4,954,642</u>
<u>Auxiliary Enterprises</u>				
Auxiliary Enterprises	225,070	544,269	53,615	822,954
Total Auxiliary Enterprises	<u>225,070</u>	<u>544,269</u>	<u>53,615</u>	<u>822,954</u>
<u>Restricted</u>				
Instruction		23,254	1,543	24,797
Research				0
Public Service				0
Academic Support				0
Student Services	72,491	16,301	10,275	99,067
Institutional Support				0
Operation and Maintenance of Plant				0
Scholarships and Fellowships		569,567		569,567
Auxiliary Enterprises				0
Total Restricted	<u>72,491</u>	<u>609,122</u>	<u>11,818</u>	<u>693,431</u>
Total Current Fund Expenditures	<u>\$3,952,342</u>	<u>\$2,261,983</u>	<u>\$256,702</u>	<u>\$6,471,027</u>

(Exh. C)

PANOLA COLLEGE
 SCHEDULE OF EDUCATIONAL AND GENERAL EXPENDITURES
 FOR THE YEAR ENDED AUGUST 31, 1992

SCHEDULE C-3

	CURRENT FUNDS		TOTAL
	UNRESTRICTED	RESTRICTED	
General Administration and Student Services	\$873,036	\$99,067	\$972,103
General Institutional Expense	224,379		224,379
Staff Benefits			
Group Insurance Premiums	325,339		325,339
O.A.S.I.	249,280		249,280
Workmen's Compensation Insurance	61,798		61,798
Unemployment	5,802		5,802
	<u>642,219</u>	<u>0</u>	<u>642,219</u>
Resident Instruction			
Academic Programs			
Faculty Salaries	1,190,803		1,190,803
Department Operating Expenses	100,103	24,797	124,900
Instructional Administration	78,230		78,230
Organized Activities Related to Instructional Departments			0
	<u>1,369,136</u>	<u>24,797</u>	<u>1,393,933</u>
Vocational Technical Programs			
Faculty Salaries	688,788		688,788
Department Operating Expenses	137,792		137,792
Instructional Administration	71,484		71,484
Organized Activities Related to Instructional Departments			0
	<u>898,064</u>	<u>0</u>	<u>898,064</u>
Library	154,743		154,743
Extension and Public Service	<u>0</u>		<u>0</u>
Physical Plant Operation and Maintenance			
Plant Support Services	78,805		78,805
Campus Security	10,878		10,878
Building Maintenance	184,813		184,813
Custodial Services	143,498		143,498
Grounds Maintenance	60,315		60,315
Utilities	214,559		214,559
	<u>692,868</u>	<u>0</u>	<u>692,868</u>
Special Items	98,548	569,567	668,115
Major Repairs and Rehabilitation of Facilities and Buildings	<u>1,649</u>		<u>1,649</u>
Total Expenditures by Elements of Institutional Costs	<u>\$4,954,642</u>	<u>\$693,431</u>	<u>\$5,648,073</u>

PANOLA COLLEGE
SCHEDULE OF TAXES
FOR THE YEAR ENDED AUGUST 31, 1992

SCHEDULE C-4

	CURRENT YEAR			Prior Year
	Current Operations	Debt Service	Total	
Tax rate authorized per \$100 valuation	0.14827	0.00206	0.15033	0.11710
Tax rate assessed per \$100 valuation	0.14827	0.00206	0.15033	0.11710
Taxes collected				
Current	\$2,188,551	\$43,742	\$2,232,293	\$1,694,234
Delinquent	49,285		49,285	30,022
Penalties and interest	17,636		17,636	11,749
	\$2,255,472	\$43,742	\$2,299,214	\$1,736,005
 Assessed valuation of District			 \$1,580,396,511	 \$1,510,258,801

PANOLA COLLEGE
 SCHEDULE OF BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS
 FOR THE YEAR ENDED AUGUST 31, 1992

<u>DESCRIPTION</u>	<u>BONDS ISSUED TO DATE</u>	<u>RANGE OF INTEREST RATES</u>	<u>BONDS OUTSTANDING 09/01/91</u>	<u>BONDS MATURED OR RETIRED</u>	<u>BONDS REFUNDED</u>
Revenue System Bonds 1970C	\$495,000	7.0% to 7.2%	\$220,000	\$ 15,000	\$0
General Obligation Bonds 1971	350,000	5.25% to 6.0%	30,000	30,000	0
Totals	<u>\$845,000</u>		<u>\$250,000</u>	<u>\$45,000</u>	<u>\$0</u>

SCHEDULE D-1

BONDS OUTSTANDING 08/31/92	MATURITIES				1993	1994	1995	1996	1997	ALL OTHER YEARS	TOTAL REQUIREMENTS
	FIRST YEAR	LAST YEAR	FIRST CALL DATE								
\$205,000	\$10,000	\$30,000		PRINCIPAL	\$15,000	\$20,000	\$20,000	\$20,000	\$25,000	\$105,000	\$205,000
				INTEREST	14,234	12,965	11,520	10,080	8,460	15,660	72,919
0	10,000	30,000		PRINCIPAL	0	0	0	0	0	0	0
				INTEREST							
<u>\$205,000</u>	<u>\$20,000</u>	<u>\$60,000</u>			<u>\$29,234</u>	<u>\$32,965</u>	<u>\$31,520</u>	<u>\$30,080</u>	<u>\$33,460</u>	<u>\$120,660</u>	<u>\$277,919</u>

PANOLA COLLEGE
 SCHEDULE OF PLEDGED REVENUES AND FUND BALANCES
 FOR REVENUE BONDS OUTSTANDING
 FOR THE YEAR ENDED AUGUST 31, 1992

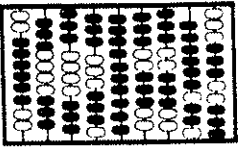
PLEDGED REVENUES AND RELATED EXPENDITURES

<u>DESCRIPTION</u>	<u>OPERATING REVENUE</u>	<u>INTEREST EARNED ON INVESTMENTS</u>	<u>OTHER PLEDGED REVENUE</u>	<u>TOTAL PLEDGED REVENUE</u>	<u>OPERATING EXPENSE</u>
Student Fee Revenue Bonds 1970					
Totals	\$0	\$0	\$0	\$0	\$0

<u>CAPITAL OUTLAY</u>	<u>NET AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE PRINCIPAL</u>	<u>DEBT SERVICE INTEREST</u>	<u>RESTRICTED ACCOUNT BALANCES</u>			
				<u>INTEREST AND SINKING FUND</u>		<u>BOND RESERVE FUND</u>	
				<u>REQUIRED</u>	<u>ACTUAL</u>	<u>REQUIRED</u>	<u>ACTUAL</u>
						\$19,000	\$19,000
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,000</u>	<u>\$19,000</u>

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OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION



CHAPMAN, ROBINSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS
410 WEST PANOLA
CARTHAGE, TEXAS 75633

MEMBERS OF
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE
(903) 693-8522

Independent Auditors' Report

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

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

Members of the Board:

We have audited the general purpose financial statements of Panola College as of and for the year ended August 31, 1992, and have issued our report thereon dated December 4, 1992. We have also audited Panola College's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated December 4, 1992.

We conducted our audit in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, AUDITS OF INSTITUTION OF HIGHER EDUCATION AND OTHER NONPROFIT INSTITUTIONS. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether Panola College complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended August 31, 1992, we considered the College's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the College's general purpose financial statements and on its compliance with requirements applicable to major programs and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 4, 1992.

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

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

a. General Requirements

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug Free Workplace
- Administration Requirements

b. Specific Requirements

- Types of Services
- Eligibility
- Matching, Level of Effort, or Earmarking
- Reporting
- Special Requirements, If Any

c. Claims for Advances and Reimbursements

d. Amounts Claimed or Used for Matching

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

During the year ended August 31, 1992, Panola College expended 100 percent of its total federal financial assistance under major federal financial assistance programs and the following nonmajor federal financial assistance programs:

- Supplemental Education Opportunity Grant
- College Work Study
- Q. M. Martin Auditorium Subsidy
- Merle Glass Interest Subsidy

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the College's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, and the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

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

Reportable conditions included:

During the fiscal year ending August 31, 1992 the College's accounting system was not monitored in a manner to insure accurate assimilation of financial data used as a basis for completing various financial reports required by the various federal programs. Thus, reports were filed reflecting erroneous information or information that did not reflect the actual results of operations of federal expenditures.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of Panola College's compliance with requirements applicable to its major federal financial assistance program for the year ended August 31, 1992, and this report does not affect our report thereon dated December 4, 1992.

Material Weaknesses

1. Bank statements for the period of September 1, 1991 to January 31, 1992 were not reconciled until February 1992. When they were reconciled, large adjustments were made to the College's accounting systems and to various accounts resulting in balances contained in the accounts whose origin was unknown. Follow up on the amounts whose origin was unknown, was not initiated until November, 1992.
2. Requests for reimbursements for the College's Supplemental Education Opportunity Grant (SEOG) were based on gross amounts at 100 percent of the award. Panola College is required to match this program at a 15% level. During the year, the College's accounting system and regulations of the SEOG program were not monitored in a manner to detect this error. The error was detected in November, 1992.
3. Requests for reimbursement made under the Pell program were not documented in a manner to insure accurate amounts were requested for draw down into the College's federal funds accounts.
4. Department of Education guidelines require monies deposited into the College's federal funds account to be disbursed within three days. Misinterpretation of the three day rule resulted in funds being on deposit in the federal funds account in excessive amounts for excessive time periods.

Board of Trustees
Panola College
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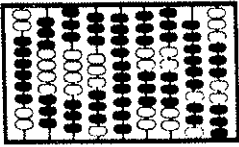
We also noted other matters involving the internal control structure and its operation that we have reported to the management of Panola College in a separate letter dated December 4, 1992.

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

Chapman, Robinson & Co.

Chapman, Robinson & Co.
Certified Public Accountants

December 4, 1992



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Independent Auditors' Report

REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1992, and have issued our report thereon dated December 4, 1992.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Panola College for the year ended August 31, 1992, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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

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

- Billings
- Receivables
- Cash receipts
- Purchasing and receiving
- Accounts payable
- Cash disbursements
- Payroll
- Inventory control
- Property and equipment
- General Ledger

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

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

Reportable conditions included:

During the fiscal year ending August 31, 1992 the College's accounting system was not monitored in a manner to insure accurate assimilation of financial data used as a basis for completing various financial reports required by the various federal programs. Thus, reports were filed reflecting erroneous information or information that did not reflect the actual results of operations of federal expenditures.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of Panola College compliance with requirements applicable to its major federal financial assistance programs for the year ended August 31, 1992, and this report does not affect our report thereon dated December 4, 1992.

Material Weaknesses

1. Bank statements for the period of September 1, 1991 to January 31, 1992 were not reconciled until February 1992. When they were reconciled, large adjustments were made to the College's accounting system and to various accounts resulting in balances contained in the accounts whose origin was unknown. Follow up on the amounts whose origin was unknown was not initiated until November, 1992.
2. Requests for reimbursement for the College's Supplemental Education Opportunity Grant (SEOG) were based on gross amounts at 100 percent of the award. Panola College is required to match this program at a 15% level. During the year, the College's accounting system and regulations of the SEOG program were not monitored in a manner to detect this error. The error was detected in November, 1992.
3. Requests for reimbursement made under the Pell program were not documented in a manner to insure accurate amounts were requested for draw down into the College's federal funds account.
4. Department of Education guidelines require monies deposited into the College's federal funds account to be disbursed within three days. Misinterpretation of the three day rule resulted in funds being on deposit in the federal funds account in excessive amounts for excessive time periods.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Panola College in a separate letter dated December 4, 1992.

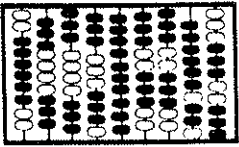
Board of Trustees
Panola College
Page 4

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

Chapman, Robinson & Co.

Chapman, Robinson & Co.
Certified Public Accountants

December 4, 1992



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Independent Auditors' Report

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

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

Members of the Board:

We have audited the financial statements of the Panola College as of and for the year ended August 31, 1992, and have issued our report thereon dated December 4, 1992.

We conducted our audit in accordance with generally accepted auditing standards and GOVERNMENT AUDITING STANDARDS, issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Panola College is the responsibility of the College's administration and trustees.

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

Material instances of noncompliance are failures to follow requirements (or violations of prohibitions) contained in laws, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following material instances of noncompliance, the effects of which are immaterial to the 1992 financial statements of Panola College.

The results of our audit procedures for the Pell Grant Program revealed that Panola College did not comply with the following requirements.

Eligibility

1. Public Law 102-26 regarding the necessary documentation to determine a recipients eligibility for participation.
2. Student Financial Aid Handbook regarding cost of attendance computations affecting student award amounts.
3. General provisions of Title IV programs regarding documentation requirements applicable to verification of student eligibility for participation.

Reporting

1. Quarterly federal cash transaction reports. (Payment Management System (PMS 272 reports) did not contain information that agreed to the accounting system records.

Cash Management

1. Claims for reimbursement were not transferred from the federal funds account to the operating account where student awards are made within the three day guidelines established by the Department of Education.

Claims for Advances and Reimbursements

1. Claims for reimbursement were not sufficiently documented and claims were often made for an incorrect amount.

We considered these material instances of noncompliance in forming our opinion on whether the 1992 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated December 4, 1992, on those financial statements.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, Panola College complied, in all material respects, with the provisions referred to in the third paragraph of this report, and with respect to items

Board of Trustees
Panola College
Page 3

not tested, nothing came to our attention that caused us to believe that the College had not complied, in all material respects, with those provisions.

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

Chapman, Robinson & Co.

Chapman, Robinson & Co.
Certified Public Accountants

December 4, 1992

PANOLA COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 1992

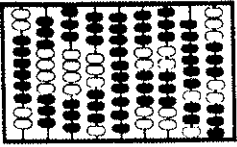
<u>PROGRAMS</u>	<u>FINDINGS/NONCOMPLIANCE</u>	<u>QUESTIONED COSTS</u>
Pell Grant Program	Fourteen Pell recipient files contained no documentation that the students had a high school diploma, a general equivalency diploma, or an ability to benefit assessment to substantiate they were eligible for participation in the program.	\$ 14,571
Pell Grant Program	The Pell Grant Cost of Attendance was calculated incorrectly for eighteen students enrolled in clock hour programs. The College used the total amount of tuition and fees for an entire program, rather than prorating the tuition and fees for an academic year as is required in the Pell Grant regulations. There is some confusion in the application of these regulations. College personnel received verbal interpretations from the Department of Education that differs from the written regulations. Therefore, any over awards are undetermined and there are no questioned costs associated with this finding.	
Pell Grant Program	General provisions of Title IV programs requires schools to verify data on selected students participating in the program. The College's procedure failed to document verification procedures on four students selected for verification. Questioned costs associated with this finding are undetermined.	

PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 1992

<u>PROGRAMS</u>	<u>FINDINGS/NONCOMPLIANCE</u>	<u>QUESTIONED COSTS</u>
Pell Grant Program	None of the federal financial reports filed by the College for the fiscal year under audit were determined to agree to the information contained in the accounting system records. There are no questioned costs associated with finding.	
Pell Grant Program	Requests for reimbursement for award, disbursements were based on inadequate or non-existing documentation. There are no questioned costs associated with this finding, however, the general purpose financial statements reflect a payable to the federal government (DOE) in the amount of \$48,556 representing a receipt of federal monies from undetermined origins.	
Pell Grant Program	Receipts into the College's federal funds bank account were not disbursed to the College's operating account from which awards are paid within the three day guideline established by the Department of Education. There are no questioned costs associated with this finding.	

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FEDERAL FINANCIAL ASSISTANCE SECTION



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Independent Auditors' Report

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

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1992, and have issued our report thereon dated December 4, 1992.

We have applied procedures to test Panola College's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended August 31, 1992: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, drug free workplace, and administrative requirements.

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

With respect to the items tested, the results of those procedures disclosed material instances of noncompliance with the requirements listed in the second paragraph of this report.

Cash Management

Claims for reimbursement were not transferred from the federal funds account to the operating account where student awards are made within the three day guidelines established by the Department of Education.

Federal Financial Reports

Claims for reimbursement were not sufficiently documented and claims were often made for an incorrect amount.

Board of Trustees
Panola College
Page 2

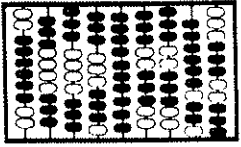
With respect to items not tested, nothing came to our attention that caused us to believe that Panola College had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed other instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

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

Chapman, Robinson & Co.

Chapman, Robinson & Co.
Certified Public Accountants

December 4, 1992



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Independent Auditors' Report

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

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1992, and have issued our report thereon dated December 4, 1992.

We have also audited Panola College's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cash management; claims for advances and reimbursement; that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended August 31, 1992. The administration of Panola College is responsible for the College's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Panola College's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures for the Pell Grant Program revealed that Panola College did not comply with the following requirements.

Eligibility

1. Public Law 102-26 regarding the necessary documentation to determine a recipients eligibility for participation.

2. Student Financial Aid handbook regarding cost of attendance computations affecting student award amounts.
3. General provisions of Title IV programs regarding documentation requirements applicable to verification of student eligibility for participation.

Reporting

1. Quarterly federal cash transaction reports. (Payment Management System (PMS 272 reports) did not contain information that agreed to the accounting system records.

Cash Management

1. Claims for reimbursement were not transferred from the federal funds account to the operating account where student awards are made within the three day guidelines established by the Department of Education.

Claims for Advances and Reimbursements

1. Claims for reimbursement were not sufficiently documented and claims were often made for an incorrect amount.

These instances of noncompliance are described in the accompanying schedule of findings and questioned costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except for those instances of noncompliance with the requirements applicable to the Pell Grant Program referred to in the third paragraph of this report and identified in the accompanying schedule of findings and questioned costs, Panola College, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; reporting; cash management; claims for advances and reimbursements; that are applicable to each of its major federal financial assistance programs for the year ended August 31, 1992.

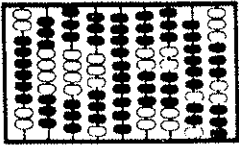
Board of Trustees
Panola College
Page 3

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

Chapman, Robinson & Co.

Chapman, Robinson & Co.
Certified Public Accountants

December 4, 1992



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Independent Auditors' Report

SINGLE AUDIT REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

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

Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1992, and have issued our report thereon dated December 4, 1992.

In connection with our audit of the 1992 financial statements of Panola College, and with our consideration of Panola College's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-133, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended August 31, 1992.

As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; level of effort, or earmarking; reporting; and claims for reimbursements; that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Panola College's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Panola College had not complied, in all material respects, with those requirements. Accordingly, there are no findings or questioned costs associated with nonmajor programs.

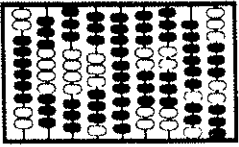
Board of Trustees
Panola College
Page 2

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

Chapman, Robinson & Co.

Chapman, Robinson & Co.
Certified Public Accountants

December 4, 1992



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Independent Auditors' Report

REPORT ON SUPPLEMENTARY INFORMATION: SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

Members of the Board:

We have audited the general purpose financial statements of Panola College for the year ended August 31, 1992, and have issued our report thereon dated December 4, 1992. The general purpose financial statements are the responsibility of Panola College's administration. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Panola College taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Chapman, Robinson & Co.

Chapman, Robinson & Co.
Certified Public Accountants

December 4, 1992

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PANOLA COLLEGE
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED AUGUST 31, 1992

SCHEDULE D-3

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Project Number</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Accrued or (Deferred) Revenue at 09/01/91</u>	<u>Grant Proceeds Received</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at 08/31/92</u>
<u>U.S. Department of Education</u>							
Direct Programs:							
Supplemental Educational Opportunity Grant	E-P007A14092	84.007	\$ 19,466	\$(6,748)	\$ 17,649	\$ 24,226	\$ (171)
Pell Grant Program*	E-P063P06492	84.031	360,408	(2,978)	439,362	393,784	(48,556)
College Workstudy	E-P033A4092	84.033	33,667			33,667	33,667
Pass-Through From:							
Texas Higher Education Coordinating Board							
Carl D. Perkins*							
Vocational Education Act	22420236	84.048	117,967	11,355	85,467	111,654	37,542
Vocational Education Act	33420236	84.048	108,000			12,211	12,211
Total U.S. Department of Education			<u>639,508</u>	<u>1,629</u>	<u>542,478</u>	<u>575,542</u>	<u>34,693</u>
<u>Other Federal Assistance</u>							
U.S. Department of Housing and Urban Development							
Merle Glass Interest Subsidy		14.000	8,688		8,688	8,688	
Q. M. Martin Auditorium Subsidy		14.000	3,501		3,501	3,501	
Total Other Federal Assistance			<u>12,189</u>		<u>12,189</u>	<u>12,189</u>	
Total Federal Assistance			<u>\$651,697</u>	<u>\$ 1,629</u>	<u>\$554,667</u>	<u>\$ 587,731</u>	<u>\$ 34,693</u>

Note 1: Federal Assistance Reconciliation
Federal Revenues - per Exhibit C
Reconciling items \$ 575,542
Add:
Merle Glass Interest Subsidy \$ 8,688
Q.M. Martin Auditorium Subsidy 3,501
Total Federal Revenues Reported
in Plant Fund -
Retirement of Indebtedness 12,189
Total Expenditures Per Federal Schedule \$ 587,731

Note 2: The SEOG program and the College Workstudy programs require a 15% and a 30% match respectively by the College. The College made the required match of \$4,275 and \$14,428 for the SEOG and Workstudy. The total match of \$18,703 is reflected in Exhibit B as a transfer in the unrestricted fund (deduction) and the restricted fund (addition).

*Indicates a major program.