

*PANOLA COLLEGE*

*COMPREHENSIVE*

*ANNUAL FINANCIAL REPORT*

*FOR THE FISCAL YEAR ENDED*

*AUGUST 31, 1994*

*PREPARED BY:*

*FISCAL AFFAIRS DEPARTMENT  
PANOLA COLLEGE*



PANOLA COLLEGE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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***INTRODUCTORY***

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***SECTION***

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1109 West Panola • Carthage, Texas 75633 • (903) 693-2000

October 21, 1994

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

The comprehensive annual financial report of Panola County Junior College District (Panola College) for the fiscal year ended August 31, 1994, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Panola College. To the best of our knowledge, the enclosed data are accurate in all material respects and are 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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the College's organizational chart, and a list of principal officials. The financial section includes the financial statements as well as the auditor's report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The College is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments. Information related to this single audit, including the schedule of federal financial assistance and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report.

This report includes all funds of the College. 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 Board of Trustees has no oversight responsibility over Panola County or other Panola County districts and, accordingly, only financial data for Panola College is included in this report.

#### ORGANIZATION OF COLLEGE

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. The District is governed by an elected, seven-member Board of Trustees that has oversight responsibility and control over all district activities. Panola College's campus is located in Carthage, Panola County, Texas. Classes are offered at alternate sites in Shelby County and Harrison County.



## ECONOMIC CONDITION AND OUTLOOK

Panola College is situated in East Texas. The area serviced by Panola College includes the counties of Harrison, Marion, Panola, and Shelby. 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. Continued lignite mining activities along with new natural gas wells contributed greatly to the area's wealth. Timber, poultry, and cattle production also continue to contribute to the local economy. All of these activities have had a positive impact on employment and the county tax base. The average unemployment rate has been less than the national average and surrounding counties. A great deal of credit should be given to the industrial, civic, and governmental leaders for these positive conditions.

## MAJOR INITIATIVES

During the last year, efforts have been made to expand the College's capabilities to meet the educational needs of prospective students within the service area. A major focus has been placed upon expanding health science course offerings. The College obtained approval to initiate an associate degree nursing program. The program is scheduled to admit its first class of students in January, 1995. In order to accommodate the new program, the Board of Trustees authorized renovation of a previously idle and unoccupied building the College acquired several years ago. Renovation of the building is progressing and is scheduled to be ready for occupancy to accommodate the nursing program and other health science offerings.

Also, during the last year a director of the Marshall Center was employed. One of the goals of the director is to acquire a permanent facility for Harrison County course offerings.

## FINANCIAL INFORMATION

The administration of the College is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the College are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by administration.

## SINGLE AUDIT

As a recipient of federal and state financial assistance, the College also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by administration and the independent auditors of the College.

As a part of the College's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the College has complied with applicable laws and regulations. The results of the College's single audit for the fiscal year ended August 31, 1994, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

## BUDGETING CONTROLS

In addition, the College maintains budgetary controls. 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 reappropriated 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.

## COLLEGE FUNCTIONS

The following schedule presents a summary of unrestricted current fund and auxiliary enterprises fund revenues for the fiscal year ended August 31, 1994, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1993</u>	<u>Percent of Increase (Decrease)</u>
State Appropriations	\$2,911,203	41.5%	\$ 17,531	0.6%
Tuition and Fees	763,961	10.9	(79,582)	(10.4)
Taxes for Current Operations	2,393,599	34.2	562	0.0
Federal Grants and Contracts	12,733	0.1	6,953	54.6
Interest	58,727	0.8	6,095	10.4
Auxiliary Enterprises	792,176	11.3	(48,975)	( 6.2)
Other Local Revenues	75,369	1.2	(17,885)	(23.7)
	<u>\$7,007,768</u>	<u>100.0%</u>	<u>\$(115,301)</u>	<u>( 1.6%)</u>

Revenues totaled \$7,007,768, a decrease of 1.6% from the previous fiscal year. The revenue fluctuations shown above are reasonable except for the decreases reflected in tuition and fees and auxiliary enterprises. Tuition and fee revenues are based on a charge per semester hour. Even though total enrollment and contact hours increased slightly over the previous fiscal year, the average semester course load taken by students decreased resulting in less tuition and fee revenues.

The major auxiliary enterprise activity is the College bookstore. In an effort to maximize profits on items sold, an emphasis was placed on bookstore sales of basic items such as textbooks and supplies. The result was that even though sales were down, the overall profit margin improved.

The following schedule presents a summary of unrestricted current fund and auxiliary enterprises fund expenditures for the fiscal year ended August 31, 1994, and the amount and percentage of increases and decreases in relation to prior year expenditures.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1993</u>	<u>Percent of Increase (Decrease)</u>
Instruction	\$2,650,697	42.0%	\$276,033	11.6%
Research	19,514	0.0	( 2,265)	(10.4)
Academic Support	543,926	8.7	(89,597)	(14.1)
Student Services	415,657	6.6	(61,394)	(12.8)
Institutional Support	721,469	11.5	4,981	( .7)
Operation and Maintenance of Plant	866,138	13.7	269,634	45.2
Scholarships and Awards	159,160	2.5	86,503	54.4
Auxiliary Enterprises	944,222	15.0	(30,898)	3.3
	<u>\$6,320,783</u>	<u>100.0%</u>	<u>\$452,997</u>	<u>7.7%</u>

Expenditures totaled \$6,320,783, an increase of 7.7% from the previous fiscal year. In total, these expenditures are reasonable when compared with the prior year's expenditures. Fluctuations within categories are consistent with the emphasis placed on various expenditure categories during the year.

Operation and maintenance of plant expenditures include approximately \$214,000 of building improvements, repairs, and parking lot improvements that occurred during the year causing expenditures to be higher than the prior year. Scholarships and awards are generally funded from restricted funds. During the current year, scholarships were funded from unrestricted funds allowing the restricted fund balance to increase over the previous year.

#### AUXILIARY ENTERPRISES

The Auxiliary Enterprises Fund accounts for activities that are essentially self-supporting or that are intended to be separately measurable for self-sufficiency, and that serve students, faculty or staff. The College's auxiliary enterprises are comprised primarily of athletics, bookstore, food service, and student housing. There is no bonded debt relating to any of these auxiliary activities.

#### ENDOWMENT FUNDS

The College's endowment funds totaled \$747,574 on August 31, 1994. The interest income from the endowment investments was used to provide scholarships.

#### FUND BALANCE

The fund balance of the unrestricted current fund increased by \$378,800 or thirty-two percent in the year ended August 31, 1994. This increase provides the College with a fund balance that is equivalent to approximately three months of expenditures.

#### DEBT ADMINISTRATION

As of August 31, 1994, the College had \$170,000 of student revenue bonds. These bonds were issued in 1970. The College has not had any new bonded debt issues since 1971.

As of August 31, 1994, the College had a liability of \$69,232 remaining on a building purchased in 1990. The final payment on this note is scheduled for August, 1995. This building is presently undergoing renovation and will house the associate degree nursing program as previously mentioned.

The only other debt the College has is a capital lease on a building in Marshall, Texas. The principal balance of this obligation was \$103,827 at August 31, 1994. Final payment on this obligation is currently scheduled for November, 1998.

#### CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits, repurchase agreements, and certificates of deposit. The average yield on investments was 3.06 percent. The average yield rate for 90-day U.S. Treasury bills for the year ended August 31, 1994 was approximately 3.5 percent. The College earned interest revenue of \$112,009 on all investments for the year ended August 31, 1994.

The College's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits were held by a financial institution's trust department in the College's name. All of the investments held by the College during the year and on August 31, 1994, are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

#### INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Alexander, Lankford & Hiers, Inc., was selected by the College's Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-128.

#### ACKNOWLEDGEMENTS

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 Glenda Hiers and the accounting firm of Alexander, Lankford & Hiers, Inc., for their assistance and timely completion of the audit.

Sincerely,

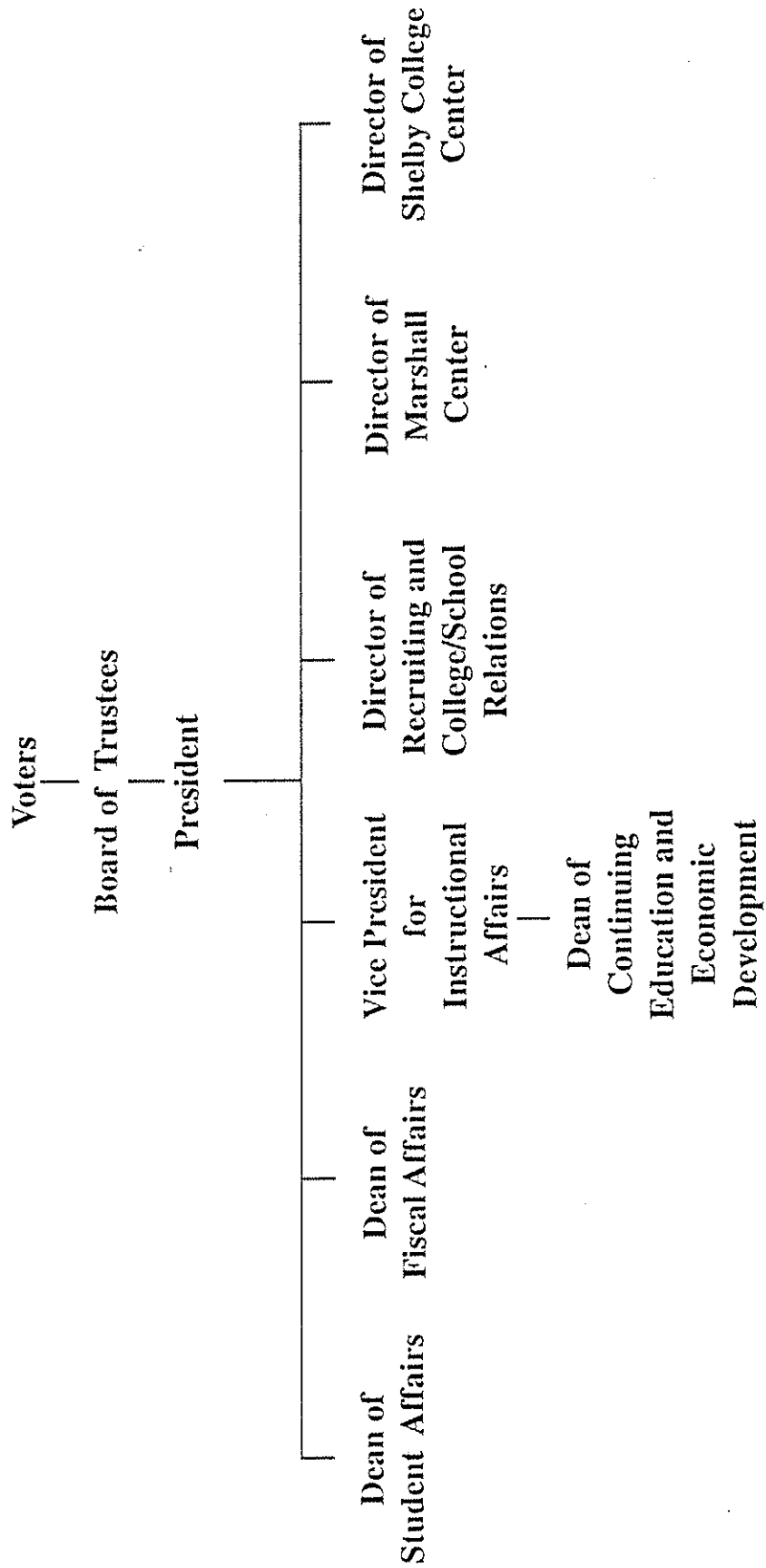


Jackie Robinson, CPA  
Dean of Fiscal Affairs

**Panola College**  


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**Organizational Structure**



PANOLA COLLEGE  
PRINCIPAL OFFICIALS  
AUGUST 31, 1994

BOARD OF TRUSTEES

OFFICERS

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

Chair  
Vice-Chair  
Secretary/Treasurer

MEMBERS

Mr. Hal Palmer  
Mr. Hermon Reed, Jr.  
Dr. Dennis Golden  
Mr. William Goolsby  
Mr. Steve Roberson  
Mrs. Evelyn Sharp  
Mr. Richard Thomas

Term Expires  
August 31

1996  
1996  
1998  
1998  
1998  
2000  
2000

ADMINISTRATION

Dr. William Edmonson

President

Mr. Charles Hughes

Vice-President for  
Instructional Affairs

Mr. Jackie Robinson, CPA

Dean of Fiscal Affairs

Mrs. Betsy Wheat

Dean of Student Affairs

Mr. Jim Martin

Dean of Continuing  
Education and Economic  
Development

Mrs. Twink Ross

Director of Recruiting  
and College/School  
Relations

Dr. Jerry Hopkins

Director of Shelby  
College Center

Dr. Jeanne Scott

Director of Marshall  
Center

***FINANCIAL***

***SECTION***

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Wilbur E. Alexander, CPA  
Ted A. Lankford, CPA  
Glenda J. Hiers, CPA  
Melvin R. Todd, CPA  
Richard A. Rudel, CPA  
Betty Powell, CPA  
Warren Stewart, CPA

# AL&H ALEXANDER LANKFORD & HIERS, INC.

*Certified Public Accountants, A Professional Corporation*

4000 S. Medford Dr.  
Lufkin, Texas 75901-7599  
(409) 632-7771  
FAX (409) 637-2448

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

## INDEPENDENT AUDITOR'S REPORT

### Members of the Board:

We have audited the accompanying balance sheet of Panola College as of August 31, 1994 and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panola College as of August 31, 1994, 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 additional financial information presented as supplementary data on pages 22 to 28, the individual fund statements on pages 29 to 43, and the statistical section on pages 44 to 63 are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary data and the individual fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.

*Alexander, Lankford + Hiers, Inc.*

Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants

September 29, 1994

PANOLA COLLEGE  
EXHIBIT A  
BALANCE SHEET  
August 31, 1994  
With Memorandum Totals at August 31, 1993

CURRENT FUNDS

ASSETS	CURRENT FUNDS			Total
	Unrestricted	Auxiliary Enterprises	Restricted	
(1) Cash and Cash Equivalents (Sch A-1)	\$ 747,322	\$ 150,247	\$ 185,209	\$ 1,082,778
(2) Short-Term Investments (Sch A-1)	1,000,000			1,000,000
(3) Balance in State Appropriations				
(4) Accounts Receivable (net of allowance for				
(5) doubtful accounts of \$0)	241,877	205,980		447,857
(6) Taxes Receivable (net of allowance for				
(7) doubtful accounts of \$190,734)	21,193			21,193
(8) Due From Other Funds	93,142			93,142
(9) Investments (Sch. A-2)				
(10) Accrued Interest Receivable				
(11) Prepaid Expenses		1,000		1,000
(12) Deferred Charges				
(13) Federal Receivables			155,736	155,736
(14) Deposits				
(15) Notes Receivable (not applicable,				
(16) the College has no notes)				
(17) Due From Other Agencies	18,227			18,227
(18) Consumable Inventories				
(19) Inventories for Resale		108,170		108,170
(20) Land				
(21) Buildings				
(22) Improvements Other Than Buildings				
(23) Equipment				
(24) Library Books				
(25) Museums and Art Collections				
(26) Construction in Progress				
<b>Total Assets</b>	<b>\$ 2,121,761</b>	<b>\$ 465,397</b>	<b>\$ 340,945</b>	<b>\$ 2,928,103</b>

See accompanying Notes to the Financial Statements.

PLANT FUNDS					TOTALS MEMORANDUM ONLY			
Endowment and Similar Funds	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	Current Year	Prior Year	
\$ 13,403	\$ 59,832		\$ 6,156		\$ 69,628	\$ 1,231,797	\$ 2,050,884	(1)
738,588	850,000		19,000			2,607,588	1,075,925	(2)
								(3)
								(4)
						447,857	201,186	(5)
								(6)
						21,193	21,221	(7)
			3,456		2	96,600	255,273	(8)
								(9)
							19,175	(10)
			6,000			7,000	7,000	(11)
								(12)
						155,736	75,401	(13)
								(14)
								(15)
								(16)
						18,227	9,551	(17)
								(18)
				425,744		108,170	142,825	(19)
				8,203,197		425,744	418,154	(20)
						8,203,197	8,110,562	(21)
								(22)
				1,943,652		1,943,652	2,432,623	(23)
				406,973		406,973	369,201	(24)
								(25)
				78,184		78,184		(26)
<u>\$ 751,991</u>	<u>\$ 909,832</u>		<u>\$ 34,612</u>	<u>\$ 11,057,750</u>	<u>\$ 69,630</u>	<u>\$ 15,751,918</u>	<u>\$ 15,188,981</u>	

PANOLA COLLEGE  
EXHIBIT A  
BALANCE SHEET  
August 31, 1994  
With Memorandum Totals at August 31, 1993

CURRENT FUNDS

LIABILITIES AND FUND BALANCES		CURRENT FUNDS			
		Unrestricted	Auxiliary Enterprises	Restricted	Total
<b>Liabilities:</b>					
(27)	Accounts Payable	\$ 60,906	\$ 45,848	\$ 5,702	\$ 112,456
(28)	Accrued Liabilities	47,389	3,190		50,579
(29)	Deposits Payable		12,975		12,975
(30)	Due To Other Funds		4,177	88,006	92,183
(31)	Deferred Revenues	463,218	213,729		676,947
(32)	Accrued Compensable Absences Payable	7,507			7,507
(33)	Annuities Payable		12,987	48,732	61,719
(34)	Bonds Payable (net of unamortized premium/ (35) discount of \$0 as of 8/31/94)				
(36)	Notes and Loans Payable				
(37)	Lease—Purchase Agreements Payable				
(38)	Funds Held in Custody for Others				
<b>Total Liabilities</b>		<u>579,020</u>	<u>292,906</u>	<u>142,440</u>	<u>1,014,366</u>
<b>(39) Fund Balance:</b>					
(40)	<b>Unrestricted</b>				
(41)	<b>Reserved</b>				
(42)	Encumbrances				
(43)	Accounts Receivable	241,877	63,321		305,198
(44)	Inventory		108,170		108,170
(45)	Prepaid Expenses		1,000		1,000
(46)	<b>Unreserved</b>				
(47)	<b>Designated</b>				
(48)	Future Operating Budget(s)				
(49)	Capital Projects				
(50)	Other (detail as needed)				
(51)	Undesignated	1,300,864			1,300,864
(52)	<b>Restricted</b>				
(53)	Encumbrances				
(54)	Other			198,505	198,505
(55)	U.S. Government Grants Refundable				
(56)	Institutional Matching Funds				
(57)	<b>Net Investment in Plant</b>				
<b>Total Fund Balances (Exh. B)</b>		<u>1,542,741</u>	<u>172,491</u>	<u>198,505</u>	<u>1,913,737</u>
<b>Total Liabilities and Fund Balances</b>		<u>\$ 2,121,761</u>	<u>\$ 465,397</u>	<u>\$ 340,945</u>	<u>\$ 2,928,103</u>

See accompanying Notes to the Financial Statements.

Endowment and Similar Funds	PLANT FUNDS				Agency Funds	TOTALS MEMORANDUM ONLY	
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant		Current Year	Prior Year
\$	\$ 47,207	\$	\$	\$	\$	\$ 159,663	\$ 130,449 (27)
						50,579	562 (28)
					36,445	49,420	47,016 (29)
4,417						96,600	255,273 (30)
						676,947	355,155 (31)
						7,507	16,591 (32)
						61,719	64,712 (33)
							(34)
				170,000		170,000	190,000 (35)
				69,233		69,233	131,908 (36)
				103,827		103,827	128,109 (37)
					33,185	33,185	26,271 (38)
<u>4,417</u>	<u>47,207</u>			<u>343,060</u>	<u>69,630</u>	<u>1,478,680</u>	<u>1,346,046</u>
							(39)
							(40)
							(41)
							(42)
						305,198	(43)
						108,170	142,825 (44)
						1,000	(45)
							(46)
							(47)
							(48)
							(49)
							(50)
						1,300,864	1,184,422 (51)
							(52)
747,574	862,625		34,612			1,843,316	1,635,165 (54)
							(55)
							(56)
				10,714,690		10,714,690	10,880,523 (57)
<u>747,574</u>	<u>862,625</u>		<u>34,612</u>	<u>10,714,690</u>		<u>14,273,238</u>	<u>13,842,935</u>
\$ <u>751,991</u>	\$ <u>909,832</u>	\$	\$ <u>34,612</u>	\$ <u>11,057,750</u>	\$ <u>69,630</u>	\$ <u>15,751,918</u>	\$ <u>15,188,981</u>

PANOLA COLLEGE  
EXHIBIT B  
STATEMENT OF CHANGES IN FUND BALANCES  
For the Year Ended August 31, 1994  
With Memorandum Totals at August 31, 1993

CURRENT FUNDS

	Unrestricted	Auxiliary Enterprises	Restricted	Total
<b>REVENUES AND OTHER ADDITIONS</b>				
(1) Unrestricted Current Funds Revenue (Exh. C)	\$ 6,210,160	\$ 797,608		\$ 7,007,768
(2) State Appropriations – Restricted			476,167	476,167
(3) Federal Grants and Contracts			1,228,262	1,228,262
(4) State Grants and Contracts			3,992	3,992
(5) Local Gifts, Grants, and Contracts				
(6) Private Gifts, Grants and Contracts			29,699	29,699
(7) Investment/Endowment Income			67,863	67,863
(8) Realized Gains on Investments				
(9) Interest on Loans Receivable				
(10) U.S. Government Advances				
(11) Net Change in Bonds Payable				
(12) Net Change in Notes Payable				
(13) Expended for Plant Facilities (Includes \$292,366 Charged to Current Funds Expenditures)				
(15) Other Additions				
<b>Total Revenues and Other Additions</b>	<u>6,210,160</u>	<u>797,608</u>	<u>1,805,983</u>	<u>8,813,751</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>				
(16) Expenditures (Exh. C)	5,376,561	944,222	1,720,856	8,041,639
(17) Expended for Plant Facilities				
(18) Lapsed Appropriations				
(19) Indirect Costs Recovered				
(20) Refunded to Grantors				
(21) Loan Cancellations and Write Offs				
(22) Administrative and Collection Costs				
(23) Retirement of Indebtedness				
(24) Interest on Indebtedness				
(25) Net Realized Losses on Investments				
(26) Disposal of Plant Facilities				
(27) Other Deductions				
<b>Total Expenditures and Other Deductions</b>	<u>5,376,561</u>	<u>944,222</u>	<u>1,720,856</u>	<u>8,041,639</u>
<b>TRANSFERS – ADDITIONS / (DEDUCTIONS)</b>				
<b>Mandatory Transfers</b>				
(28) Retirement of Indebtedness	(99,000)			(99,000)
(29) Building Use Fees				
(30) Tuition				
(31) Operations				
(32) Loan Fund Matching/Grant Matching				
(33) Other				
(34) Non-Mandatory Transfers	(355,799)	155,799		(200,000)
<b>Total Transfers – Additions / (Deductions)</b>	<u>(454,799)</u>	<u>155,799</u>		<u>(299,000)</u>
<b>NET INCREASE/(DECREASE) FOR THE FISCAL YEAR</b>	<u>378,800</u>	<u>9,185</u>	<u>85,127</u>	<u>473,112</u>
<b>FUND BALANCES, September 1, 1993</b>	1,163,941	163,306	113,378	1,440,625
Restatements (Prior Period Adjustments)				
<b>FUND BALANCES September 1, 1993–Restated</b>	<u>1,163,941</u>	<u>163,306</u>	<u>113,378</u>	<u>1,440,625</u>
<b>FUND BALANCES, August 31, 1994</b>	<u>\$ 1,542,741</u>	<u>\$ 172,491</u>	<u>\$ 198,505</u>	<u>\$ 1,913,737</u>

See accompanying Notes to the Financial Statements.

Endowment and Similar Funds	PLANT FUNDS				TOTALS MEMORANDUM ONLY		
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Current Year	Prior Year	
\$	\$	\$	\$	\$	\$ 7,007,768	\$ 7,114,997	(1)
					476,167	213,511	(2)
					1,228,262	706,883	(3)
					3,992	6,613	(4)
							(5)
13,065	6,500				49,264	297,557	(6)
	24,619		192		92,674	112,176	(7)
							(8)
							(9)
							(10)
				20,000	20,000	15,000	(11)
				86,957	86,957	(25,134)	(12)
							(13)
				408,322	408,322	331,566	(14)
							(15)
<u>13,065</u>	<u>31,119</u>		<u>192</u>	<u>515,279</u>	<u>9,373,406</u>	<u>8,773,169</u>	
					8,041,639	7,189,022	(16)
	78,184				78,184		(17)
							(18)
						10,148	(19)
							(20)
							(21)
							(22)
			106,957		106,957	105,853	(23)
			35,211		35,211	49,511	(24)
							(25)
							(26)
				681,112	681,112		(27)
	<u>78,184</u>		<u>142,168</u>	<u>681,112</u>	<u>8,943,103</u>	<u>7,354,534</u>	
			99,000				(28)
							(29)
							(30)
							(31)
							(32)
	200,000						(33)
	<u>200,000</u>		<u>99,000</u>				(34)
13,065	152,935		(42,976)	(165,833)	430,303	1,418,635	
734,509	709,690		77,588	10,880,523	13,842,935	12,424,300	
734,509	709,690		77,588	10,880,523	13,842,935	12,424,300	
<u>\$ 747,574</u>	<u>\$ 862,625</u>	<u>\$</u>	<u>\$ 34,612</u>	<u>\$ 10,714,690</u>	<u>\$ 14,273,238</u>	<u>\$ 13,842,935</u>	

PANOLA COLLEGE  
EXHIBIT C  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES  
For the Year Ended August 31, 1994  
With Memorandum Totals for the Year Ended August 31, 1993

REVENUES					TOTALS	
	Unrestricted	Auxiliary Enterprises	Unrestricted	Restricted	Current Year	Prior Year
State Appropriations – General Revenue	\$ 2,911,203	\$	\$ 2,911,203	\$ 476,167	\$ 3,387,370	\$ 3,107,183
Tuition and Fees (Net of TPEG \$10,138)	763,961		763,961		763,961	843,543
Taxes for Current Operation	2,393,599		2,393,599		2,393,599	2,393,037
Federal Grants and Contracts	12,733		12,733	1,228,262	1,240,995	712,663
State Grants and Contracts				3,992	3,992	6,613
Local Grants and Contracts						1,727
Private Gifts, Grants and Contracts						
Investment/Endowment Income						
Sales & Service of Educational Activities	42,289		42,289		42,289	54,914
Sales & Services of Auxiliary Enterprises		792,176	792,176		792,176	841,151
Other Sources						
Interest Income	53,295	5,432	58,727	12,435	71,162	144,764
Gains/Losses on Investments						
Misc. Income	33,080		33,080		33,080	38,340
<b>Total Current Funds Revenues</b>	<b>\$ 6,210,160</b>	<b>\$ 797,608</b>	<b>\$ 7,007,768</b>	<b>\$ 1,720,856</b>	<b>\$ 8,728,624</b>	<b>\$ 8,143,935</b>
	(Exh. B)	(Exh. B)				
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>						
<b>Educational and General</b>						
Instruction	\$ 2,650,697	\$	\$ 2,650,697	\$ 290,898	\$ 2,941,595	\$ 2,600,853
Research	19,514		19,514	2,179	21,693	23,522
Public Service						
Academic Support	543,926		543,926	46,257	590,183	683,851
Student Services	415,657		415,657	230,048	645,705	617,000
Institutional Support	721,469		721,469	51,654	773,123	801,520
Operation and Maintenance of Plant	866,138		866,138	51,518	917,656	623,316
Scholarships and Fellowships	159,160		159,160	1,048,302	1,207,462	871,822
<b>Total Educational and General Expenditures</b>	<b>\$ 5,376,561</b>	<b>\$</b>	<b>\$ 5,376,561</b>	<b>\$ 1,720,856</b>	<b>\$ 7,097,417</b>	<b>\$ 6,221,974</b>
<b>Auxiliary Enterprise Expenditures</b>		<b>944,222</b>	<b>944,222</b>		<b>944,222</b>	<b>975,120</b>
<b>Mandatory Transfers for:</b>						
Principal and Interest	99,000		99,000		99,000	190,000
Renewals and Replacements						
Loan Fund Matching/Grant Matching						
<b>Total Expenditures and Mandatory Transfers</b>	<b>\$ 5,475,561</b>	<b>\$ 944,222</b>	<b>\$ 6,419,783</b>	<b>\$ 1,720,856</b>	<b>\$ 8,140,639</b>	<b>\$ 7,387,094</b>
<b>Other Transfers and Additions/(Deductions):</b>						
Non – mandatory Transfers	(355,799)	155,799	(200,000)		(200,000)	(194,724)
Excess of Restricted Receipts over Transfer to Revenues				85,127	85,127	
Refunded to Grantors						
Unrestricted Gifts Allocated to Other Funds						
Portion of Funds Functioning as Endowment						
Gains Appropriated						
<b>Net Increase in Fund Balances</b>	<b>\$ 378,800</b>	<b>\$ 9,185</b>	<b>\$ 387,985</b>	<b>\$ 85,127</b>	<b>\$ 473,112</b>	<b>\$ 562,117</b>



PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1994

A. ORGANIZATIONAL STRUCTURE AND REPORTING ENTITY

Organizational Structure

Panola College was established as a public junior college in 1947 as a result of an election held in Panola County, Texas. The College operates as a junior college district under the laws of the State of Texas and is considered to be a special purpose, primary government. The College is governed by an elected seven-member Board of Trustees which has oversight responsibility and control over all District activities.

Reporting Entity

In evaluating how to define the reporting entity for financial presentation purposes, the College has considered all potential component units. The criteria considered includes the Board's ability to exercise oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Other criteria considered includes the scope of public service and special financing relationships. Based on the application of these criteria, there are no component units combined in the College's reporting entity for financial presentation purposes. In addition, 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.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report 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 Requirement for Texas Public Community and Junior Colleges. These requirements are in conformity with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants and the National Association of College and University Business Officers.

Basis of Accounting

The financial statements of Panola College have been prepared using the accrual and modified accrual basis of accounting as appropriate for governmental colleges and universities. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present results of operations or the net income or loss for the period as would a statement of income or a statement of revenue and expenses. Modifications to the accrual basis include the following:

1. Property tax revenues are recognized when they become both measurable and available for use during the year.

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1994

2. Interest and principal on bonds payable are recorded as expenditures when paid.
3. Depreciation on physical plant and equipment is not recorded.

Fund Accounting

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

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

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

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

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

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

Current Funds

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

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1994

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 bookstores.

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

Restricted

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

Loan Funds

Funds available for loans to students, faculty and staff.

Endowment and Similar Funds

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

Annuity and Life Income Funds

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

Plant Funds

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

Unexpended

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

Renewals and Replacements

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

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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Retirement of Indebtedness

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

Investment in Plant

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

Agency Funds

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

C. MEMORANDUM TOTALS

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

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, 1994, the carrying amount of Panola College's deposits was \$1,273,616 and total bank balances equaled \$1,373,695.

Depository bank balances of \$1,233,566 were covered by \$200,000 in federal depository insurance and \$7,278,945 (book value) in pledged securities held in safekeeping by the depository bank in the College's name (Category 1).

Deposits and investments in other financial institutions totaling \$140,129 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:

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- 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 \$8,392,252. The highest combined balances of cash, savings and time deposits accounts amounted to \$3,525,348 and occurred during the month of November, 1993.
- 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 \$7,249,549.

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

Cash and Deposits

Cash in Bank		
Demand Deposits	\$1,216,174	
Time Deposits	12,403	
Cash and Cash Equivalents		\$1,228,577
Petty Cash on Hand		3,220
Total Cash and Deposits		\$1,231,797

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

The following categories of credit risk are included:

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

Based on these three levels of risk, all of the College's investments are classified as Category 1.

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

The College's investments in repurchase agreements at August 31, 1994, are shown below.

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<u>Depository</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Category</u>
First State Bank & Trust	\$2,562,549	\$2,562,549	1

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

E. BONDS PAYABLE

Long-term debt includes: Student Fee Revenue Bonds dated December 1, 1970, payable in annual installments varying from \$10,000 to \$30,000, the final payment being due November, 2000, with interest varying from 7% to 7.20%. The balance at August 31, 1994, was \$170,000. The Student Fee Bonds require payment into a reserve fund of \$1,900 annually until the reserve reaches \$19,000. The payments are current and the balance is \$19,000. Advance payments of interest and principal on the Revenue and Student Fee Bonds are required to be made to an interest and sinking fund to cover the next payment due. Interest paid on the bonds amounted to \$12,965 during the current year.

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

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995	\$ 20,000	\$ 11,520	\$ 31,520
1996	20,000	10,080	30,080
1997	25,000	8,460	33,460
1998	25,000	6,660	31,660
1999	25,000	4,860	29,860
2000	25,000	3,060	28,060
2001	30,000	1,080	31,080
	<u>\$ 170,000</u>	<u>\$ 45,720</u>	<u>\$ 215,720</u>

F. NOTES PAYABLE

In 1990, the College purchased a building with land for \$350,000. A ten year note was negotiated for \$300,000. In August 1991, a new four year promissory note was executed for the remaining balance of \$240,000 with payments (principal and interest) to be made monthly starting in September, 1991. The interest rate on the note is 10%. Interest paid during the fiscal year amounted to \$10,370.

The annual requirements for this note are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
1995	<u>\$ 69,233</u>	<u>\$3,807</u>	<u>\$ 73,040</u>

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
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G. LEASE PURCHASE AGREEMENTS PAYABLE

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

Summarized below are annual lease requirements associated with the agreement. An imputed interest rate of 10 per cent is assumed in the lease. Interest paid on the obligation amounted to \$11,718 during the year.

Year Ending August 31	Interest	Principal	Total Requirement
1995	\$ 9,175	\$ 26,825	\$ 36,000
1996	6,366	29,634	36,000
1997	3,263	32,737	36,000
1998	369	14,631	15,000
	<u>\$19,173</u>	<u>\$103,827</u>	<u>\$123,000</u>

H. INTER-FUND RECEIVABLES AND PAYABLES

Inter-fund 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>
Auxiliary	Restricted	\$141,150
Auxiliary	Agency	4
Unrestricted	Auxiliary Enterprises	141,875
Restricted	Unrestricted	48,727
Restricted	Endowment	4,417
Retirement of Indebtedness	Auxiliary Enterprises	3,456
Agency	Unrestricted	6
		<u>\$339,635</u>

Net due from transactional balances between the above funds amounted to \$96,600 at August 31, 1994. This amount is offset by a corresponding liability on the balance sheet.

I. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Funds received, but not expended during the reporting period, are shown as additions to fund balance. Revenues are recognized as funds are actually expended. For direct federal contract and grant awards, funds expended, but not collected, are reported as federal receivables. Federal pass through awards and non-federal contract and grant awards for which funds are expended, but not collected, are reported as state and local contracts and grants receivable. Contract and grant awards that

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1994

are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

J. PROPERTY TAXES

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

K. LITIGATION

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

A motion for Summary Judgment has been granted to the Plaintiff, which entitles her to approximately two (2) years of federal grant money, involving \$3,000 to \$4,000, but the issue of attorney fees for the Plaintiff's attorney has not been determined. The Plaintiff's attorney has filed a petition for attorney's fees in the sum of \$54,000.

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

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

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

L. CHANGES IN PROPERTY AND EQUIPMENT

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

During the year, equipment having a carrying amount of \$61,904 was disposed of at a public auction. Certain equipment with carrying values less than \$300 were retired. The total amount associated with these retirements was \$605,075. Additionally, as a result of analysis of property and equipment accounts, land and improvements were adjusted by \$7,590 (increase) and equipment was adjusted by \$21,723 (decrease).

Investment in plant transactions for the year ended August 31, 1994, are summarized as follows:



PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
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	Balance 9/01/93	Adjustment/ Additions	Retirement/ Deletions	Balance 8/31/94
Land and Improvements	\$ 418,154	\$ 7,590		\$ 425,744
Buildings and Improvements	8,110,562	92,635		8,203,197
Equipment (Including furniture, fixtures, and vehicles)	2,432,623	199,731	\$688,702	1,943,652
Construction in Progress		78,184		78,184
Library Books	369,201	37,772		406,973
	<u>\$11,330,540</u>	<u>\$415,912</u>	<u>\$688,702</u>	<u>\$11,057,750</u>

M. CONTINGENT LIABILITIES

A former employee has filed charges with the Equal Employment Opportunity Commission alleging discrimination in violation of the Age Discrimination Act of 1967, as amended and retaliation in violation of Title VII of the Civil Rights Act of 1964, as amended. Panola College's position with respect to the allegations is that no violations of the above acts have occurred.

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, 1994, may be impaired. The ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the financial statements.

N. EMPLOYEES' RETIREMENT PLAN

Plan Description:

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

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1994

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

Types of Employees Covered:

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

Benefit Provisions:

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

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

Service Retirement:

1. Normal -           age 65 with 5 years of service  
                  age 60 with 20 years of service  
                  age 55 with 30 years of service
2. Reduced-         age 55 with at least 5 years of service  
                  any age below 55 with 30 years of service

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

FUNDING STATUS AND PROGRESS

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

The actuarially determined contribution requirements for the fiscal year were 6.4% for the employee and 7.31% for the state. In certain instances, the reporting district is required to make all or a portion of the State's 7.31% contribution. The contribution requirement for the fiscal year ended August 31, 1994, for Panola College was \$220,622 which consisted of \$117,633 from the State, and \$102,989 from the employee.

Pension benefit obligation, net assets available, unfunded pension benefit obligation and annual covered payroll for the Teacher Retirement System of Texas as of August 31, 1987 to 1993, were as follows (in millions):

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 AT AND FOR THE YEAR ENDED AUGUST 31, 1994

<u>Fiscal Year</u>	<u>Pension Benefit Obligation</u>	<u>Net Assets Available for Benefits</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>
1987	\$20.1	\$15.5	\$4.6	\$ 8.6
1988	\$21.8	\$17.5	\$4.3	\$ 9.2
1989	\$24.6	\$19.7	\$4.9	\$ 9.8
1990	\$27.1	\$21.8	\$5.3	\$10.4
1991	\$29.8	\$24.0	\$5.8	\$11.2
1992	\$32.0	\$26.1	\$5.9	\$12.0
1993	\$35.7	\$28.9	\$6.7	\$13.4
1994	information will be available March 1, 1995.			

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, 1994, the College had seventeen employees participating in the tax sheltered annuity program. A total of \$61,048 in payroll deductions had been invested in approved plans during the fiscal year.

P. COMPENSATED ABSENCES

On retirement, termination, 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, termination, or retirement; therefore, there is no liability shown in the financial statements.

Q. HEALTH CARE COVERAGE

During the year ended August 31, 1994, employees of Panola College were covered by a health insurance plan (the Plan). The Plan is funded by the State. The State paid premiums of \$196 per month per employee to the Plan and the employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51.2, Texas Insurance Code.

The State's total contribution for the year amounted to \$239,880 and covered an average of 102 employees per month.

R. POST-RETIREMENT HEALTH BENEFITS

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

The College has eight retired employees who formerly worked in auxiliary departments of the College. The College continues to fund these retirees' health insurance coverage. The monthly premium for the fiscal year ending August 31, 1994, was \$196.00 per retiree.

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1994

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The cost to the State of providing those benefits for 32 retirees was \$75,195.

S. SUBSEQUENT EVENTS

Subsequent to August 31, the College received notification from its attorney that a complaint had been filed by a former employee with the Equal Employment Opportunity Commission alleging that the employee had been terminated in violation of the Americans with Disabilities Act (ADA). The College's position in this matter is that no violations of the ADA have occurred.

Additionally, the College received notification from the United States Department of Education that an investigation was being initiated as a result of a complaint by a former employee alleging retaliation against him because of his failure to follow policy regarding the recruitment of minority basketball players.

This allegation is from the same former employee described in footnote M. The College's position in this matter is that the allegations are false.

T. OPERATING LEASES

Included in current expenditures is \$8,409 of rent paid or due under operating leases.

U. RELATED PARTIES

Panola College Development Foundation is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The Foundation accepts donations and acts as coordinator of gifts made by other parties. During the fiscal year no transactions occurred between the Foundation and the College.

V. FUNDS HELD IN TRUST BY OTHERS

The balances or transaction of funds held in trust by others on behalf of Panola College are not reflected in the financial statements. At August 31, 1994, there were five 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, the Reeves Scholarship Fund, the Daniel Scholarship Fund, and the Jacke Daniel Davis Memorial Scholarship Fund are held in trust by First State Bank and Trust of Carthage, Texas. Funds held in trust on these amounted to approximately \$261,752 at the end of the fiscal year.

W. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the College. Settled claims did not exceed this commercial coverage during the current fiscal year.

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 AT AND FOR THE YEAR ENDED AUGUST 31, 1994

X. RECLASSIFICATIONS

Prior year totals reflected for Educational and General Expenditures as presented in Exhibit C have been reclassified to conform to current year allocations of employee benefits by functional category. The schedule shown below reflects the changes in allocation.

<u>Expenditure Category</u>	<u>Prior to Reallocation</u>	<u>As Reclassified</u>
Instruction	\$2,351,259	\$2,600,853
Research	21,533	23,522
Academic Support	636,576	683,851
Student Services	572,384	617,090
Institutional Support	1,175,579	801,520
Operation and Maintenance of Plant	592,821	623,316
Scholarships and Fellowships	<u>871,822</u>	<u>871,822</u>
	<u>\$6,221,974</u>	<u>\$6,221,974</u>

Y. OTHER DISCLOSURES

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

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*SUPPLEMENTARY DATA*

PANOLA COLLEGE  
 SCHEDULE A - 1  
 SCHEDULE OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS  
 August 31, 1994

	CURRENT FUNDS			PLANT FUNDS			TOTAL
	Unrestricted	Auxiliary Enterprises	Restricted	Endowment and Similar Funds	Unexpended	Retirement of Indebtedness	
Cash on Hand	\$ 920	\$ 2,300	\$	\$	\$	\$	\$ 3,220
Petty Cash							
Cash in Transit	920	2,300					3,220
Subtotal							
Cash in Bank							
Demand Account	746,402	147,947	185,209	1,000	59,832	6,156	68,628
Cash Equivalents							
Certificates of Deposit				12,403			12,403
U.S. Treasury Bills							
Subtotal				12,403			12,403
Total Cash and Cash Equivalents (Exhibit A)	747,322	150,247	185,209	13,403	59,832	6,156	68,628
Short-Term Investments							
Certificates of Deposit				26,039		19,000	45,039
Repurchase Agreements	1,000,000			712,549	850,000		2,562,549
Total Short-Term Investments (Exhibit A)	1,000,000			738,588	850,000	19,000	2,607,588
Total Cash, Cash Equivalents and Short-Term Investments	\$ 1,747,322	\$ 150,247	\$ 185,209	\$ 751,991	\$ 909,832	\$ 25,156	\$ 3,839,385

Balance in Depositories as follows:

	Cash In Banks	Cash Equivalents	Short-Term Investments
First State Bank	\$ 1,114,901		\$ 2,581,549
Bank One - Marshall	2,311		
First National Bank	8,878		20,000
Farmers State Bank		12,403	6,039
Shelby County Savings	90,084		
Total Balance in Depositories	\$ 1,216,174	\$ 12,403	\$ 2,607,588



PANOLA COLLEGE  
SCHEDULE C-1  
STATEMENT OF CURRENT FUNDS REVENUES  
For the Year Ended August 31, 1994

	Auxiliary		Total		Total
	Unrestricted	Enterprises	Unrestricted	Restricted	
<b>State Appropriations:</b>					
Education and General State Support	\$ 2,887,939	\$	\$ 2,887,939		\$ 2,887,939
Non-Course-Based Remedial Education	3,136		3,136		3,136
State Group Insurance				239,880	239,880
State Retirement Matching				236,267	236,267
Other	20,128		20,128		20,128
<b>Total State Appropriations</b>	<b>2,911,203</b>		<b>2,911,203</b>	<b>476,167</b>	<b>3,387,370</b>
<b>Tuition and Fees</b>					
Tuition (Net of TPEG \$10,138)	404,413		404,413		404,413
Building Use Fee					
General Fees	288,454		288,454		288,454
Student Service Fee					
Laboratory Fee	46,703		46,703		46,703
<b>Remissions and Exemptions</b>					
Blind, Deaf Students	322		322		322
Concurrent Registration	650		650		650
Good Neighbor					
Highest Ranking High School Graduates	494		494		494
Statutory Waiver of Non-Resident Status	21,880		21,880		21,880
Veteran, Dependents, Etc.	1,045		1,045		1,045
Other (detail as needed)					
<b>Total Tuition and Fees</b>	<b>763,961</b>		<b>763,961</b>		<b>763,961</b>
<b>Taxes for Current Operations</b>	<b>2,393,599</b>		<b>2,393,599</b>		<b>2,393,599</b>
<b>Federal Grants and Contracts</b>					
Research					
Other Programs	12,733		12,733	1,228,262	1,240,995
Recovery of Indirect Costs					
<b>Total Federal Grants and Contracts</b>	<b>12,733</b>		<b>12,733</b>	<b>1,228,262</b>	<b>1,240,995</b>
<b>State Grants and Contracts</b>					
Research					
TPEG					
Other Programs				3,992	3,992
Recovery of Indirect Costs					
<b>Total State Grants and Contracts</b>				<b>3,992</b>	<b>3,992</b>
<b>Local Grants and Contracts</b>					
Research					
Other Programs					
Recovery of Indirect Costs					
<b>Total Local Grants and Contracts</b>					
<b>Private, Gifts, Grants, and Contracts</b>					
Research					
Other Program					
Recovery of Indirect Costs					
Other (detail as needed)					
<b>Total Private Gifts, Grants, and Contracts</b>					
<b>Endowment Income</b>					
<b>Sales &amp; Services of Educational Activities</b>	<b>42,289</b>		<b>42,289</b>		<b>42,289</b>
<b>Sales &amp; Services of Auxiliary Activities</b>		<b>792,176</b>	<b>792,176</b>		<b>792,176</b>
<b>Other Sources</b>					
Gains/Losses on Investments					
Interest Income	53,295	5,432	58,727	12,435	71,162
Other Misc. Income (detail as needed)	33,080		33,080		33,080
<b>Total Other Sources</b>	<b>86,375</b>	<b>5,432</b>	<b>91,807</b>	<b>12,435</b>	<b>104,242</b>
<b>Total Current Funds Revenues (Exh. C)</b>	<b>\$ 6,210,180</b>	<b>\$ 797,608</b>	<b>\$ 7,007,788</b>	<b>\$ 1,720,856</b>	<b>\$ 8,728,624</b>

PANOLA COLLEGE  
 SCHEDULE C-2  
 STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT  
 For the Year Ended August 31, 1994

	<u>SALARIES AND WAGES</u>	<u>OTHER EXPENSES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
<b>Unrestricted – Educational and General</b>				
Instruction	\$ 2,295,289	\$ 217,905	\$ 137,503	\$ 2,650,697
Research	17,324	2,190		19,514
Public Service				
Academic Support	364,603	92,164	87,159	543,926
Student Services	348,029	64,988	2,640	415,657
Institutional Support	408,495	309,376	3,598	721,469
Operation and Maintenance of Plant	315,695	450,512	99,931	866,138
Scholarships and Fellowships		159,160		159,160
<b>Total Unrestricted</b>	<u>3,749,435</u>	<u>1,296,295</u>	<u>330,831</u>	<u>5,376,561</u>
<b>Restricted – Educational and General</b>				
Instruction	290,898			290,898
Research	2,179			2,179
Public Service				
Academic Support	46,257			46,257
Student Services	146,400	83,648		230,048
Institutional Support	51,654			51,654
Operation and Maintenance of Plant	40,359	11,159		51,518
Scholarships and Fellowships		1,048,302		1,048,302
<b>Total Restricted</b>	<u>577,747</u>	<u>1,143,109</u>		<u>1,720,856</u>
<b>Total Educational and General</b>	<u>4,327,182</u>	<u>2,439,404</u>	<u>330,831</u>	<u>7,097,417</u>
<b>Auxiliary Enterprises</b>	<u>150,436</u>	<u>793,786</u>		<u>944,222</u>
<b>Total Current Fund Expenditures</b>	<u>\$ 4,477,618</u>	<u>\$ 3,233,190</u>	<u>\$ 330,831</u>	<u>\$ 8,041,639</u>

PANOLA COLLEGE  
SCHEDULE C-3  
SCHEDULE OF EDUCATIONAL AND GENERAL EXPENDITURES (Excludes Auxiliary Enterprises)  
SUMMARIZED BY ELEMENTS OF INSTITUTIONAL COSTS  
For the Year Ended August 31, 1994

	CURRENT FUNDS		Total
	Unrestricted	Restricted	
<b>Instruction</b>			
<b>Academic Programs</b>			
Faculty Salaries	\$ 1,242,662	\$	\$ 1,242,662
Departmental Operating Expenses	236,025		236,025
Organized Activities Related to Instructional Departments			
<b>Total Academic Programs</b>	<u>1,478,687</u>		<u>1,478,687</u>
<b>Vocational Technical Programs</b>			
Faculty Salaries	885,549		885,549
Departmental Operating Expenses	182,300		182,300
Organized Activities Related to Instructional Departments			
<b>Total Vocational Technical Programs</b>	<u>1,067,849</u>		<u>1,067,849</u>
<b>Total Instruction</b>	<u>2,546,536</u>		<u>2,546,536</u>
<b>Extension and Public Service</b>			
<b>Academic Support</b>			
Library	209,451		209,451
Instructional Administration	190,825		190,825
<b>Total Academic Support</b>	<u>400,276</u>		<u>400,276</u>
<b>Student Services</b>	<u>382,771</u>		<u>382,771</u>
<b>Institutional Support</b>			
General Administration	506,235	185,228	691,463
General Institutional Expense	293,488		293,488
Campus Security	29,445		29,445
<b>Total Institutional Support</b>	<u>829,168</u>	<u>185,228</u>	<u>1,014,396</u>
<b>Operation and Maintenance of Plant</b>			
Plant Support Services	137,858		137,858
Building Maintenance	68,038		68,038
Custodial Services	102,961		102,961
Grounds Maintenance	65,936		65,936
Utilities	211,799		211,799
<b>Total Operation and Maintenance of Plant</b>	<u>586,592</u>		<u>586,592</u>
<b>Staff Benefits</b>			
Group Insurance Premiums	51,699		51,699
O. A. S. I.	250,238		250,238
Worker's Compensation Insurance	69,367		69,367
Other	27,174		27,174
<b>Total Staff Benefits</b>	<u>398,478</u>		<u>398,478</u>
<b>Special Items</b>		1,048,302	1,048,302
Major Repairs and Rehabilitation of Facilities and Buildings	216,327	11,159	227,486
<b>Total Expenditures by Elements of Institutional Costs</b>	<u>\$ 5,360,148</u>	<u>\$ 1,244,689</u>	<u>\$ 6,604,837</u>
	[a]	[a]	
<b>[a] Reconciliation</b>			
<b>Total Expenditures by Function (Exh. C)</b>	<u>\$ 5,376,561</u>	<u>\$ 1,720,856</u>	
Plus: Unexpended Plant Fund Expenditures			
Decrease in Accrued Compensable Absences	7,978		
Less: Group Insurance Premiums		(239,880)	
State Retirement Matching		(236,287)	
Increase in Accrued Compensable Absences			
Remissions and Exemptions	(24,391)		
<b>Total Expenditures by Elements of Institutional Costs</b>	<u>\$ 5,360,148</u>	<u>\$ 1,244,689</u>	

PANOLA COLLEGE  
 SCHEDULE C-4  
 SCHEDULE OF DISTRICT TAXES  
 For the Year Ended August 31, 1994  
 With Comparative Totals at August 31, 1993

	CURRENT YEAR			(Memo Only)
	Current Operations	Debt Service	Total	Prior Year Total
Tax rate authorized per \$100 valuation	\$ <u>0.1623</u>	\$ <u>          </u>	\$ <u>0.1623</u>	\$ <u>0.1754</u>
Tax rate assessed per \$100 valuation	\$ <u>0.1623</u>	\$ <u>          </u>	\$ <u>0.1623</u>	\$ <u>0.1754</u>
Taxes collected				
Current	2,393,870		2,393,870	2,331,122
Delinquent	64,064		64,064	66,624
Penalties and interest	<u>41,116</u>		<u>41,116</u>	<u>34,822</u>
Gross taxes collected	\$ <u>2,499,050</u>	\$ <u>          </u>	\$ <u>2,499,050</u>	\$ <u>2,432,568</u>
Assessed valuation of District	\$ <u>1,517,085,580</u>			

PANOLA COLLEGE  
 SCHEDULE D-1  
 BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS  
 For the Year Ended August 31, 1994

Description	Bonds Issued to Date	Range of Interest Rates	Bonds Outstanding 09/01/93	Bonds Issued After 09/01/93	Bonds Matured or Retired	Bonds Refunded	Bonds Outstanding 08/31/94	Maturities		
								First Year	Last Year	First Call Date
Student Fee Revenue Bond 1970C	\$ 495,000	7.00-7.20 %	\$ 190,000	\$	\$ 20,000	\$	\$ 170,000	1970	2,000	N/A
Total	\$ 495,000		\$ 190,000	\$	\$ 20,000	\$	\$ 170,000			

Summary of Debt Service Requirements to Maturity  
 Year Ending August 31,

Description	All Other Years				Total Requirements
	1995	1996	1997	1998	
Student Fee Revenue Bond 1970C	\$ 20,000	\$ 20,000	\$ 25,000	\$ 25,000	\$ 170,000
Total	\$ 20,000	\$ 20,000	\$ 25,000	\$ 25,000	\$ 170,000

PANOLA COLLEGE  
 SCHEDULE D-2  
 SCHEDULE OF PLEDGED REVENUES AND FUND BALANCES  
 FOR REVENUE BONDS OUTSTANDING  
 For the Year Ended August 31, 1994

PLEDGED REVENUES AND RELATED EXPENDITURES

Description	(a)		(b)		(c)		(d)		(a+b-c-d) Net Available for Debt Service
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	Total Pledged Revenues	Other Revenue Sources	Operating Expense	Capital Outlay		
Student Fee Revenue Bonds 1970	\$	\$	\$	\$	\$	\$	\$	\$	\$
Totals	\$	\$	\$	\$	\$	\$	\$	\$	\$

RESTRICTED ACCOUNT BALANCES

Description	Interest and Sinking Fund		Bond Reserve Fund	
	Debt Service Principal	Debt Service Interest	Minimum Required Balance	Actual Balance
Student Fee Revenue Bonds 1970	\$	\$	\$	\$
Totals	\$	\$	\$	\$

*INDIVIDUAL FUND STATEMENTS*

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**CURRENT FUNDS** - funds available for current operating and maintenance purposes as well as those restricted by donors and other outside agencies for specific operating purposes. Current funds are segregated into specific balanced fund groups follows:

**UNRESTRICTED** - funds received by the College that have no limitation or stipulation placed on them by external agencies or donors. These funds are used for carrying out the primary purpose of the College, i.e. education, extension, and administration.

**AUXILIARY ENTERPRISES** - funds for activities that serve students, faculty, or staff for which charges are directly related to, although not necessarily equal to, the cost of the service. Examples are food services and bookstores.

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

PANOLA COLLEGE  
UNRESTRICTED  
BALANCE SHEET  
AUGUST 31, 1994  
WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1993

ASSETS	<u>1994</u>	<u>(Memo Only)</u> <u>1993</u>
Cash and cash equivalents	\$ 747,322	\$ 1,206,367
Short-term investments	1,000,000	
Accounts receivable	241,877	83,223
Taxes receivable (net of allowance for doubtful accounts)	21,193	21,221
Due from other funds	93,142	213,269
Due from other agencies	18,227	9,551
Accrued interest receivable		1,813
Total Assets	<u>\$ 2,121,761</u>	<u>\$ 1,535,444</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 60,906	\$ 99,002
Accrued liabilities	47,389	
Deposits payable		2,999
Deferred revenues	463,218	254,117
Accrued compensable absences payable	7,507	15,485
Total Liabilities	<u>579,020</u>	<u>371,603</u>
Fund Balance:		
Reserved		
Accounts receivable	241,877	
Unreserved		
Undesignated	<u>1,300,864</u>	<u>1,163,941</u>
Total Fund Balance	<u>1,542,741</u>	<u>1,163,941</u>
Total Liabilities and Fund Balance	<u>\$ 2,121,761</u>	<u>\$ 1,535,544</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 UNRESTRICTED  
 STATEMENT OF CURRENT FUNDS REVENUES,  
 EXPENDITURES AND OTHER CHANGES  
 FOR THE YEAR ENDED AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1993

	1994	(Memo Only) 1993
<b>REVENUES</b>		
State Appropriations	\$ 2,911,203	\$ 2,693,163
Federal grants and contracts	12,733	5,780
Local Funds:		
Tuition and fees (net of TPEG)	763,961	843,543
Taxes	2,393,599	2,393,037
Sales and services	42,289	54,914
Interest income	53,295	51,566
Other local revenues	33,080	38,340
Total Revenues	<u>6,210,160</u>	<u>6,080,343</u>
<b>EXPENDITURES</b>		
Educational and general		
Instruction	2,650,697	2,374,664
Research	19,514	21,779
Academic support	543,926	633,523
Student services	415,657	477,051
Institutional support	721,469	716,488
Operation and maintenance of plant	866,138	596,504
Scholarships and awards	159,160	72,657
Total Expenditures	<u>5,376,561</u>	<u>4,892,666</u>
Excess of Revenues over Expenditures	833,599	1,187,677
<b>TRANSFERS—ADDITIONS / (DEDUCTIONS)</b>		
Mandatory transfers	(99,000)	(190,000)
Non—mandatory transfers	(355,799)	(346,008)
Total Transfers—Additions / (Deductions)	<u>(454,799)</u>	<u>(536,008)</u>
Net Increase in Fund Balance	378,800	651,669
Fund Balance, beginning of year	<u>1,163,941</u>	<u>512,272</u>
Fund Balance, end of year	<u>\$ 1,542,741</u>	<u>\$ 1,163,941</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 AUXILIARY  
 BALANCE SHEET  
 AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1993

	<u>1994</u>	<u>(Memo Only)</u> <u>1993</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 150,247	\$ 286,882
Accounts receivable	205,980	92,863
Inventory, at cost	108,170	142,825
Prepaid expenses	1,000	1,000
Total Assets	<u>\$ 465,397</u>	<u>\$ 523,570</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 58,835	\$ 44,444
Accrued liabilities	3,190	562
Deposits payable	12,975	10,305
Due to other funds	4,177	202,809
Deferred revenues	213,729	101,038
Accrued compensable absences payable		1,106
Total Liabilities	<u>292,906</u>	<u>360,264</u>
<b>Fund Balance:</b>		
<b>Reserved</b>		
Accounts receivable	63,321	
Inventory	108,170	142,825
Prepaid expenses	1,000	
<b>Unreserved</b>		
Undesignated		<u>20,481</u>
Total Fund Balance	<u>172,491</u>	<u>163,306</u>
Total Liabilities and Fund Balance	<u>\$ 465,397</u>	<u>\$ 523,570</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
AUXILIARY  
STATEMENT OF CURRENT FUNDS REVENUES,  
EXPENDITURES AND OTHER CHANGES  
FOR THE YEAR ENDED AUGUST 31, 1994  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1993

	1994	(Memo Only) 1993
<b>REVENUES</b>		
Bookstore	\$ 449,714	\$ 469,086
Food service and vending	217,448	267,729
Student housing	68,724	84,508
Cosmetology	51,529	17,195
Other local revenues	10,193	3,699
Total Revenues	<u>797,608</u>	<u>842,217</u>
 <b>EXPENDITURES</b>		
Bookstore	368,791	399,305
Food service and vending	249,414	249,847
Student housing	17,871	15,111
Athletics	292,755	281,233
Staff benefits	11,146	27,538
Other	4,245	2,086
Total Expenditures	<u>944,222</u>	<u>975,120</u>
 Excess of Revenues over Expenditures	 (146,614)	 (132,903)
 <b>TRANSFERS—ADDITIONS / (DEDUCTIONS)</b>		
Non—mandatory transfers	155,799	151,284
Total Transfers—Additions /(Deductions)	<u>155,799</u>	<u>151,284</u>
 Net Increase in Fund Balance	 9,185	 18,381
 Fund Balance, beginning of year	 <u>163,306</u>	 <u>144,925</u>
 Fund Balance, end of year	 <u>\$ 172,491</u>	 <u>\$ 163,306</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 RESTRICTED  
 BALANCE SHEET  
 AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1993

	<u>1994</u>	(Memo Only) <u>1993</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 185,209	\$ 136,880
Federal receivables	155,736	75,401
<b>Total Assets</b>	<b>\$ <u>340,945</u></b>	<b>\$ <u>212,281</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 5,702	\$ 47,188
Due to other funds	88,006	51,715
Due to other agencies	48,732	98,903
<b>Total Liabilities</b>	<b><u>142,440</u></b>	<b><u>198,806</u></b>
<b>Fund Balance—Restricted</b>	<b><u>198,505</u></b>	<b><u>113,378</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>340,945</u></b>	<b>\$ <u>212,281</u></b>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 RESTRICTED  
 STATEMENT OF CURRENT FUNDS REVENUES,  
 EXPENDITURES AND OTHER CHANGES  
 FOR THE YEAR ENDED AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1993

	<u>1994</u>	<u>(Memo Only)</u> <u>1993</u>
<b>REVENUES</b>		
State appropriations	\$ 476,167	\$ 414,020
Federal grants and contracts	1,228,262	706,883
State grants and contracts	3,992	6,613
Other miscellaneous revenues		1,727
Interest and investment income	12,435	92,132
Total Revenues	<u>1,720,856</u>	<u>1,221,375</u>
<b>EXPENDITURES</b>		
Educational and general		
Instruction	290,898	226,189
Research	2,179	1,743
Academic support	46,257	50,328
Student services	230,048	140,039
Institutional support	51,654	85,032
Operation and maintenance of plant	51,518	26,812
Scholarships and awards	1,048,302	799,165
Total Expenditures	<u>1,720,856</u>	<u>1,329,308</u>
Excess of Revenues over Expenditures		<u>(107,933)</u>
<b>TRANSFERS—ADDITIONS / (DEDUCTIONS)</b>		
Excess of restricted receipts over transfers to revenues	<u>85,127</u>	
Total Transfers—Additions /(Deductions)	<u>85,127</u>	
Net Increase (Decrease) in Fund Balance	85,127	(107,933)
Fund Balance, beginning of year	<u>113,378</u>	<u>221,311</u>
Fund Balance, end of year	<u>\$ 198,505</u>	<u>\$ 113,378</u>

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**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.*

PANOLA COLLEGE  
 ENDOWMENT AND SIMILAR FUNDS  
 BALANCE SHEET  
 AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1993

	<u>1994</u>	<u>(Memo Only)</u> <u>1993</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,403	\$ 39,108
Short-term investments	738,588	675,925
Due from other funds		8,569
Accrued interest receivable		10,907
Total Assets	<u>\$ 751,991</u>	<u>\$ 734,509</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Due to other funds	\$ <u>4,417</u>	\$
Total Liabilities	<u>4,417</u>	
<b>Fund Balance—Restricted for Endowments</b>	<u>747,574</u>	<u>734,509</u>
Total Liabilities and Fund Balance	<u>\$ 751,991</u>	<u>\$ 734,509</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 ENDOWMENT AND SIMILAR FUNDS  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1993

	<u>1994</u>	(Memo Only) <u>1993</u>
<b>REVENUES AND OTHER ADDITIONS</b>		
Private gifts	\$ 13,065	\$ 30,859
Total Revenues	<u>13,065</u>	<u>30,859</u>
 Net Increase in Fund Balance	 13,065	 30,859
 Fund Balance, beginning of year	 <u>734,509</u>	 <u>703,650</u>
 Fund Balance, end of year	 <u><u>\$ 747,574</u></u>	 <u><u>\$ 734,509</u></u>

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*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.*

*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. Depreciation is not recorded.*

PANOLA COLLEGE  
 UNEXPENDED  
 BALANCE SHEET  
 AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1993

	<u>1994</u>	(Memo Only) <u>1993</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 59,832	\$ 275,900
Short-term investments	850,000	400,000
Accounts receivable		25,000
Due from other funds		2,335
Accrued interest receivable		6,455
Total Assets	<u>\$ 909,832</u>	<u>\$ 709,690</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 47,207	\$
Total Liabilities	<u>47,207</u>	
Fund Balance—Restricted for plant improvements	<u>862,625</u>	<u>709,690</u>
Total Liabilities and Fund Balance	<u>\$ 909,832</u>	<u>\$ 709,690</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 UNEXPENDED  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1993

	<u>1994</u>	(Memo Only) <u>1993</u>
<b>REVENUES AND OTHER ADDITIONS</b>		
Private gifts	\$ 6,500	\$ 264,971
Interest income	<u>24,619</u>	<u>18,765</u>
Total Revenues	<u>31,119</u>	<u>283,736</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>		
Expended for plant facilities (Construction in progress)	<u>78,184</u>	
Excess (deficiency) of Revenues and Other Additions over Expenditures and Other Deductions	(47,065)	283,736
<b>TRANSFERS—ADDITIONS/ (DEDUCTIONS)</b>		
Non—mandatory transfers	<u>200,000</u>	<u>200,000</u>
Net Increase in Fund Balance	152,935	483,736
Fund Balance, beginning of year	<u>709,690</u>	<u>225,954</u>
Fund Balance, end of year	<u>\$ 862,625</u>	<u>\$ 709,690</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 RETIREMENT OF INDEBTEDNESS  
 BALANCE SHEET  
 AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1993

	<u>1994</u>	<u>(Memo Only)</u> <u>1993</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,156	\$ 46,247
Short-term investments	19,000	
Due from other funds	3,456	25,341
Prepaid expenses	6,000	6,000
Total Assets	<u>\$ 34,612</u>	<u>\$ 77,588</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Fund Balance--Restricted for Debt Retirement	<u>34,612</u>	<u>77,588</u>
Total Liabilities and Fund Balance	<u>\$ 34,612</u>	<u>\$ 77,588</u>

See Independent Auditor's Report on Additional Information.



PANOLA COLLEGE  
 RETIREMENT OF INDEBTEDNESS  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED AUGUST 31, 1994  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1993

	1994	(Memo Only) 1993
<b>REVENUES AND OTHER ADDITIONS</b>		
Interest income	\$ 192	\$ 1,279
<b>Total Revenues and Other Additions</b>	<u>192</u>	<u>1,279</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>		
Retirement of indebtedness:		
Principal	106,957	105,853
Interest and fees	35,211	49,511
<b>Total Expenditures and Other Deductions</b>	<u>142,168</u>	<u>155,364</u>
<b>Excess (deficiency) of revenues and other additions over expenditures and other deductions</b>	(141,976)	(154,085)
<b>TRANSFERS—ADDITIONS/ (DEDUCTIONS)</b>		
Non—mandatory transfers	<u>99,000</u>	<u>190,000</u>
<b>Net Increase (Decrease) in Fund Balance</b>	(42,976)	35,915
<b>Fund Balance, beginning of year</b>	<u>77,588</u>	<u>41,673</u>
<b>Fund Balance, end of year</b>	<u>\$ 34,612</u>	<u>\$ 77,588</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
INVESTMENT IN PLANT  
BALANCE SHEET  
AUGUST 31, 1994  
WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1993

	<u>1994</u>	(Memo Only) <u>1993</u>
<b>ASSETS</b>		
Land	\$ 425,744	\$ 418,154
Buildings	8,203,197	8,110,562
Equipment, fixtures and vehicles	1,943,652	2,432,623
Library books	406,973	369,201
Construction in progress	78,184	
Total Assets	<u>\$ 11,057,750</u>	<u>\$ 11,330,540</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Bonds payable	170,000	190,000
Note payable	69,233	131,908
Lease purchase agreement payable	103,827	128,109
Total Liabilities	<u>343,060</u>	<u>450,017</u>
 Fund Balance—Net investment in plant	 <u>10,714,690</u>	 <u>10,880,523</u>
Total Liabilities and Fund Balance	<u>\$ 11,057,750</u>	<u>\$ 11,330,540</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
INVESTMENT IN PLANT  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED AUGUST 31, 1994  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1993

	1994	(Memo Only) 1993
<b>REVENUES AND OTHER ADDITIONS</b>		
Retirement of indebtedness	\$ 106,957	\$ 169,866
Expended for plant facilities	408,322	440,124
Total Revenues and Other Additions	<u>515,279</u>	<u>609,990</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>		
Capital lease obligation		180,000
Disposal of equipment and fixtures	61,904	108,558
Retirement of equipment and fixtures	619,208	
Total Expenditures and Other Deductions	<u>681,112</u>	<u>288,558</u>
Net Increase (Decrease) in Fund Balance	(165,833)	321,432
Fund Balance, beginning of year	<u>10,880,523</u>	<u>10,559,091</u>
Fund Balance, end of year	<u>\$ 10,714,690</u>	<u>\$ 10,880,523</u>

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*AGENCY FUNDS - The College acts in a custodial capacity for individuals, firms, and student organizations. In its custodial capacity, agency funds have been created.*

PANOLA COLLEGE  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES  
 AUGUST 31, 1994

	<u>BALANCE</u> <u>09-01-93</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>09-01-94</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 54,224	\$ 49,908	\$ 34,504	\$ 69,628
Due from other funds	5,759	52,545	58,302	2
Total Assets	<u>\$ 59,983</u>	<u>\$ 102,453</u>	<u>\$ 92,806</u>	<u>\$ 69,630</u>
<b>LIABILITIES</b>				
Liabilities:				
Deposits payable	\$ 33,712	\$ 52,379	\$ 49,646	\$ 36,445
Funds held in trust	26,271	50,074	43,160	33,185
Total Liabilities	<u>\$ 59,983</u>	<u>\$ 102,453</u>	<u>\$ 92,806</u>	<u>\$ 69,630</u>

See Independent Auditor's Report on Additional Information.



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***STATISTICAL***

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***SECTION (UNAUDITED)***


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PANOLA COLLEGE  
 EXPENDITURES BY FUNCTION (1)  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>
1984-85	\$ 1,756,337	\$	\$ 25,045	\$ 110,960	\$ 180,817
1985-86	1,853,571		15,929	99,585	209,737
1986-87	1,681,603		18,659	98,794	190,856
1987-88	1,869,838		57,406	108,000	270,545
1988-89	2,117,310		58,051	91,645	289,590
1989-90	2,277,030		102,365	111,586	348,672
1990-91	2,210,633			310,931	349,859
1991-92	2,151,782			305,032	374,144
1992-93	2,374,664	21,779		633,523	477,051
1993-94	2,650,697	19,514		543,926	415,657

- (1) Includes Current Unrestricted Fund, Auxiliary Enterprises Fund, and Retirement of Indebtedness Plant Fund.
- (2) Scholarships for fiscal years 1985 through 1992 were reflected in Restricted Funds.
- (3) Includes bonded debt, notes payable and capital lease obligations.



Table 1

<u>Institutional Support</u>	<u>Operation &amp; Maintenance of Plant</u>	<u>Scholarships and Fellowships (2)</u>	<u>Auxiliary Enterprises</u>	<u>Debt Service (3)</u>	<u>Totals</u>
\$ 720,183	\$ 516,673	\$	\$ 534,319	\$ 62,500	\$ 3,906,834
725,813	601,132		495,844	60,717	4,062,328
820,442	533,979		402,838	60,152	3,807,323
809,385	522,058		612,239	62,574	4,312,045
683,660	600,921		669,645	64,553	4,575,375
1,028,626	666,815		675,812	62,088	5,272,994
1,158,652	875,438		751,670	185,839	5,843,022
1,366,765	756,919		822,954	174,100	5,951,696
716,488	596,504	72,657	975,120	155,364	6,023,150
721,469	866,138	159,160	944,222	142,168	6,462,951

PANOLA COLLEGE  
 REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS (1)  
 (UNAUDITED)

<u>Fiscal Year</u>	<u>State Appropriations</u>	<u>Tuition &amp; Fees</u>	<u>Taxes for Current Operations</u>	<u>Federal Grants &amp; Contracts</u>	<u>Interest</u>
1984-85	\$ 2,343,212	\$ 231,654	\$ 1,256,711	\$ 13,737	\$ 50,903
1985-86	2,650,977	237,231	1,228,440		42,268
1986-87	2,295,493	293,230	1,040,327	27,676	42,441
1987-88	2,350,951	284,581	1,061,175	47,346	5,493
1988-89	2,362,308	399,407	1,039,763	27,686	25,915
1989-90	2,929,593	390,428	1,043,988	78,084	30,309
1990-91	2,901,114	547,250	1,703,052	1,355	27,324
1991-92	2,941,877	534,625	2,255,472		33,074
1992-93	2,893,672	843,543	2,393,037	5,780	52,632
1993-94	2,911,203	763,961	2,393,599	12,733	58,727

Notes:

- (1) Includes Unrestricted Current Funds, Auxiliary Enterprises Fund & Retirement of Indebtedness Plant Fund.

Table 2

<u>Miscellaneous</u>	<u>Auxiliary Enterprises</u>	<u>Debt Service</u>	<u>Totals</u>
\$ 63,483	\$ 373,359	\$ 145,685	\$ 4,478,744
77,833	336,598	121,389	4,694,736
104,751	397,935	103,458	4,305,311
103,856	391,627	101,402	4,346,431
36,747	543,770	111,799	4,547,395
101,858	426,451	96,999	5,097,710
67,159	500,646	47,868	5,795,768
68,827	785,990	57,738	6,677,603
93,254	841,151	1,279	7,124,348
75,369	792,176	192	7,007,960

PANOLA COLLEGE  
PROPERTY TAX LEVIES & COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Fiscal year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
1984-85	\$ 1,237,903	\$ 1,220,645	\$ 98.61%	\$ 29,740	\$ 1,250,385
1985-86	1,297,675	1,237,248	95.34%	16,378	1,253,626
1986-87	1,282,191	1,029,278	80.27%	25,187	1,054,465
1987-88	1,062,624	1,022,099	96.19%	22,931	1,045,030
1988-89	1,100,953	1,058,607	96.15%	34,819	1,093,426
1989-90	1,111,471	1,097,560	98.75%	15,207	1,112,767
1990-91	1,763,525	1,662,044	94.25%	29,482	1,691,526
1991-92	2,382,093	2,188,551	91.88%	49,285	2,237,836
1992-93	2,451,113	2,331,122	95.10%	66,624	2,397,746
1993-94	2,463,580	2,393,870	97.17%	64,064	2,457,934

Table 3

<u>% of Total Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>% of Delinquent Taxes to Levy</u>
\$ 101.01%	\$ 222,809	\$ 18.00%
96.61%	193,950	14.95%
82.24%	214,160	16.70%
98.34%	214,374	20.17%
99.32%	178,467	16.21%
100.12%	203,030	18.27%
95.92%	238,029	13.50%
93.94%	219,743	9.22%
97.82%	212,214	8.66%
99.77%	211,927	8.60%

PANOLA COLLEGE  
 ASSESSED & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN TAX ROLL YEARS  
 AND CURRENT TAX ROLL YEAR  
 (UNAUDITED)

<u>Tax Roll Year</u>	<u>Real Property</u>		<u>Personal Property</u>	
	<u>Taxable Value</u>	<u>Estimated Value</u>	<u>Taxable Value</u>	<u>Estimated Value</u>
1984	\$ 1,710,402,116	\$ 1,710,402,116	\$ 46,820,480	\$ 46,820,480
1985	1,933,197,976	1,933,197,976	48,551,030	48,551,030
1986	1,586,560,836	1,586,560,836	58,066,650	58,066,650
1987	1,286,470,558	1,286,470,558	45,405,020	45,405,020
1988	1,268,117,899	1,268,117,899	47,019,670	47,019,670
1989	1,288,624,017	1,288,624,017	44,488,689	44,488,689
1990	1,450,988,311	1,450,988,311	60,189,330	60,189,330
1991	1,521,935,629	1,521,935,629	63,206,930	63,206,930
1992	1,336,841,815	1,336,841,815	66,709,990	66,709,990
1993	1,444,886,739	1,444,886,739	74,087,920	74,087,920
1994	1,795,307,718	1,795,307,718	116,651,531	116,651,531

Table 4

	<u>Total</u>		
	<u>Taxable</u>	<u>Estimated</u>	<u>Ratio of</u>
	<u>Value</u>	<u>Value</u>	<u>Total Actual/</u>
			<u>Total Estimated</u>
\$	1,757,222,596	\$ 1,757,222,596	100%
	1,981,749,006	1,981,749,006	100%
	1,644,627,486	1,644,627,486	100%
	1,331,875,578	1,331,875,578	100%
	1,315,137,569	1,315,137,569	100%
	1,333,112,706	1,333,112,706	100%
	1,511,177,641	1,511,177,641	100%
	1,585,142,559	1,585,142,559	100%
	1,403,551,805	1,403,551,805	100%
	1,518,974,659	1,518,974,659	100%
	1,911,959,249	1,911,959,249	100%

PANOLA COLLEGE  
PROPERTY TAX RATES – DIRECT & OVERLAPPING  
(PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	College		Total	County
	Current Operations	Debt Service		
1984–85	0.07130	0.00270	0.07400	0.2370
1985–86	0.06300	0.00200	0.06500	0.2320
1986–87	0.06300	0.00200	0.06500	0.3040
1987–88	0.07800	0.00200	0.08000	0.3180
1988–89	0.08142	0.00250	0.08392	0.3540
1989–90	0.08142	0.00216	0.08358	0.3540
1990–91	0.11483	0.00227	0.11710	0.3649
1991–92	0.14827	0.00206	0.15033	0.3691
1992–93	0.17543		0.17543	0.4300
1993–94	0.16228		0.16228	0.4239

Notes:

- (1) The County Education District was created by the State Legislature in 1991 and subsequently dissolved by the State Supreme Court in 1993 as unconstitutional.



Table 5

<u>Cities (Average)</u>	<u>Independent School Districts (Average)</u>	<u>(1) CED (Average)</u>	<u>Total</u>
0.45890	0.65850		1.428400
0.48140	0.65290		1.431300
0.50600	0.69990		1.574900
0.52060	0.78720		1.705800
0.52350	0.84100		1.802420
0.51910	0.92230		1.878980
0.52210	1.00820		2.012300
0.54010	0.43930	0.77550	2.274330
0.51890	0.37400	0.96400	2.462330
0.51880	1.30150		2.406480

PANOLA COLLEGE  
 RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Fiscal Year	Population	Assessed Value(2) (Billions)	Gross Bonded Debt	Available Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1984-85	23,890	\$1,981,749	\$470,000	\$477,833			
1985-86	23,820	1,644,627	440,000	538,505			
1986-87	23,760	1,331,876	410,000	410,000			
1987-88	24,574	1,315,138	375,000	104,671	\$270,329	20.56%	\$11.00
1988-89	23,500	1,333,113	335,000	62,917	272,083	20.41%	11.58
1989-90	23,700	1,511,178	295,000	73,828	221,172	14.64%	9.33
1990-91	22,035	1,585,142	250,000	27,606	222,394	14.03%	10.09
1991-92	22,100	1,403,552	205,000	41,673	163,327	11.64%	7.39
1992-93	22,300	1,518,975	190,000	77,588	112,412	7.40%	5.04
1993-94	22,430	1,911,959	170,000	34,512	135,488	7.09%	6.04

(1) 1983 through 1986 and 1988 and 1990 population based on Sales & Marketing Management Survey of buying power. 1987 population based on Texas Department of Health projections. 1989 and 1992 through 1994 population is based on estimates.

(2) Panola County Appraisal District.

PANOLA COLLEGE  
COMPUTATION OF LEGAL DEBT MARGIN  
AUGUST 31, 1994  
(UNAUDITED)

The amount of bonded debt is limited by statute to the extent that the aggregate annual bond taxes in the District shall never exceed \$0.50 per \$100 valuation of taxable property in the District.

For the fiscal year ended August 31, 1994, the College had no general obligation debt; therefore, no tax rate was established for the purpose of debt service.

PANOLA COLLEGE  
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT (1)  
 AUGUST 31, 1994  
 (UNAUDITED)

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percent Applicable to College</u>	<u>Amount Applicable to College</u>
Direct:			
Panola College	\$170,000	100.00%	\$170,000
Overlapping:			
Panola County	2,400,000	100.00%	2,400,000
City of Carthage	3,784,115	100.00%	3,784,115
City of Beckville	50,000	100.00%	50,000
Carthage ISD	2,300,000	100.00%	2,300,000
Gary ISD		100.00%	
Beckville ISD	525,000	100.00%	525,000
Elysian Fields ISD	3,200,000	53.75%	1,720,000
Tatum ISD		32.50%	
Tenaha ISD	208,311	1.86%	3,875
Joaquin ISD		5.05%	
Total Direct and Overlapping Debt			<u>\$10,952,990</u>

(1) Texas Municipal Reports, dated October 13, 1994;  
 published by Municipal Advisory Council of Texas.

PANOLA COLLEGE  
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL  
 BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1984-85	\$30,000	\$32,278	\$62,278	\$3,906,834	1.59%
1985-86	30,000	30,717	60,717	4,062,328	1.49%
1986-87	30,000	28,628	58,628	3,807,323	1.54%
1987-88	35,000	26,634	61,634	4,312,045	1.43%
1988-89	40,000	24,553	64,553	4,575,375	1.41%
1989-90	40,000	22,088	62,088	5,279,368	1.18%
1990-91	45,000	19,090	64,090	5,843,022	1.10%
1991-92	45,000	16,221	61,221	5,951,696	1.03%
1992-93	15,000	14,234	29,234	6,379,023	0.46%
1993-94	20,000	12,965	32,965	6,462,951	0.51%

PANOLA COLLEGE  
 PRINCIPAL TAXPAYERS  
 AUGUST 31, 1994  
 (UNAUDITED)

<u>Taxpayer (1)</u>	<u>Type of Business</u>	<u>1993 Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Union Pacific Resources	Petroleum	\$255,013,470	18.25%
Pennzoil Company	Petroleum	120,099,380	8.60%
Texaco Producing, Inc.	Petroleum	110,234,190	7.89%
Texas Utilities Mining Co.	Utilities	90,656,610	6.49%
Exxon Corporation	Petroleum	45,472,460	3.25%
Seagull Mid-South	Petroleum	40,376,390	2.89%
Amoco Production Co.	Petroleum	33,355,620	2.39%
ARCO	Petroleum	32,972,270	2.36%
R. Lacy, Inc.	Petroleum	29,373,210	2.10%
Sonat Exploration	Petroleum	21,413,080	1.53%
Totals (55.75% of Actual Value of \$1,397,202,821)		<u>\$778,966,680</u>	<u>55.75%</u>

(1) Panola County Appraisal District

PANOLA COLLEGE  
 DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Popula- tion (1)</u>	<u>Median Age (2)</u>	<u>Per Capita Effective Buying Income</u>	<u>Median Household Effective Buying Income (2)</u>	<u>Unemploy- ment Rate (3)</u>	<u>National Unemploy- ment Rate (3)</u>
1984-85	23,890	34.2	\$10,982	\$20,732	5.5%	7.30%
1985-86	23,820	34.6	12,114	21,023	5.8%	6.90%
1986-87	23,760	34.9	13,105	20,939	7.2%	6.70%
1987-88	24,574	34.9	13,600	20,855	6.8%	5.80%
1988-89	23,500	35.3	14,200	21,152	5.6%	5.40%
1989-90	23,700	35.6	14,791	21,152	5.1%	5.10%
1990-91	22,035	35.9	14,841	21,952	4.2%	5.40%
1991-92	22,100	34.8	14,902	22,838	5.7%	6.50%
1992-93	22,300	35.1	14,999	21,746	7.5%	7.30%
1993-94	22,430	35.4	15,449	21,746	7.0%	6.50%

(1) Federal Bureau of Census, Sales and Marketing Survey of Buying Power.  
 1987 population based on Texas Department of Health projections.  
 1989 through 1994 estimated.

(2) Federal Bureau of Census, East Texas Council of Governments, Regional  
 Regional Economic Information System Bureau of Economic Analysis and  
 Estimates.

(3) Texas Employment Commission.

PANOLA COLLEGE  
 DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

## Head Count:

<u>Fiscal Year</u>	<u>Carthage</u>	<u>Marshall</u>	<u>Center</u>	<u>Total</u>
1984-85	1,029	338	95	1,462
1985-86	974	261	115	1,350
1986-87	1,091	252	144	1,487
1987-88	1,054	303	171	1,528
1988-89	1,037	282	135	1,454
1989-90	1,115	261	160	1,536
1990-91	1,084	282	202	1,568
1991-92	1,099	286	208	1,593
1992-93	1,138	324	135	1,597
1993-94	1,125	310	149	1,584

## Full-Time Equivalents (FTEs):

<u>Fiscal Year</u>	<u>Carthage</u>	<u>Marshall</u>	<u>Center</u>	<u>Total</u>
1984-85	787	257	72	1,116
1985-86	751	201	89	1,041
1986-87	844	197	111	1,152
1987-88	875	251	141	1,267
1988-89	797	217	104	1,118
1989-90	971	227	139	1,337
1990-91	882	231	165	1,278
1991-92	901	234	170	1,305
1992-93	959	269	112	1,340
1993-94	1,023	259	124	1,406



PANOLA COLLEGE  
 STUDENT ENROLLMENT DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Fiscal Year	Attendance		Gender		Residency		
	Full Time	Part Time	Male	Female	Resident	Out of County	Out of State
1984-85	52%	48%	36%	64%	38%	56%	6%
1985-86	53%	47%	35%	65%	38%	56%	6%
1986-87	54%	46%	36%	64%	40%	52%	8%
1987-88	54%	46%	35%	65%	37%	56%	7%
1988-89	58%	42%	36%	64%	36%	56%	8%
1989-90	57%	43%	34%	66%	35%	57%	8%
1990-91	52%	48%	34%	66%	37%	55%	8%
1991-92	52%	48%	33%	67%	38%	57%	5%
1992-93	54%	46%	34%	66%	35%	60%	5%
1993-94	54%	46%	34%	66%	33%	61%	6%

Fiscal Year	Average Age of Student	Ethnic Background				
		Asian	Black	Hispanic	White	Other
1984-85	25.5		17%	1%	82%	
1985-86	25.1		15%	1%	84%	
1986-87	26.2		15%	1%	84%	
1987-88	25.4		14%	1%	85%	
1988-89	25.2		13%	1%	85%	1%
1989-90	25.9		13%	1%	85%	1%
1990-91	26.0		14%	1%	84%	1%
1991-92	27.0		17%	1%	81%	1%
1992-93	25.5		14%	1%	84%	1%
1993-94	25.8	1%	14%	1%	83%	1%

Table 14

PANOLA COLLEGE  
 TUITION AND FEE STATISTICS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Cost for Full Time Resident Student (12 Credit Hours) Per Semester:

<u>Fiscal Year</u>	<u>Tuition</u>	<u>General Fees</u>	<u>Total Cost</u>	<u>Percentage of Increase</u>
1984--85	\$64	\$25	\$89	
1985--86	64	25	89	
1986--87	64	25	89	
1987--88	64	25	89	
1988--89	64	25	89	
1989--90	64	25	89	
1990--91	64	25	89	
1991--92	72	30	102	14.6%
1992--93	120	48	168	64.7%
1993--94	120	48	168	

In addition to the above, the following fees are required, as applicable:

Regular Laboratory Fees	\$15
Special Laboratory Fees:	
Photography, Welding, Cosmetology, and Forestry	\$24--\$48
Private Music Lessons	\$20--\$36

Table 15

PANOLA COLLEGE  
 FACULTY STATISTICS  
 AUGUST 31, 1994  
 (UNAUDITED)

<u>Years of Experience</u>	<u>Number of Full Time Faculty</u>	<u>Percentage of Total</u>
0-5 years	11	20.75%
6-10 years	11	20.75%
11-15 years	14	26.42%
16-20 years	8	15.09%
More than 21 years	9	16.98%
	<u>53</u>	<u>100.00%</u>

	<u>Number of Full Time Faculty</u>	<u>Percentage of Total</u>
Less than Bachelor's	2	3.77%
Bachelor's	8	15.09%
Master's	40	75.47%
Doctorate	3	5.66%
	<u>53</u>	<u>100.00%</u>

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***SINGLE AUDIT***

***SECTION***

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## Independent Auditor's Report

### REPORT ON SUPPLEMENTARY INFORMATION: SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

#### Members of the Board:

We have audited the financial statements of Panola College for the year ended August 31, 1994, and have issued our report thereon dated September 29, 1994. These financial statements are the responsibility of Panola College's administration. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Our audit was made for the purpose of forming an opinion on the basic 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 basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Alexander, Lankford & Hiers, Inc.*

Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants

September 29, 1994

PANOLA COLLEGE  
 SCHEDULE D-3  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 For the Year Ended August 31, 1994

Federal Grantor/Pass Through Grantor/ Program Title	PROJECT NUMBER	Federal CFDA Number	PROGRAM OR AWARD AMOUNT	ACCRUED or (DEFERRED) REVENUE AT 09/01/93	GRANT PROCEEDS RECEIVED	DISBURSEMENTS/ EXPENDITURES	ACCRUED or (DEFERRED) REVENUE AT 09/31/94
U.S. Department of Education							
Direct Programs:							
SEOG	EP007A14092	84.007	\$19,466 \$	(171) \$	\$	\$	(171)
SEOG	EP007A24092	84.007	22,938	(2,369)		2,369	
SEOG	EP007A34092	84.007	21,318		23,700	23,700	
College Workstudy	EP033A24092	84.033	43,039	5,095	5,095		
College Workstudy	EP033A34092	84.033	43,534		33,462	31,275	(2,187)
College Workstudy	EP033A44092	84.033	31,584		848	848	
Pell Grant	EP063P16491	84.063 *	388,299	(48,556)			(48,556)
Pell Grant	EP063P26491	84.063 *	521,163	2,185	7,110		(4,925)
Pell Grant	EP063P36491	84.063 *	1,094,883	23,550	949,319	937,512	11,743
Pell Grant	EP063P46491	84.063 *	555,990		49,700	49,700	
Total Direct Programs				(20,266)	1,069,234	1,045,404	(44,096)
Pass-Through From:							
Texas Higher Education Coordinating Board							
Carl Perkins Voc. Ed.	33420236	84.048	108,000	32,329	32,329		
Carl Perkins Voc. Ed.	44420236	84.048	100,000	11,628	25,000	88,372	75,000
Carl Perkins Voc. Ed.	55420236	84.048	105,000			15,224	15,224
Carl Perkins Voc. Ed.	44150016	84.048	75,000		18,750	70,721	51,971
Carl Perkins Voc. Ed.	55150022	84.048	75,000			8,910	8,910
Carl Perkins Voc. Ed.	44140044	84.048	2,000		2,000		
Total Pass-Through Programs				43,957	78,079	185,227	151,105
Total Federal Financial Assistance			\$	23,691 \$	1,147,313 \$	1,230,631 \$	107,009
Federal Revenues Per Exhibit C							
Add: Refund to Department of Education							
Federal Expenditures Per Federal Schedule							
						\$1,228,262	
						2,369	
						\$1,230,631	

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

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### Independent Auditor's Report

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

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

#### Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1994, and have issued our report thereon dated September 29, 1994. We have also audited Panola College's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated September 29, 1994.

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

In planning and performing our audits for the year ended August 31, 1994, we considered the College's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the College's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated September 29, 1994.

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



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

General Requirements

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

Specific Requirements

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

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

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

During the year ended August 31, 1994, Panola College expended 80 percent of its total federal financial assistance under major federal financial assistance programs.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

Board of Trustees  
Panola College  
Page 3

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Panola College in a separate letter dated September 29, 1994.

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

*Alexander, Lankford & Hiers, Inc.*

Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants

September 29, 1994

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## Independent Auditor's Report

### REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

#### Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1994, and have issued our report thereon dated September 29, 1994.

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

In planning and performing our audit of the financial statements of Panola College for the year ended August 31, 1994, 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:

#### Financial Statement Captions

Cash and cash equivalents  
Investments  
Receivables  
Other assets  
Inventories  
Property and equipment  
Payables and accrued liabilities

Financial Statement Captions - Continued

Deferred revenues  
Debt  
Fund balances

Controls Used in Administering Compliance  
With Laws and Regulations

General controls  
Specific controls

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Panola College in a separate letter dated September 29, 1994.

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

*Alexander, Lankford & Hiers, Inc.*

Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants

September 29, 1994

Wilbur E. Alexander, CPA  
Ted A. Lankford, CPA  
Glenda J. Hiers, CPA  
Melvin R. Todd, CPA  
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## Independent Auditor's Report

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

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

#### Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1994, and have issued our report thereon dated September 29, 1994.

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

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

The results of our tests indicate that, with respect to the items tested, Panola College complied, in all material respects, with the provisions referred to 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 provisions.

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

*Alexander, Lankford & Hiers, Inc.*

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Certified Public Accountants

September 29, 1994

PANOLA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 1994

<u>PROGRAMS</u>	<u>FINDINGS/NONCOMPLIANCE</u>	<u>QUESTIONED COSTS</u>
	None	None

Comment on status of prior findings:

Prior findings relating to federal financial reporting, claims for reimbursement, and cash management were corrected as of August 31, 1994.

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## Independent Auditor's Report

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

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

#### Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1994, and have issued our report thereon dated September 29, 1994.

We have applied procedures to test Panola College's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended August 31, 1994: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act, and administrative requirements.

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

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Panola College had not complied, in all material respects, with those requirements.

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

*Alexander, Lankford & Hiers, Inc.*

Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants

September 29, 1994

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## Independent Auditor's Report

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

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

#### Members of the Board:

We have audited the financial statements of Panola College as of and for the year ended August 31, 1994, and have issued our report thereon dated September 29, 1994.

We have also audited Panola College's compliance with the specific requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended August 31, 1994. 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 (OMB) Circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENTS. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Panola College's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Panola College complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program for the year ended August 31, 1994.

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

*Alexander, Lankford & Hiers, Inc.*

Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants

September 29, 1994



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## Independent Auditor's 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, 1994, and have issued our report thereon dated September 29, 1994.

In connection with our audit of the financial statements of Panola College, and with our consideration of Panola College's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended August 31, 1994.

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

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.

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

*Alexander, Lankford & Hiers, Inc.*

Alexander, Lankford & Hiers, Inc.  
Certified Public Accountants

September 29, 1994

