

***PANOLA COLLEGE***

***COMPREHENSIVE***

***ANNUAL FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED***

***AUGUST 31, 1999***

***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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# PANOLA COLLEGE

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1109 West Panola • Carthage, Texas 75633 • (903) 693-2000 • Fax (903) 693-5588

October 25, 1999

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, 1999, 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 independent 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 as amended in 1996 and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditure of federal awards and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in 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.

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

Panola College's campus is located in Carthage, Panola County, Texas. Classes are offered at alternate sites in Shelby County, Harrison County, and Marion 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. Gas prices declined dramatically in the fall of 1998. The College assessed tax base was down over ten percent from last year. The price of gas rebounded in the spring and gas well drilling has picked up. Continued lignite mining activities along with new natural gas wells contribute greatly to the area's wealth. Timber, poultry, and cattle production also continue to contribute to the local economy. All of these activities have a positive impact on employment and the county tax base.

#### MAJOR INITIATIVES

During the last year, efforts were continued in expanding the College's capabilities to meet the educational needs of prospective students within the service area. Our Associate Degree Nursing, Health Information Systems, and Licensed Vocational Nursing programs were re-accredited by the State this year.

A new Distance Learning department was established this year. Equipment purchased through a \$300,000 Rural Utilities Service Distance Learning grant received in the 97/98 fiscal year was used to start delivering live video courses to area high schools. Faculty involved in distance learning have undergone additional training in the delivery and development of these courses.

Panola College is accredited by the Southern Association of Colleges and Schools. Every ten years the College undergoes a self-study for our re-accreditation. There has been an enormous amount of time and effort expended in the departmental reviews and the review of our institutional effectiveness. The entire faculty, administration, and staff of the College have taken part in the preparation for the self-study. The Southern Association of Colleges and Schools will send a visiting team in February, 2000 to review the self-study.

The Library used a \$161,957 Telecommunications Infrastructure Fund grant to improve their automation system and to provide additional computer workstations.

The Panola College Development Foundation has been reactivated and a new Board put into place. The foundation was established several years ago to strengthen the financial base of the college, but had become inactive in recent years. The sole purpose of the Foundation is to support the mission of the College.

The College has continued its summer recruitment efforts. These efforts are in addition to the normal recruitment activities. The summer recruitment drives continue to make a positive influence on the enrollment.

#### FINANCIAL INFORMATION

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

#### 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, 1999, 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 appropriated as part of the next year's budget.

As demonstrated by the statements and schedules included in the financial

section of this report, the College continues to meet its responsibility for sound financial management.

COLLEGE FUNCTIONS

The following schedule presents a summary of unrestricted current fund and auxiliary enterprises fund revenues for the fiscal year ended August 31, 1999, 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 1997</u>	<u>Percent of Increase (Decrease)</u>
State Appropriations	\$ 3,488,315	36.7%	\$134,785	4.0%
Tuition and Fees	1,688,829	17.7%	147,667	9.6%
Taxes for Current Operations	2,667,618	28.0%	(15,818)	-0.6%
Sales and Services	301,020	3.2%	2,634	0.9%
Interest	140,989	1.5%	(201)	-0.1%
Auxiliary Enterprises	1,146,846	12.1%	119,340	11.6%
Other Revenues	<u>82,570</u>	<u>0.9%</u>	<u>(195,953)</u>	<u>-70.4%</u>
	<u>\$ 9,516,187</u>	<u>100.0%</u>	<u>\$ 192,454</u>	<u>2.1%</u>

Revenues totaled \$9,516,187, an increase of 2.1% from the previous fiscal year. The revenue fluctuations shown above are reasonable except for those areas described below. Significant fluctuations are described below.

State revenues reflect an increase of 4.0% due the fiscal year 98/99 being the second year in a two year funding cycle. The appropriation formula includes an increase of 4% in the second year of a funding cycle.

An increase in the general fee of \$2 per semester hour and an increase of \$4 per semester hour on the out of district fee was implemented in the fall 1998 semester. This accounted for the Tuition and Fees revenue increase.

Revenues from auxiliary sources increased due to several factors. The student housing fee was increased from \$250 to \$500 per semester to cover the cost of operation of the dormitories. There were continued efforts to maximize profits in the bookstore, in-house vehicle use charges were recognized in the bookstore, and book sales increased.

Other revenues reflect a decrease for two reasons which include the gift of twenty-five acres of land donated from Union Pacific Resources and the proceeds from the Bank One Lease agreement in the 97/98 fiscal year.

The following schedule presents a summary of unrestricted current fund and auxiliary enterprises fund expenditures for the fiscal year ended August 31, 1999 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 1998</u>	<u>Percent of Increase (Decrease)</u>
Instruction	\$ 3,674,774	42.2%	(\$30,986)	-0.8%
Academic Support	1,086,686	12.5%	133,958	14.1%
Public Service	82,898	1.0%	(26,318)	-24.1%
Student Services	518,390	5.9%	24,213	4.9%
Institutional Support	1,177,138	13.5%	(13,900)	-1.2%
Operation and Maintenance of Plant	892,774	10.2	(201,191)	-18.4%
Scholarships and Awards	123,569	1.4	24,579	24.8%
Auxiliary Enterprises	<u>1,159,960</u>	<u>13.3%</u>	<u>1,183</u>	<u>.0%</u>
	<u>\$ 8,716,189</u>	<u>100.0%</u>	<u>(\$88,462)</u>	<u>-1.0%</u>

Expenditures totaled \$8,716,189, an decrease of 1.0% 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. Those areas with significant fluctuations are described in the following narrative.

Academic support increased due to increased costs in the distance learning and computer services area associated with continued expansion of distance learning.

The public service area includes the Small Business Development Center, the Wellness Center, and the NEXT Peer performance group. This was the first full year of the Next Peer performance group which resulted in increased costs this year. This group performed primarily in the public schools promoting drug awareness.

Student Services operated much of the 97/98 fiscal year being short a guidance counselor. That position was filled this year and accounts for the 4.9% increase in expenditures in Student Services.

Operation and maintenance of plant area expenditures decreased 18.4% primarily due to major expenses in the 97/98 fiscal year that included renovations made to the Merle Glass Dormitory, installation of a new telephone system, and the purchase of an additional vehicle.

The increase in scholarship expense can be traced to the increase in general, out-of-district, and student housing fees.

#### AUXILIARY ENTERPRISES

The Auxiliary Enterprises Fund accounts for activities that are essentially self-supporting or 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 \$1,034,756 at August 31, 1999. The interest income from the endowment investments was used to provide scholarships.

#### FUND BALANCE - UNRESTRICTED FUNDS

The fund balance of the unrestricted current fund increased by \$27,605 or one percent in the year ended August 31, 1999. This remaining fund balance is equivalent to approximately three months of expenditures.

#### FUND BALANCE - UNEXPENDED PLANT FUND

The fund balance of the unexpended plant fund increased \$404,830 or 57% during the year. \$373,618 of the increase is attributable to transfers from the unrestricted fund. The transfers were made in part to restore this fund to levels prior to expenditures for land purchases in the 96/97 fiscal year.

#### DEBT ADMINISTRATION

As of August 31, 1999, the College had \$55,000 of student revenue bonds. These bonds were issued in 1970. The College has not had any new bonded debt issues since 1971.

The only other debt the College has is also in the form of capital leases. The College leases most of its copying machines. In addition, three vehicles, POISE computer technology equipment, and the telephone system are on a capital lease with Bank One. Terms of these leases require payments to be made over the next five years. The principal balance on the leases at August 31, 1999, was \$285,872.

### CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits, repurchase agreements, certificates of deposit, and the Lone Star Investment Pool. The Lone Star Investment Pool is a public funds investment pool administered by the Texas Association of School Boards. The average yield on investments was 4.47% percent. The College earned interest revenue of \$232,041 on all investments for the year ended August 31, 1999.

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, pledged to the college. The Lone Star Investment Pool invests solely in obligations issued or secured by the U. S. Government and its agencies and instrumentalities. All of the investments held by the College during the year and on August 31, 1999, are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

### RISK MANAGEMENT

The College has developed a complete insurance program to protect against the risk inherent with the operation of a college and a public entity. This includes various policies protecting public officials, administrators, instructional personnel, law enforcement personnel, automobile liability, building and content liability, injuries on College premises, on the job, umbrella liability, and other policies. These policies are underwritten by nationally known and rated insurers. Efforts are routinely made to make all employees aware of policies, regulations, and matters related to safety to help minimize exposure to the risks associated with College operations.

### YEAR 2000 COMPLIANCE

The College has strived to insure that operations of the College will not be hampered by computer effects of the year 2000 date. The main computing system for the College was changed in the 97/98 year. Critical areas of operation were identified and the related hardware and software verified to be Year 2000 compliant.

### INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson & Williams 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 and related OMB Circular A-133.

## AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the College for its comprehensive annual financial reports for the fiscal years ended August 31, 1994, 1995, 1996, 1997, and 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

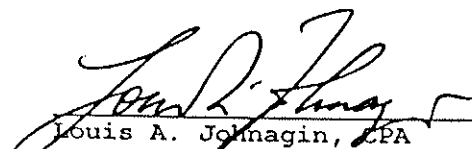
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## ACKNOWLEDGMENTS

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

Sincerely,

  
Louis A. Johnagin, CPA  
Dean of Fiscal Affairs

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Panola College,  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

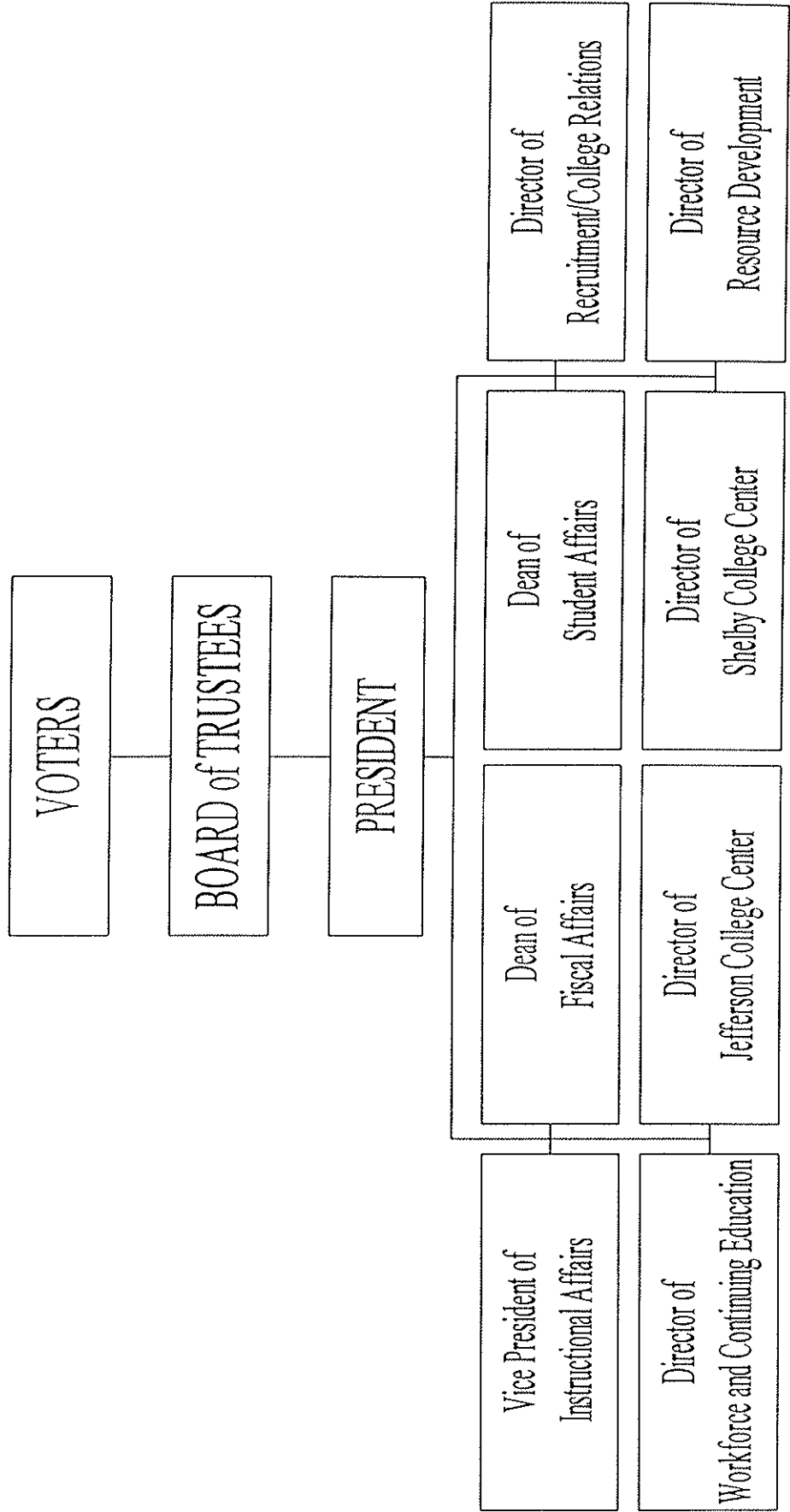


*Cary Bruebaker*  
President

*Jeffrey L. Essler*  
Executive Director



ORGANIZATIONAL CHART  
PANOLA COLLEGE  
Carthage, Texas



PANOLA COLLEGE  
PRINCIPAL OFFICIALS  
AUGUST 31, 1999

BOARD OF TRUSTEES

OFFICERS

Mr. William Goolsby	Chair
Mr. Hermon Reed, Jr.	Vice-Chair
Mr. Mr. Hal Palmer	Secretary/Treasurer

MEMBERS

	Term Expires
	<u>May 31</u>
Mr. Bobby Phillips	2000
Mrs. Evelyn Sharp	2000
Mr. Richard Thomas	2000
Mr. Hal Palmer	2002
Mr. Hermon Reed, Jr.	2002
Dr. Dennis Golden	2004
Mr. William Goolsby	2004

ADMINISTRATION

Dr. William Edmonson	President
Mr. Charles Hughes	Vice-President of Instructional Affairs
Mr. Louis Johnagin, CPA	Dean of Fiscal Affairs
Mrs. Betsy Wheat	Dean of Student Affairs
Mrs. Barbara Buchanan	Director of Workforce/ Continuing Education
Mrs. Twink Ross	Director of Recruiting and College/School Relations
Dr. Jerry Hopkins	Director of Shelby College Center
Dr. Jeanne Scott	Director of Jefferson College Center

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***FINANCIAL***

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***SECTION***

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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, 1999 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 administrators. 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 and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, 1999, 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.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued a report dated October 22, 1999 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards (Schedule D-3) is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Expenditures of State Awards (Schedule D-4) is also presented for purposes of additional analysis as required by the *Annual Financial Requirements for Texas Public Community Colleges* published by the Texas Higher Education Coordinating Board. These statements are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, the statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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 25 to 33, the individual fund statements on pages 41 to 61, and the statistical section on pages 67 to 86 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.

The year 2000 disclosure on pages 63 and 64 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Panola College is or will become year 2000 compliant, that their year 2000 remediation efforts will be successful in whole or in part, or that parties with which Panola College does business are or will become year 2000 compliant.

*Robinson & Williams*

Robinson & Williams  
Certified Public Accountants

October 22, 1999

PANOLA COLLEGE  
EXHIBIT A  
BALANCE SHEET  
August 31, 1999  
With Memorandum Totals at August 31, 1998

CURRENT FUNDS

ASSETS	CURRENT FUNDS			
	Unrestricted	Auxiliary Enterprises	Restricted	Total
Cash and Cash Equivalents (Sch A-1)	\$ 2,633,882	\$ 92,978	\$ 219,915	\$ 2,946,775
Short-Term Investments (Sch A-1)	265,938			265,938
Accounts Receivable (net of allowance for doubtful accounts of \$0, both years)	8,793	13,424	4,624	26,841
Tuition & Fees Receivable (net of allowance for doubtful accounts of \$70,000 current year and \$23,115 prior year.)	140,098			140,098
Taxes Receivable (net of allowance for doubtful accounts of \$132,041 current year and \$133,954 prior year.)	56,589			56,589
Due From Other Funds	526,321	323,669	819	850,809
Prepaid Expenses	6,861	5,285		12,146
Federal Receivables			364,378	364,378
Due From Other Agencies	10,969		2,369	13,338
Inventories for Resale		85,668		85,668
Land				
Buildings				
Equipment				
Library Books				
<b>Total Assets</b>	<b>\$ 3,649,451</b>	<b>\$ 521,024</b>	<b>\$ 592,105</b>	<b>\$ 4,762,580</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 128,336	\$ 46,555	\$ 5,516	\$ 180,407
Accrued Liabilities	69,232	56,649	33	125,914
Deposits Payable		17,224		17,224
Due To Other Funds	596,729		526,593	1,123,322
Deferred Revenues	641,417	218,679		860,096
Accrued Compensable Absences Payable	94,563	809		95,372
Bonds Payable (net of unamortized premium/ discount of \$-0- as of 8/31/99) (Sch D-1)				
Lease-Purchase Agreements Payable				
Funds Held in Custody for Others				
<b>Total Liabilities</b>	<b>1,530,277</b>	<b>339,916</b>	<b>532,142</b>	<b>2,402,335</b>
<b>Fund Balance:</b>				
<b>Unrestricted</b>				
<b>Reserved</b>				
Encumbrances	14,852	24,865	10,898	50,615
Accounts Recivable	26,224	7,168	4,624	38,016
Inventory		85,668		85,668
Plant Improvements				
Prepaid Expense	6,861	5,285		12,146
<b>Unreserved</b>				
Undesignated	2,071,237	58,122		2,129,359
<b>Restricted</b>				
Other			44,441	44,441
Net Investment in Plant				
<b>Total Fund Balances (Exh. B)</b>	<b>2,119,174</b>	<b>181,108</b>	<b>59,963</b>	<b>2,360,245</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,649,451</b>	<b>\$ 521,024</b>	<b>\$ 592,105</b>	<b>\$ 4,762,580</b>

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

PLANT FUNDS					TOTALS MEMORANDUM ONLY	
Endowment and Similar Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Current Year	Prior Year
\$ 1,018,575	\$ 707,663	\$ 11,119	\$	\$ 89,916	\$ 4,774,048	\$ 4,199,220
17,000	95,000	19,000			396,938	290,387
	3,031	27			29,899	115,961
					140,098	291,221
					56,589	57,409
	300,000			273	1,151,082	686,760
	500				12,646	80,996
					364,378	628,387
					13,338	
					85,668	44,924
			855,460		855,460	855,460
			9,185,496		9,185,496	9,145,569
			3,669,330		3,669,330	3,624,035
			638,644		638,644	590,078
<u>\$ 1,035,575</u>	<u>\$ 1,106,194</u>	<u>\$ 30,146</u>	<u>\$ 14,348,930</u>	<u>\$ 90,189</u>	<u>\$ 21,373,614</u>	<u>\$ 20,610,407</u>
\$	\$	\$	\$	\$ 3,200	\$ 183,607	\$ 606,334
		765			126,679	103,565
				28,797	46,021	48,312
819		3,864		23,077	1,151,082	686,760
					860,096	834,562
					95,372	59,247
			55,000		55,000	80,000
			285,872		285,872	356,901
				35,115	35,115	30,238
<u>819</u>	<u></u>	<u>4,629</u>	<u>340,872</u>	<u>90,189</u>	<u>2,838,844</u>	<u>2,805,919</u>
					50,615	59,706
	3,031	27			41,074	8,513
					85,668	44,924
	1,102,663				1,102,663	701,364
	500				12,646	15,129
					2,129,359	2,154,904
1,034,756		25,490			1,104,687	1,041,707
			14,008,058		14,008,058	13,778,241
<u>1,034,756</u>	<u>1,106,194</u>	<u>25,517</u>	<u>14,008,058</u>		<u>18,534,770</u>	<u>17,804,488</u>
<u>\$ 1,035,575</u>	<u>\$ 1,106,194</u>	<u>\$ 30,146</u>	<u>\$ 14,348,930</u>	<u>\$ 90,189</u>	<u>\$ 21,373,614</u>	<u>\$ 20,610,407</u>

PANOLA COLLEGE  
EXHIBIT B  
STATEMENT OF CHANGES IN FUND BALANCES  
For the Year Ended August 31, 1999  
With Memorandum Totals at August 31, 1998

	CURRENT FUNDS			
	Unrestricted	Auxiliary Enterprises	Restricted	Total
<b>REVENUES AND OTHER ADDITIONS</b>				
Unrestricted Current Funds Revenue (Exh. C)	\$ 8,362,318	\$ 1,153,869		\$ 9,516,187
State Appropriations - Restricted			592,354	592,354
Federal Grants and Contracts			1,561,422	1,561,422
State Grants and Contracts			174,733	174,733
Private Gifts, Grants and Contracts			43,567	43,567
Investment/Endowment Income			79,177	79,177
Net Decrease in Bonds Payable				
Net Decrease in Lease Purchase Agreements Payable Expended for Plant Facilities (Includes \$404,492 Charged to Current Funds Expenditures)				
<b>Total Revenues and Other Additions</b>	<b>8,362,318</b>	<b>1,153,869</b>	<b>2,451,253</b>	<b>11,967,440</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>				
Expenditures (Exh. C)	7,556,229	1,159,960	2,735,042	11,451,231
Net Increase in Lease Purchase Agreements Payable				
Retirement of Indebtedness				
Interest on Indebtedness				
Disposal of plant facilities				
<b>Total Expenditures and Other Deductions</b>	<b>7,556,229</b>	<b>1,159,960</b>	<b>2,735,042</b>	<b>11,451,231</b>
<b>TRANSFERS - ADDITIONS / (DEDUCTIONS)</b>				
Mandatory Transfers				
Retirement of Indebtedness	(114,583)			(114,583)
TPEG	(24,635)		24,635	
National Science Foundation Grant Matching				
To Restricted for Scholarships	(257,648)		257,648	
Non-Mandatory Transfers	(381,618)	8,000		(373,618)
<b>Total Transfers - Additions / (Deductions)</b>	<b>(778,484)</b>	<b>8,000</b>	<b>282,283</b>	<b>(488,201)</b>
<b>NET INCREASE FOR THE FISCAL YEAR</b>	<b>27,605</b>	<b>1,909</b>	<b>(1,506)</b>	<b>28,008</b>
<b>FUND BALANCES, September 1, 1998</b>	<b>2,091,569</b>	<b>179,199</b>	<b>61,469</b>	<b>2,332,237</b>
<b>FUND BALANCES, August 31, 1999 (Exh. A)</b>	<b>\$ 2,119,174</b>	<b>\$ 181,108</b>	<b>\$ 59,963</b>	<b>\$ 2,360,245</b>

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



Endowment and Similar Funds	PLANT FUNDS			TOTALS MEMORANDUM ONLY	
	Unexpended	Retirement of Indebtedness	Investment in Plant	Current Year	Prior Year
\$	\$	\$	\$	\$ 9,516,187	\$ 9,323,733
				592,354	574,726
		8,688		1,570,110	1,491,655
				174,733	
67,627				111,194	121,147
	31,212	730		111,119	106,365
			25,000	25,000	25,000
			78,029	78,029	(265,403)
			404,492	404,492	1,069,871
67,627	31,212	9,418	507,521	12,583,218	12,447,094
				11,451,231	11,204,699
			7,000	7,000	
		103,120		103,120	93,980
		20,881		20,881	19,932
			270,704	270,704	
		124,001	277,704	11,852,936	11,318,611
		114,583			
	373,618				
	373,618	114,583			
67,627	404,830		229,817	730,282	1,128,483
967,129	701,364	25,517	13,778,241	17,804,488	16,676,005
\$ 1,034,756	\$ 1,106,194	\$ 25,517	\$ 14,008,058	\$ 18,534,770	\$ 17,804,488

PANOLA COLLEGE  
EXHIBIT C  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES  
For the Year Ended August 31, 1999  
With Memorandum Totals for the Year Ended August 31, 1998

REVENUES	TOTALS MEMORANDUM ONLY				
	Unrestricted	Auxiliary Enterprises	Restricted	Current Year	Prior Year
State Appropriations - General Revenue	\$ 3,488,315	\$	\$ 592,354	\$ 4,080,669	\$ 3,928,256
Tuition and Fees	1,688,829			1,688,829	1,541,162
Taxes for Current Operation	2,667,618			2,667,618	2,683,436
Federal Grants and Contracts			1,561,422	1,561,422	1,482,967
State Grants and Contracts			174,733	174,733	3,554
Private Gifts, Grants and Contracts	15,435		43,567	59,002	137,842
Sales & Service of Educational Activities	301,020			301,020	298,386
Sales & Services of Auxiliary Enterprises		1,146,846		1,146,846	1,020,164
Other Sources					
Interest/Endowment Income	133,966	7,023	60,616	201,605	192,569
Royalty Income			20,067	20,067	15,764
Misc. Income	67,135			67,135	172,190
<b>Total Current Funds Revenues</b>	<b>\$ 8,362,318</b>	<b>\$ 1,153,869</b>	<b>\$ 2,452,759</b>	<b>\$ 11,968,946</b>	<b>\$ 11,476,290</b>
	(Exh. B)	(Exh. B)			
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>					
<b>Educational and General</b>					
Instruction	\$ 3,674,774	\$	\$ 401,819	\$ 4,076,593	\$ 4,122,474
Public Service	82,898		209,423	292,321	142,431
Academic Support	1,086,686		87,309	1,173,995	1,279,016
Student Services	518,390		201,556	719,946	703,306
Institutional Support	1,177,138		82,698	1,259,836	1,376,752
Operation and Maintenance of Plant	892,774		24,705	917,479	1,113,752
Scholarships and Fellowships	123,569		1,727,532	1,851,101	1,308,191
<b>Total Educational &amp; General Expenditures</b>	<b>7,556,229</b>		<b>2,735,042</b>	<b>10,291,271</b>	<b>10,045,922</b>
	(Exh. B)		(Exh. B)		
<b>Auxiliary Enterprise Expenditures</b>		<b>1,159,960</b>		<b>1,159,960</b>	<b>1,158,777</b>
		(Exh. B)			
<b>Mandatory Transfers for:</b>					
Retirement of indebtedness	(114,583)			(114,583)	(104,467)
TPEG	(24,635)		24,635		
To restricted for scholarships	(257,648)		257,648		
<b>Total expenditures and mandatory transfers</b>	<b>7,953,095</b>	<b>1,159,960</b>	<b>2,452,759</b>	<b>11,565,814</b>	<b>11,309,166</b>
<b>Other transfers and additions/(deductions):</b>					
Non-mandatory transfers	(381,618)	8,000		(373,618)	(70,000)
Excess of restricted receipts over (under) transfer to revenues			(1,506)	(1,506)	8,580
<b>Net increase (decrease) in fund balances</b>	<b>\$ 27,605</b>	<b>\$ 1,909</b>	<b>\$ (1,506)</b>	<b>\$ 28,008</b>	<b>\$ 105,704</b>

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

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1999

A. ORGANIZATIONAL STRUCTURE AND REPORTING ENTITY

Reporting Entity

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

The significant accounting policies followed by Panola College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges. These requirements are in substantial conformity with the AICPA Industry Audit Guide, Audits of Colleges and Universities, as amended by AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities, and as modified by Applicable FASB pronouncements issued through November 30, 1989, and as modified by all applicable GASB pronouncements cited in Codification Section Co5, "Colleges and Universities".

Basis of Accounting

The financial statements of Panola College have been prepared on the accrual basis of accounting except depreciation expenses related to plant fund assets is not recorded. 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.

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

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of equipment and library holdings; (2) mandatory transfers in the

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

Fund Accounting

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

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

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

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

All other unrestricted revenue is accounted for in the appropriate unrestricted fund. Restricted gifts, grants, 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.

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

Current Funds

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

Unrestricted Current Funds

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

Auxiliary Enterprises

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

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.

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.

Retirement of Indebtedness

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

PANOLA COLLEGE  
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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. BUDGETARY DATA

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

D. 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.

E. AUTHORIZED INVESTMENTS

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

F. DEPOSITS AND SHORT-TERM INVESTMENTS

Deposits and Investments

At August 31, 1999, the carrying amount of Panola College's deposits was \$4,901,308 and total bank balances (balances per bank records) equaled \$4,939,631.

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Depository bank balances of \$4,855,555 were covered by \$200,000 in federal depository insurance and \$5,607,989 (book value) in pledged securities. These pledged securities are held by the depository bank's agent in the name of the bank, for the benefit of Panola College. Based on this arrangement, the pledged securities meet the definition of GASB Statement No. 3 as uncollateralized.

Deposits and investments in other financial institutions totaling \$84,076 were fully covered by federal depository insurance. Short-term investments with the Lonestar Investment Pool described below totaling \$265,938 were not covered by 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 the College and held by the First State Bank's agent. Following are selected details about the deposits at the depository bank:

- a. Name of the Bank: First State Bank, Carthage, Texas.
- b. The amount of bond and/or the market value of securities pledged as of the date of the highest combined balance on deposit was \$7,068,321. The highest combined balances of cash, savings and time deposits accounts amounted to \$6,161,611 and occurred during the month of November, 1998.
- c. Total amount of FDIC coverage at the time of the highest combined balance in November was \$200,000.
- d. At year end, fair value of securities pledged was \$5,607,989.

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

<u>Cash and Deposits</u>		
Cash in Bank		
Demand Deposits	\$ 696,949	
Time Deposits	<u>4,073,359</u>	
Cash and Cash Equivalents		\$4,770,308
Petty Cash on Hand		<u>3,740</u>
 Total Cash and Deposits		 <u>\$4,774,048</u>

Short-term investments reflected on Exhibit A, Balance Sheet, consisted of certificates of deposit with a maturity date greater than 90 days in the amount of \$131,000 and an investment in the Lonestar Investment Pool in the amount of \$265,938. The Lonestar Investment Pool is an investment pool administered by the Texas Association of School Boards, Inc. The pool has various investment options for participating members. The College's investment portfolio at August 31, 1999 is in the Liquidity Plus Fund. The composition of this pool consists of cash and repurchase agreements (66%) and U.S. Treasures and Agencies (34%). Fair value of the College's portfolio at August 31, 1999 was approximately \$265,655 or \$283 less than the carrying amount. GASB statement 31

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
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requires that investments be reported at fair value. In the case with Panola College, the variance from fair value is immaterial.

The cash deposits held at financial institutions can be categorized according to three levels of risk in accordance with GASB Statement 3. Those levels of risk 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.

- Category 1: Deposits which are insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2: Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3: Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name.

Based on these definitions, the Colleges deposits are categorized as follows:

	<u>Category</u>	<u>Carrying Amount</u>	<u>Institution Balance</u>
Insured by FDIC	1	\$ 284,076	\$ 284,076
Pledged Securities held in the name of the pledging financial institution	3	4,617,232	4,655,555
Uncategorized investment with Lone Star Investment Pool, Uncollateralized	3	265,938	265,938
		<u>\$ 5,167,246</u>	<u>\$ 5,205,569</u>



PANOLA COLLEGE  
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Reconciliation of Deposits and Investments Between Note F and Exhibit A:

Per Note F

Petty Cash on Hand	\$	3,740
Demand and Time Deposits		4,770,308
Short Term Time Deposits		131,000
Lone Star Investment Pool		265,938
		<u>\$ 5,170,986</u>

Per Exhibit A

Cash and Cash Equivalents	\$	4,774,048
Short Term Investments		396,938
		<u>\$ 5,170,986</u>

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.

G. DERIVATIVES

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

H. BONDS PAYABLE

General information related to bonds payable is summarized below:

- \* Student Fee Revenue Bond, Series 1970C
- \* To construct student housing
- \* Issued December 1, 1970
- \* \$495,000; all authorized bonds have been issued.
- \* Source of revenue for debt service - general fees, Department of Housing and Urban Development annual interest subsidy.
- \* Outstanding Balance August 31, 1998, \$55,000

The bonds are payable in annual installments varying from \$10,000 to \$30,000, the final payment being due in November, 2000, with interest varying from 7.0% to 7.2%.

PANOLA COLLEGE  
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The 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 \$4,860 during the current year. Accrued interest amounted to approximately \$765 at August 31, and is reflected in the financial statements.

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

Year Ending <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 25,000	\$ 3,060	\$ 28,060
2001	<u>30,000</u>	<u>1,080</u>	<u>31,080</u>
	<u>\$ 55,000</u>	<u>\$ 4,140</u>	<u>\$ 59,140</u>

I. LEASE PURCHASE AGREEMENTS PAYABLE

In August of 1995, the College entered into a 5 year lease for the rental of twelve copy machines. In 1996, 1997 and 1998, subsequent leases were entered into. Terms of the leases require that Panola College pay \$2,514 per month for sixty months. Total rents to be paid on the original and subsequent leases amounted to \$145,339.

Summarized below are annual lease requirements associated with the agreements. Imputed interest rates ranging from 4.41% to 10.00% are assumed in the leases. The interest portion of the lease payments in the current year amounted to \$3,061.

Year Ending <u>August 31</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>
2000	\$ 2,505	\$ 26,848	\$ 29,413
2001	1,148	8,608	9,756
2002	366	6,509	6,875
2003	<u>43</u>	<u>1,370</u>	<u>1,413</u>
	<u>\$ 4,122</u>	<u>\$ 43,335</u>	<u>\$ 47,457</u>

In the previous year, the College entered into lease purchase agreements with Bank One Leasing Corporation for the rental of vehicles, computer technology equipment, and telephone systems. Terms of current, five separate lease agreements require that the College pay \$6,230 for 60 months. Total rents to be paid on the lease agreements amount to \$373,807.

Summarized below are annual lease requirements associated with the agreements. Interest rates of 5.25% to 5.65% are assumed in the leases. The interest portion

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of lease payments in the current year amounted to \$16,196.

Year Ending <u>August 31</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Requirement</u>
2000	\$ 11,679	\$ 63,082	\$ 74,761
2001	8,097	66,664	74,761
2002	4,345	69,486	73,831
2003	1,313	35,445	36,758
2004	66	7,770	7,836
	<u>\$ 25,500</u>	<u>\$ 242,447</u>	<u>\$ 267,947</u>

J. INTER-FUND RECEIVABLES AND PAYABLES

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

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>	<u>NET</u>
Unrestricted	\$ 526,321	\$ (596,729)	\$ (70,408)
Auxiliary Enterprises	323,669		323,669
Restricted	819	(526,593)	(525,774)
Endowment		(819)	(819)
Unexploded plant	300,000		300,000
Retirement of Indebtedness		(3,864)	(3,864)
Agency	273	( 23,077)	( 22,804)
	<u>\$1,151,082</u>	<u>\$ 1,151,082</u>	<u>\$ ---0---</u>

K. 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

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

L. PROPERTY TAXES

Property taxes are levied each October 1 in conformity with Subtitle E, Texas Property Tax Code. The levy is based on the assessed value as of the prior January 1 for all real and personal property located in the District. The taxes become due January 1 of the following year. A discount of up to 3% is allowed for taxes paid between October 1 and December 31. Taxes become past due February 1 and become delinquent on June 30. A tax lien attaches to property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed. Taxes receivable as reflected on the balance sheet are net of an allowance for doubtful accounts. The allowance is based upon historical experience in collecting property taxes. Additionally, the net receivable is offset by deferred revenues in the same amount as they are only available to fund expenditures for the next fiscal year. Property taxes are restricted to use within the taxing district. There are no other restrictions on the use of taxes. Taxes levied for the year ended August 31, 1999 is \$2,758,562, which includes penalty and interest assessed of \$10,818. Tax collections for the current year including delinquent collections amounted to approximately 98.97% of the current tax levy.

A summary of tax data is presented as follows:

Assessed Valuation of the District	\$ 2,610,283,818
Less: Exemptions	(109,333,348)
Less: Abatements	<u>(317,603,143)</u>
Net Assessed Valuation of the District	<u>\$ 2,183,347,327</u>

	Current Operations	Debt Service	Total
Tax Rate Per \$100 valuation for authorized	\$ 0.20000	\$ 0.50000	\$ 0.70000
Tax Rate Per \$100 valuation for assessed	\$ 0.12585	\$ 0.00000	\$ 0.12585

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1999

Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected, Net of Discounts of \$71,137	\$ 2,612,268		\$ 2,612,268
Delinquent Taxes Collected	46,825		46,825
Penalties and Interest Collected	52,513		52,513
Collection Fees	(43,988)		(43,988)
Total Collections	<u>\$ 2,667,618</u>	<u>\$ 0</u>	<u>\$ 2,667,618</u>

**M. LITIGATION**

In May of 1996, a former employee filed suit against the College alleging her employment was terminated in violation of the Texas Whistleblowers Statute. The suit was settled during the current year. The College incurred \$35,000 in costs related to the settlement during the current year, net of insurance reimbursement. Such costs are reflected in the financial statements. The College and its attorneys are not aware of any other litigation.

**N. 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.

Investment in plant transactions for the year ended August 31, 1999, are summarized as follows:

	Balance 9/01/98	Adjustment/ Additions	Retirement/ Deletions	Balance 8/31/99
Land and Improvements	\$ 855,460	\$	\$	\$ 855,460
Buildings and Improvements	9,145,569	39,927		9,185,496
Equipment (Includes furniture fixtures, and vehicles)	3,624,035	315,999	270,704	3,669,330
Library Holdings	590,078	48,566		638,644
	<u>\$14,215,142</u>	<u>\$ 404,492</u>	<u>\$ 270,704</u>	<u>\$14,348,930</u>

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1999

O. CONTINGENT LIABILITIES

The College participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at August 31, 1999, 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.

P. EMPLOYEES' RETIREMENT PLAN

Plan Description:

The Teacher Retirement System of Texas (TRS) 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) 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.

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 and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively.

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 AT AND FOR THE YEAR ENDED AUGUST 31, 1999

Service Retirement:

1. Normal - age 65 with 5 years of service  
 age 60 with 20 years of service  
 age 50 with 30 years of service  
 age plus years of service equals 80
2. Reduced- age 55 with at least 5 years of service, or  
 any age below 50 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

State law provided for a state contribution rate for fiscal years 1998 and 1999 of 6.0% 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 6.0% for the state. In certain instances, the reporting district is required to make all or a portion of the State's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contribution requirements for Panola College for fiscal years ended August 31, 1996 through 1999 were as follows:

Fiscal Year Ended <u>August 31,</u>	State <u>Contribution</u>	Employee <u>Contribution</u>	Total <u>Contribution</u>	Covered <u>Payroll</u>
1996	\$ 108,462	\$ 115,693	\$ 224,155	\$ 1,807,703
1997	131,291	140,044	271,335	2,188,181
1998	134,016	142,902	276,918	2,238,604
1999	141,914	151,375	293,289	2,365,291

The contributions applicable to Panola College for the above years is less than 1/10 of 1 percent of total contributions into the Teacher Retirement System as a whole.

PANOLA COLLEGE  
 NOTES TO THE FINANCIAL STATEMENTS  
 AT AND FOR THE YEAR ENDED AUGUST 31, 1999

Actuarial values of assets and accrued liabilities of the Teacher Retirement System of Texas as of August 31, 1997 to 1998 were as follows (in billions):

Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability	(Unfunded/Overfunded) Actuarial Accrued Liability
1997	\$ 53.8	\$ 53.9	\$ (0.1)
1998	60.4	57.9	2.5
1999	Information will be available March 1, 2000		

The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the Teacher Retirement System, 1000 Red River Street, Austin, Texas 78701.

The State has also established an Optional Retirement Program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The Optional Retirement Program provides for the purchase of annuity contracts or mutual funds. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65% respectively. Since these are individual investments, the State has no additional or unfunded liability for this program. Currently, the District contributes an additional 2.5% of each participant's salary who were members of the program at August 31, 1995, to the Optional Retirement Program as allowed under provisions of state law.

The retirement expense to the State of Texas for the District was \$139,297 for the Optional Retirement Plan for the fiscal year ended August 31, 1999. Participants contributed \$156,432 for the Optional Retirement Programs. The District contributed \$47,446 to the Optional Retirement Program to cover the 2.5% referenced above.

The contributions described above were based on total covered payroll of \$2,321,614 for the year.

Q. DEFERRED COMPENSATION PROGRAM

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 1999, the College had twenty-one employees participating in the tax sheltered annuity program. A total of \$65,874 in payroll deductions had been invested in approved plans during the fiscal year.

R. COMPENSATED ABSENCES

On retirement, termination, or death of full time employees, the College pays employees for unused vacation leave. The College recognized the accrued liability for the unpaid annual leave in the 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.



PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1999

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

S. HEALTH CARE COVERAGE

During the year ended August 31, 1999, 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 \$213 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 \$311,143 and covered an average of 128 employees per month.

T. POST-RETIREMENT HEALTH BENEFITS

Panola College as allowed, but not required by state statutes, presently reimburses 44 retired employees \$15.92 per month representing the cost of continuation of dental insurance. This is the same amount provided to active employees.

The College in accordance with state statutes, has six 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, 1999, was \$213 per retiree.

In addition to providing pension benefits, the State provides in accordance with state statutes, 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 38 retirees was \$91,788.

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, 1999, there were five such funds for the benefit of the College. The Lawrence R. and Debbie H.

PANOLA COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED AUGUST 31, 1999

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 \$320,570 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. At no time during the last three fiscal years have claims exceeded commercial coverage.

X. DEFERRED REVENUES

Revenues, primarily consisting of tuition, fees, and housing charges, related to academic terms in the next fiscal year are recorded on the balance sheet as deferred revenue in the current fiscal year.

Y. OTHER DISCLOSURES

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

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 1999.

*SUPPLEMENTARY DATA*

PANOLA COLLEGE  
 SCHEDULE A-1  
 SCHEDULE OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS  
 August 31, 1999

	CURRENT FUNDS			PLANT FUNDS			TOTAL
	Unrestricted	Auxiliary Enterprises	Restricted	Endowment and Similar Funds	Unexpended	Retirement of Indebtedness	
Cash on Hand							
Petty Cash	\$ 3,440	\$ 300	\$	\$	\$	\$	\$ 3,740
Cash in Transit							
Subtotal	<u>3,440</u>	<u>300</u>					<u>3,740</u>
Cash in Bank							
Demand Account	280,442	92,678	211,915	7,216	3,663	11,119	696,949
Cash Equivalents							
Certificates of Deposit	2,350,000		8,000	1,011,359	704,000		4,073,359
Subtotal	<u>2,350,000</u>		<u>8,000</u>	<u>1,011,359</u>	<u>704,000</u>		<u>4,073,359</u>
Total Cash and Cash Equivalents (Exhibit A)	<u>2,633,882</u>	<u>92,978</u>	<u>219,915</u>	<u>1,018,575</u>	<u>707,663</u>	<u>11,119</u>	<u>4,774,048</u>
Short-Term Investments							
Certificates of Deposit				17,000		19,000	131,000
Lonestar Investment Pool	265,938				95,000		265,938
Total Short-Term Investments (Exhibit A)	<u>265,938</u>			<u>17,000</u>	<u>95,000</u>	<u>19,000</u>	<u>396,938</u>
Total Cash, Cash Equivalents and Short-Term Investments	<u>\$ 2,899,820</u>	<u>\$ 92,978</u>	<u>\$ 219,915</u>	<u>\$ 1,035,575</u>	<u>\$ 802,663</u>	<u>\$ 30,119</u>	<u>\$ 5,170,986</u>

Balance in Depositories as follows:

	Cash In Banks	Cash Equivalents	Short-Term Investments
First State Bank	\$ 650,564	\$ 4,045,359	\$ 114,000
Lonestar Investment Pool			265,938
First National Bank-Jefferson	250		
Farmers State Bank	24,503	28,000	17,000
Shelby County Savings	21,632		
Total Balance in Depositories	<u>\$ 696,949</u>	<u>\$ 4,073,359</u>	<u>\$ 396,938</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 SCHEDULE B-3  
 SCHEDULE OF CHANGES IN FUND BALANCES  
 Unrestricted Current Funds - Auxiliary Enterprises  
 For the Year Ended August 31, 1999

	TOTAL	Intercollegiate Athletics	Housing	Food Service/Vending	Bookstore	Other
<b>Revenues</b>						
Sales and Services	\$ 1,146,846	\$ 1,898	\$ 178,211	\$ 285,900	\$ 680,837	\$ 7,023
Miscellaneous Income	7,023					7,023
Total Revenues (Schedule C-1)	<u>1,153,869</u>	<u>1,898</u>	<u>178,211</u>	<u>285,900</u>	<u>680,837</u>	<u>7,023</u>
<b>Expenditures</b>						
Salaries and Wages	181,821	136,550	8,432		36,839	
Staff Benefits	35,608	26,527	2,071		7,010	
Other Operating Expenses	937,923	271,752	7,461	260,414	398,296	
Capital Outlay	4,608	2,138	2,470			
Total Expenditures	<u>1,159,960</u>	<u>436,967</u>	<u>20,434</u>	<u>260,414</u>	<u>442,145</u>	
Excess (Deficit) of Revenues Over Expenditures	\$ (6,091)	\$ (435,069)	\$ 157,777	\$ 25,486	\$ 238,692	\$ 7,023
<b>Summary of Fund Balances as of September 1, 1998</b>	\$ 179,199	\$	\$	\$	\$ 179,199	\$
Addition/Reduction						
Excess (Deficit) of Revenues Over Expenditures	(6,091)	(435,069)	157,777	25,486	238,692	7,023
<b>Intrafund Transfers</b>						
Bookstore		244,783			(244,783)	
Housing		157,777	(157,777)			
Food Service		25,486		(25,486)		
Other		7,023				(7,023)
Total Intrafund Transfers		<u>435,069</u>	<u>(157,777)</u>	<u>(25,486)</u>	<u>(244,783)</u>	<u>(7,023)</u>
<b>Interfund Transfers</b>						
Unrestricted Fund	8,000				8,000	
Total Interfund Transfers	<u>8,000</u>				<u>8,000</u>	
Total Additions/Deductions	1,909				1,909	
Balance August 31, 1999	<u>\$ 181,108</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 181,108</u>	<u>\$</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 SCHEDULE B-4  
 SCHEDULE OF CHANGES IN FUND BALANCES  
 Restricted Current Funds  
 For the Year Ended August 31, 1999

Instruction	Balances 9/1/98	Gifts, Grants and Appropriations	Investment Income	Adjustments and Transfers		Salaries and Wages	Staff Benefits	Awards and Expenses	Capital Outlay	Balances 8/31/99
				In (Out)	\$					
Instruction	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State Appropriations		324,884					324,884	5,570	27,111	
Federal Grants and Contracts	42,300				9,619				9,125	
State Grants and Contracts	9,125							96	4,257	
Local Sources		21,157	4,353					9,318	11,839	
Private Sources		397,466	4,353				324,884	14,984	52,332	
Total Instruction										
Public Service										
State Appropriations		11,890					11,890			
Federal Grants and Contracts		35,348		223		24,424		7,716		
State Grants and Contracts		161,961						475	161,486	
Local Sources			1					(8,191)	8,192	
Total Public Service		209,199	1	223		24,424	15,321		169,678	
Academic Support										
State Appropriations		81,552					81,552			
Federal Grants and Contracts		5,980		(223)		3,290		2,467		
Total Academic Support		87,532		(223)		3,290	81,552	2,467		
Student Services										
State Appropriations		66,624					66,624			
Federal Grants and Contracts		134,932				97,146		34,910		
Total Student Services		201,556				97,146	68,500	34,910		
Institutional Support										
State Appropriations		82,698					82,698			
Total Institutional Support		82,698					82,698			

PANOLA COLLEGE  
 SCHEDULE B-4 (Continued)  
 SCHEDULE OF CHANGES IN FUND BALANCES  
 Restricted Current Funds  
 For the Year Ended August 31, 1999

	Balances 9/1/98	Gifts, Grants and Appropriations	Investment Income	Adjustments and Transfers In (Out)	Salaries and Wages	Staff Benefits	Awards and Expenses	Capital Outlay	Balances 8/31/99
Operations and Maintenance of Plant		24,705				24,705			11,744
State Appropriations	11,744								11,744
Local Sources	11,744	24,705				24,705			11,744
Total Operations and Maintenance of Plant		24,705				24,705			11,744
Scholarships and Fellowships									
Federal Grants and Contracts		1,342,863					1,342,863		
State Grants and Contracts		3,647					3,647		
Local Sources	49,725		74,823	282,283			358,612		48,219
Private Sources	49,725	22,410					22,410		
Total Scholarships and Fellowships		1,368,920	74,823	282,283			1,727,532		48,219
Total Restricted Current Funds	\$ 61,469	\$ 2,372,076	\$ 79,177	\$ 282,283	\$ 134,479	\$ 598,660	\$ 1,779,893	\$ 222,010	\$ 59,963
		(a)	(b)	(b)	(Sch C-2)	(Sch C-2)	(Sch C-2)	(Sch C-2)	(Exh. B)
(a) Analysis of Gifts, Grants and Appropriations									
State Appropriations	\$	592,353							
Federal Grants and Contracts		1,561,423							
State Grants and Contracts		174,733							
Private Sources		43,567							
	\$	2,372,076							
(b) Analysis of Adjustments and Transfers In									
Transfers-TPEG From Unrestricted	\$	24,635							
Transfers-For Institutional		257,648							
Scholarships from Unrestricted	\$	282,283							

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 SCHEDULE C-2  
 SCHEDULE OF CURRENT FUNDS EXPENDITURES BY OBJECT  
 For the Year Ended August 31, 1999

	SALARIES AND WAGES	STAFF BENEFITS	OTHER EXPENSES	CAPITAL <sup>186</sup> OUTLAY	TOTAL
<b>Unrestricted - Educational and General</b>					
Instruction	\$ 2,960,535	\$ 306,605	\$ 369,078	\$ 38,556	\$ 3,674,774
Public Service	58,234	6,876	17,788		82,898
Academic Support	727,815	91,378	191,237	76,256	1,086,686
Student Services	387,419 ✓	41,149 ✓	76,464 ✓	13,358 <sup>19359</sup>	518,390
Institutional Support	625,534	85,904	460,808	4,892	1,177,138
Operation and Maintenance of Plant	336,942	21,317	489,702	44,813	892,774
Scholarships and Fellowships			123,569		123,569
<b>Total Unrestricted</b>	<b>5,096,479</b>	<b>553,229</b>	<b>1,728,646</b>	<b>177,875</b>	<b>7,556,229</b>
			<i>127,546</i>		(Exh. C)
<b>Restricted - Education and General</b>					
Instruction	9,619	324,884	14,984	52,332	401,819
Research					
Public Service	24,424	15,321		169,678	209,423
Academic Support	3,290	81,552	2,467		87,309
Student Services	97,146	69,500	34,910		201,556
Institutional Support		82,698			82,698
Operation and Maintenance of Plant		24,705			24,705
Scholarships and Fellowships			1,727,532		1,727,532
<b>Total Restricted</b>	<b>134,479</b>	<b>598,660</b>	<b>1,779,893</b>	<b>222,010</b>	<b>2,735,042</b>
					(Exh. C)
<b>Total Educational and General</b>	<b>5,230,958</b>	<b>1,151,889</b>	<b>3,508,539</b>	<b>399,885</b>	<b>10,291,271</b>
<b>Auxiliary Enterprises</b>					
	181,821	35,609	937,922	4,608	1,159,960
					(Exh. C)
<b>Total Current Fund Expenditures</b>	<b>\$ 5,412,779</b>	<b>\$ 1,187,498</b>	<b>\$ 4,446,461</b>	<b>\$ 404,493</b>	<b>\$ 11,451,231</b>

See Independent Auditor's Report on Additional Information.



PANOLA COLLEGE  
 SCHEDULE D-1  
 BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS  
 For the Year Ended August 31, 1999

Description Student Fee	Bonds Issued to Date	Range of Interest Rates	Bonds			Bonds Matured or Retired	Bonds Refunded	Bonds Outstanding 08/31/99
			Bonds Outstanding 09/01/98	Bonds Issued After 09/01/97				
Revenue Bond 1970C	\$ 495,000	7.00-7.20 %	\$ 80,000	\$	\$ 25,000	\$	\$ 55,000	
<b>Total</b>	<b>\$ 495,000</b>		<b>\$ 80,000</b>	<b>\$</b>	<b>\$ 25,000</b>	<b>\$</b>	<b>\$ 55,000</b>	

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

Description	Total Requirement	
	2000	2001
Principal Due		
Revenue Bond 1970C	\$ 25,000	\$ 30,000
Interest Due	3,060	1,080
<b>Total</b>	<b>\$ 28,060</b>	<b>\$ 31,080</b>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 SCHEDULE D-2  
 SCHEDULE OF PLEDGED REVENUES AND FUND BALANCES  
 FOR REVENUE BONDS OUTSTANDING  
 For the Year Ended August 31, 1999

Description	PLEDGED REVENUES AND RELATED EXPENDITURES							(a+b-c-d) Net Available for Debt Service
	(a) Operating Revenues	(a) Interest Earned on Investments	(a) Other Pledged Revenues	(a) Total Pledged Revenues	(b) Other Revenue Sources	(c) Operating Expense	(d) Capital Outlay	
Student Fee Revenue Bonds 1970	\$ 28,060	\$	\$	\$ 28,060	\$	\$	\$	\$ 28,060
Totals	\$ 28,060	\$	\$	\$ 28,060	\$	\$	\$	\$ 28,060

Description	RESTRICTED ACCOUNT BALANCES			
	Debt Service Principal	Debt Service Interest	Interest and Sinking Fund	Bond Reserve Fund
Minimum Required	Actual Balance	Minimum Required	Actual Balance	
Student Fee Revenue Bonds 1970	\$	\$	\$ 19,000	\$ 19,000
Totals	\$	\$	\$ 19,000	\$ 19,000

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
SCHEDULE D-3  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 1999

Federal Grantor/Pass Through Grantor/ Program Title	PROJECT NUMBER	Federal CFDA Number	PROGRAM OR AWARD AMOUNT	PASS THROUGH DISBURSEMENTS AND EXPENDITURES
SEOG	EP007A984092	84.007 *	33,436	\$ 45,447
SEOG	EP007A994092	84.007 *	50,000	993
Sub total SEOG Program			83,436	46,440
Federal College Workstudy	EP033A984092	84.033 *	53,315	37,862
Sub total Workstudy Program			53,315	37,862
Federal Pell Grant Program	EP063P966491	84.063 *	847,394	(309)
Federal Pell Grant Program	EP063P976491	84.063 *	932,118	(337)
Federal Pell Grant Program	EP063P986491	84.063 *	1,166,646	902,773
Federal Pell Grant Program	EP063P996491	84.063 *	650,609	356,434
Sub total Pell Program			3,596,767	1,258,561
SUB-TOTAL--STUDENT FINANCIAL AID				1,342,863
Texas Higher Education Coordinating Board--PASS THROUGH				
Carl Perkins Voc. Ed.	99420236	84.048	133,000	121,752
Carl Perkins Voc. Ed.	99150033	84.048	54,284	49,950
SUB-TOTAL				187,284
Total U. S. Department of Education				1,514,565
National Science Foundation				
Interdisciplinary Tech	DUE-9652088	47.076	181,075	11,509
Total National Science Foundation				11,509
Department of Transportation				
Texas Department of Transporta	588xxf7007	20.600	35,223	10,875
Texas Department of Transporta	589xxf3004	20.600	40,000	24,473
Total Department of Transportation				35,348
All Other Federal Programs				
U. S Department of Housing and Urban Development				
Housing Interest Subsidy	CH-TEX-263 (D)	14.000	8,688	8,688
Total Federal Financial Assistance				\$ 1,570,110
Federal Revenues Per Exhibit C				\$ 1,561,422
Add: HUD Interest Subsidy				8,688
				\$ 1,570,110

\* Denotes major federal financial assistance program as defined by the Single Audit Act as amended in 1996 and OMB Circular A-133.

PANOLA COLLEGE  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 1999

1. The College uses the restricted fund account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the Restricted - Current Fund with the exception of the HUD Interest Subsidy accounted for in the Retirement of Indebtedness Fund.
2. The financial statements of Panola College are prepared on the accrual basis of accounting except depreciation expenses related to plant fund assets is not recorded. 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.  
  
To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of equipment and library holdings; (2) mandatory transfers in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.
3. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
4. The Pell awards for projects EP063P966491 and EP063P976491 were reduced by the Department of Education. These projects are applicable to the 96-97 fiscal year and the 97-98 fiscal year, respectively. The reduction in authorizations are reflected in the schedule as negative expenditures.
5. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

PANOLA COLLEGE  
 SCHEDULE D-4  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 For the Year Ended August 31, 1999

<u>Grantor Agency/Program Title</u>	<u>GRANT PROJECT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Texas Infrastructure Board (TIF)	QE-1998-HE-1309	\$161,957	\$161,486
Texas Treasurer's Grant	713-99116	20,000	9,125
Texas Higher Education Coordinating Board			
Texas College Work Study	9920050M	3,647	3,647
Texas Council of Humanities	98-2574	475	475
TOTAL STATE AWARDS			<u>\$174,733</u>
State Revenues Per Exhibit C			<u>\$174,733</u>

Significant Accounting Policies Used in Preparing the Schedule:

The schedule is presented using the accrual basis of accounting. See Note B to the financial statements for Panola College's significant accounting policies. These expenditures are reported on Panola College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

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*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 as 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, 1999  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1998

ASSETS	<u>1999</u>	<u>(Memo Only)</u> <u>1998</u>
Cash and cash equivalents	\$ 2,633,882	\$ 2,039,291
Short-term investments	265,938	253,387
Accounts receivable (net of allowance for doubtful accounts)	148,891	301,464
Taxes receivable (net of allowance for doubtful accounts)	56,589	57,409
Due from other funds	526,321	501,369
Due from other agencies	10,969	
Prepaid expenses	6,861	74,645
Total Assets	<u>\$ 3,649,451</u>	<u>\$ 3,227,565</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 128,336	\$ 242,363
Accrued liabilities	69,232	57,879
Due to other funds	596,729	184,890
Deferred revenues	641,417	591,994
Accrued compensable absences payable	94,563	58,870
Total Liabilities	<u>1,530,277</u>	<u>1,135,996</u>
Fund Balance:		
Reserved		
Accounts receivable	26,224	
Encumbrances	14,852	30,169
Other	6,861	8,778
Unreserved		
Undesignated	<u>2,071,237</u>	<u>2,052,622</u>
Total Fund Balance	<u>2,119,174</u>	<u>2,091,569</u>
Total Liabilities and Fund Balance	<u>\$ 3,649,451</u>	<u>\$ 3,227,565</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, 1999  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1998

	1999	(Memo Only) 1998
<b>REVENUES</b>		
State Appropriations	\$ 3,488,315	\$ 3,353,530
Local Funds:		
Tuition and fees	1,688,829	1,541,162
Taxes	2,667,618	2,683,436
Sales and services	301,020	298,386
Grants, Gifts and Contracts	15,435	113,674
Interest income	133,966	135,069
Administrative Cost Allowances		6,862
Other local revenues	67,135	157,987
<b>Total Revenues</b>	<u>8,362,318</u>	<u>8,290,106</u>
<b>EXPENDITURES</b>		
Educational and general		
Instruction	3,674,774	3,705,760
Public service	82,898	109,216
Academic support	1,086,686	952,728
Student services	518,390	494,177
Institutional support	1,177,138	1,191,038
Operation and maintenance of plant	892,774	1,093,965
Scholarships and awards	123,569	98,990
<b>Total Expenditures</b>	<u>7,556,229</u>	<u>7,645,874</u>
Excess of Revenues over Expenditures	<u>806,089</u>	<u>644,232</u>
<b>TRANSFERS-ADDITIONS / (DEDUCTIONS)</b>		
Mandatory transfers	(396,866)	(351,958)
Non-mandatory transfers	(381,618)	(196,732)
<b>Total Transfers-Additions /(Deductions)</b>	<u>(778,484)</u>	<u>(548,690)</u>
Net Increase in Fund Balance	27,605	95,542
Fund Balance, beginning of year	<u>2,091,569</u>	<u>1,996,027</u>
Fund Balance, end of year	\$ <u>2,119,174</u>	\$ <u>2,091,569</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
AUXILIARY  
BALANCE SHEET  
AUGUST 31, 1999  
WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1998

	<u>1999</u>	(Memo Only) <u>1998</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 92,978	\$ 189,505
Accounts receivable	13,424	101,581
Inventory, at cost	85,668	44,924
Due from other funds	323,669	178,661
Prepaid expenses	<u>5,285</u>	<u>6,351</u>
<b>Total Assets</b>	<b>\$ <u>521,024</u></b>	<b>\$ <u>521,022</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 46,555	\$ 37,032
Accrued liabilities	56,649	44,246
Deposits payable	17,224	17,600
Due to other funds		
Deferred revenues	218,679	242,568
Accrued compensable absences payable	<u>809</u>	<u>377</u>
<b>Total Liabilities</b>	<b><u>339,916</u></b>	<b><u>341,823</u></b>
<b>Fund Balance:</b>		
<b>Reserved</b>		
Encumbrances	24,865	23,358
Accounts receivable	7,168	4,376
Inventory	85,668	44,924
Prepaid expenses	5,285	6,351
<b>Unreserved</b>		
Undesignated	<u>58,122</u>	<u>100,190</u>
<b>Total Fund Balance</b>	<b><u>181,108</u></b>	<b><u>179,199</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>521,024</u></b>	<b>\$ <u>521,022</u></b>

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, 1999  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1998

	<u>1999</u>	<u>(Memo Only)</u> <u>1998</u>
<b>REVENUES</b>		
Bookstore	\$ 680,836	\$ 656,039
Food service and vending	285,900	276,083
Student housing	178,211	85,750
Other local revenues	8,922	15,755
Total Revenues	<u>1,153,869</u>	<u>1,033,627</u>
<b>EXPENDITURES</b>		
Bookstore	442,145	502,829
Food service and vending	260,414	254,680
Student housing	20,434	14,913
Athletics	436,967	386,355
Total Expenditures	<u>1,159,960</u>	<u>1,158,777</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,091)</u>	<u>(125,150)</u>
<b>TRANSFERS-ADDITIONS / (DEDUCTIONS)</b>		
Non-mandatory transfers	<u>8,000</u>	<u>126,732</u>
Total Transfers-Additions /(Deductions)	<u>8,000</u>	<u>126,732</u>
Net Increase in Fund Balance	1,909	1,582
Fund Balance, beginning of year	<u>179,199</u>	<u>177,617</u>
Fund Balance, end of year	<u>\$ 181,108</u>	<u>\$ 179,199</u>

*1,097,900*  
*136,720*  
*- 73,260*

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 RESTRICTED  
 BALANCE SHEET  
 AUGUST 31, 1999  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1998

ASSETS	<u>1999</u>	(Memo Only) <u>1998</u>
Cash and cash equivalents	\$ 219,915	\$ 241,802
Federal and state receivables	364,378	628,387
Other grant receivables	2,369	
Interest receivable	4,624	4,137
Due from other funds	819	501
Prepaid expenses		
Total Assets	\$ <u>592,105</u>	\$ <u>874,827</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 5,516	\$ 325,919
Accrued liabilities	33	
Due to other funds	<u>526,593</u>	<u>487,439</u>
Total Liabilities	<u>532,142</u>	<u>813,358</u>
Fund Balance-Reserved	15,522	10,316
Fund Balance-Restricted	<u>44,441</u>	<u>51,153</u>
Total Fund Balance	<u>59,963</u>	<u>61,469</u>
Total Liabilities and Fund Balance	\$ <u>592,105</u>	\$ <u>874,827</u>

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, 1999  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1998

	<u>1999</u>	<u>(Memo Only)</u> <u>1998</u>
<b>REVENUES</b>		
State appropriations	\$ 592,354	\$ 574,726
Federal grants and contracts	1,561,422	1,482,967
State grants and contracts	174,733	
Private grants and gifts	43,567	27,722
Interest and investment income	80,683	67,142
<b>Total Revenues</b>	<u>2,452,759</u>	<u>2,152,557</u>
<b>EXPENDITURES</b>		
Educational and general		
Instruction	401,819	416,714
Public Service	209,423	33,215
Academic support	87,309	326,288
Student services	201,556	209,129
Institutional support	82,698	185,714
Operation and maintenance of plant	24,705	19,787
Scholarships and awards	1,727,532	1,209,201
<b>Total Expenditures</b>	<u>2,735,042</u>	<u>2,400,048</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(282,283)</u>	<u>(247,491)</u>
<b>TRANSFERS-ADDITIONS / (DEDUCTIONS)</b>		
Mandatory transfers	282,283	247,491
Excess (deficit) of restricted receipts over transfers to revenues	<u>(1,506)</u>	<u>8,580</u>
<b>Total Transfers-Additions /(Deductions)</b>	<u>280,777</u>	<u>256,071</u>
Net Increase (Decrease) in Fund Balance	(1,506)	8,580
Fund Balance, beginning of year	<u>61,469</u>	<u>52,889</u>
Fund Balance, end of year	<u>\$ 59,963</u>	<u>\$ 61,469</u>

See Independent Auditor's Report on Additional Information.

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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, 1999  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1998

ASSETS	<u>1999</u>	(Memo Only) <u>1998</u>
Cash and cash equivalents	\$ 1,018,575	\$ 930,630
Short-term investments	<u>17,000</u>	<u>37,000</u>
<b>Total Assets</b>	<b>\$ <u><u>1,035,575</u></u></b>	<b>\$ <u><u>967,630</u></u></b>
 <b>LIABILITIES AND FUND BALANCE</b>  		
Liabilities: Due to other funds	\$ <u>819</u>	\$ <u>501</u>
 Fund Balance-Restricted for Endowments	 <u>1,034,756</u>	 <u>967,129</u>
 <b>Total Liabilities and Fund Balance</b>	 <b>\$ <u><u>1,035,575</u></u></b>	 <b>\$ <u><u>967,630</u></u></b>

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, 1999  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1998

	1999	(Memo Only) 1998
	<u>1999</u>	<u>1998</u>
<b>REVENUES AND OTHER ADDITIONS</b>		
Private gifts	\$ 67,627	\$ 93,425
<b>Total Revenues</b>	<u>67,627</u>	<u>93,425</u>
Net Increase in Fund Balance	67,627	93,425
Fund Balance, beginning of year	<u>967,129</u>	<u>873,704</u>
Fund Balance, end of year	\$ <u>1,034,756</u>	\$ <u>967,129</u>

See Independent Auditor's Report on Additional Information.

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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, 1999  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1998

	<u>1999</u>	<u>(Memo Only)</u> <u>1998</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 707,663	\$ 704,482
Short-term investments	95,000	
Interest receivable	3,031	
Due from other funds	300,000	
Earnest money deposit	500	
Total Assets	\$ <u>1,106,194</u>	\$ <u>704,482</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities: Due to other funds	\$ _____	\$ <u>3,118</u>
Fund Balance-Reserved for accounts receivable and prepaids	3,531	
Fund Balance-Reserved for Plant Improvements	<u>1,102,663</u>	<u>701,364</u>
Total Fund Balance	<u>1,106,194</u>	<u>701,364</u>
Total Liabilities and Fund Balance	\$ <u>1,106,194</u>	\$ <u>704,482</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 UNEXPENDED  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED AUGUST 31, 1999  
 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1998

	<u>1999</u>	<u>(Memo Only)</u> <u>1998</u>
<b>REVENUES AND OTHER ADDITIONS</b>		
	\$	\$
Interest income	31,212	29,886
Private gifts		
Total Revenues	<u>31,212</u>	<u>29,886</u>
 <b>EXPENDITURES AND OTHER DEDUCTIONS</b>		
Expended for plant facilities		
Excess (deficiency) of Revenues and Other Additions over Expenditures and Other Deductions	31,212	29,886
 <b>TRANSFERS-ADDITIONS/ (DEDUCTIONS)</b>		
Non-mandatory transfers	<u>373,618</u>	<u>70,000</u>
Net Increase (Decrease) in Fund Balance	404,830	99,886
Fund Balance, beginning of year	<u>701,364</u>	<u>601,478</u>
Fund Balance, end of year	\$ <u>1,106,194</u>	\$ <u>701,364</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 RETIREMENT OF INDEBTEDNESS  
 BALANCE SHEET  
 AUGUST 31, 1999  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1998

ASSETS	<u>1999</u>	<u>(Memo Only)</u> <u>1998</u>
Cash and cash equivalents	\$ 11,119	\$ 20,728
Short-term investments	19,000	
Due from other funds		6,229
Interest receivable	27	
<b>Total Assets</b>	<b>\$ <u>30,146</u></b>	<b>\$ <u>26,957</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accrued interest	\$ 765	\$ 1,440
Due to other funds	<u>3,864</u>	
<b>Total Liabilities</b>	<b><u>4,629</u></b>	<b><u>1,440</u></b>
Fund Balance-Reserved for interest receivable	27	
Fund Balance-Restricted for Debt Retirement	<u>25,490</u>	<u>25,517</u>
<b>Total Fund Balance</b>	<b><u>25,517</u></b>	<b><u>25,517</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>30,146</u></b>	<b>\$ <u>26,957</u></b>

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, 1999  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1998

	1999	(Memo Only) 1998
<b>REVENUES AND OTHER ADDITIONS</b>		
Interest income	\$ 730	\$ 757
Federal interest subsidy	8,688	8,688
Other income		
<b>Total Revenues and Other Additions</b>	<u>9,418</u>	<u>9,445</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>		
Retirement of indebtedness:		
Principal	103,120	93,980
Interest and fees	20,881	19,932
<b>Total Expenditures and Other Deductions</b>	<u>124,001</u>	<u>113,912</u>
Excess (deficiency) of revenues and other additions over expenditures and other deductions	(114,583)	(104,467)
<b>TRANSFERS-ADDITIONS/ (DEDUCTIONS)</b>		
Non-mandatory transfers	<u>114,583</u>	<u>104,467</u>
<b>Net Increase (Decrease) in Fund Balance</b>		
Fund Balance, beginning of year	<u>25,517</u>	<u>25,517</u>
Fund Balance, end of year	\$ <u>25,517</u>	\$ <u>25,517</u>

See Independent Auditor's Report on Additional Information.

PANOLA COLLEGE  
 INVESTMENT IN PLANT  
 BALANCE SHEET  
 AUGUST 31, 1999  
 WITH COMPARATIVE AMOUNTS AT AUGUST 31, 1998

	<u>1999</u>	(Memo Only) <u>1998</u>
<b>ASSETS</b>		
Land	\$ 855,460	\$ 855,460
Buildings	9,185,496	9,145,569
Equipment, fixtures and vehicles	3,669,330	3,624,035
Library books	638,644	590,078
<b>Total Assets</b>	<b>\$ <u>14,348,930</u></b>	<b>\$ <u>14,215,142</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Bonds payable	\$ 55,000	\$ 80,000
Lease purchase agreement payable	285,872	356,901
<b>Total Liabilities</b>	<b><u>340,872</u></b>	<b><u>436,901</u></b>
 Fund Balance-Net investment in plant	 <u>14,008,058</u>	 <u>13,778,241</u>
 <b>Total Liabilities and Fund Balance</b>	 <b>\$ <u>14,348,930</u></b>	 <b>\$ <u>14,215,142</u></b>

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, 1999  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED AUGUST 31, 1998

	1999	(Memo Only) 1998
<b>REVENUES AND OTHER ADDITIONS</b>		
Retirement of indebtedness	\$ 103,029	\$ 93,980
Expended for plant facilities	404,492	1,069,871
Total Revenues and Other Additions	<u>507,521</u>	<u>1,163,851</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>		
Capital lease obligation	7,000	334,383
Disposal of equipment and fixtures	270,704	
Total Expenditures and Other Deductions	<u>277,704</u>	<u>334,383</u>
Net Increase (Decrease) in Fund Balance	229,817	829,468
Fund Balance, beginning of year	<u>13,778,241</u>	<u>12,948,773</u>
Fund Balance, end of year	\$ <u>14,008,058</u>	\$ <u>13,778,241</u>

See Independent Auditor's Report on Additional Information.

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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  
 FOR THE YEAR ENDED AUGUST 31, 1999

	<u>BALANCE</u> <u>09-01-98</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>09-01-99</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 72,782	\$ 252,723	\$ 235,589	\$ 89,916
Due from other funds		529	256	273
Total Assets	<u>\$ 72,782</u>	<u>\$ 253,252</u>	<u>\$ 235,845</u>	<u>\$ 90,189</u>
<b>LIABILITIES</b>				
Liabilities:				
Deposits payable	\$ 30,712	\$ 57,774	\$ 59,689	\$ 28,797
Funds held in trust	30,238	78,949	74,072	35,115
Accounts payable	1,020	66,275	64,095	3,200
Due to other funds	10,812	50,254	37,989	23,077
Total Liabilities	<u>\$ 72,782</u>	<u>\$ 253,252</u>	<u>\$ 235,845</u>	<u>\$ 90,189</u>

See Independent Auditor's Report on Additional Information.

## **YEAR 2000 DISCLOSURES**

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PANOLA COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
AUGUST 31, 1999

**Year 2000 Issues**

Often software packages and electronic equipment depend on a date imbedded in the system to perform selected tasks. Many of these systems were designed to use only the last two digits of a year (such as 99 for 1999) and they will not be able to perform their tasks properly when this date becomes 00 in the year 2000. In addition, some systems will not be able to recognize the year 2000 as a leap year. These systems may process data inaccurately or stop processing altogether. Problems affecting a wide range of school district activities will likely result if computers and other electronic equipment that are dependent upon date-sensitive coding are not corrected.

The Governmental Accounting Standards Board has required all governmental entities to disclose any significant amount of resources committed (contracted amounts at the end of the government's reporting period) to address the year 2000 issue for computer systems and other electronic equipment critical to conducting operations after December 31, 1999. Panola College has grouped its approach to dealing with the year 2000 issue into four stages: Awareness, Assessment, Remediation, and Validation/Testing.

**AWARENESS STAGE**

During this stage the College developed a plan, including a time line and a budget for dealing with the year 2000 issue.

**ASSESSMENT STAGE**

In this stage the College identified the following computer systems and other electronic equipment as critical to conducting operations after December 31, 1999:

Systems developed and maintained by the College

The College does not have any systems that it has developed or maintains.

Systems developed and maintained by vendors

The College has tested all critical software and hardware for year 2000 compliance. All systems have been determined to be compliant or they have received a letter from the vendor which states that they have been tested and are compliant. These would include systems from Campus America (POISE), the software used to maintain the financial, payroll, budget, student registration, billing, reporting and financial aid, and Pritchard & Abbott, the service maintaining tax rolls and collection information, on behalf of the tax collection service provider of the College, Panola County.

**REMEDICATION STAGE**

The systems that are considered critical to the College's operations have been upgraded or replaced with Y2K compliant systems as of August 31, 1999. There are no contracted amounts or related costs anticipated to complete compliance.



PANOLA COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION  
AUGUST 31, 1999

**VALIDATION STAGE**

After completing remediation procedures, systems are tested to evaluate the effectiveness of the modifications. All critical systems have been through the validation/testing stage and have been determined to be Y2K compliant.

**COMPLETED**

Although the validation/testing stage has been completed for the above systems and they appear to be year 2000-compliant, the College provides no assurances or guarantees that they are compliant and will continue to operate properly after December 31, 1999. Such assurances are impossible due to the unprecedented nature of the year 2000 issue. Its effects and the success of related remediation efforts will not be fully determined until the year 2000 and thereafter.

**VENDOR ASSURANCES**

The College has received information from vendors that provide services and develop and maintain computer systems and other electronic equipment that are critical to operations after December 31, 1999, regarding their progress in becoming year 2000 compliant.

The following indicate that they have completed the validation/testing stage for their systems or services and they appear to be Y2K compliant:

Campus America (POISE)

Pritchard & Abbott, on behalf of the service provider, Panola County.

The vendors listed above provide no assurances or guarantees that their systems are year 2000 compliant and will continue to operate properly after December 31, 1999.

**CONTINGENCY PLANS**

The College has contingency plans to deal with failures of all the systems discussed above.

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***STATISTICAL***

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***SECTION (Unaudited)***

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PANOLA COLLEGE  
EXPENDITURES BY FUNCTION (1)  
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>
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
1994-95	3,037,836			668,266	448,089
1995-96	3,340,689			771,279	462,317
1996-97	3,681,275		71,336	680,746	507,048
1997-98	3,705,760		109,216	952,728	494,177
1998-99	3,674,774		82,898	1,086,686	518,390

- (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>
\$ 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
747,103	740,539	99,348	872,264	138,738	6,752,183
841,414	753,436	96,391	864,428	88,751	7,218,705
957,611	939,420	111,739	947,469	91,544	7,988,188
1,191,038	1,093,965	98,990	1,158,777	113,912	8,918,563
1,177,138	892,774	123,569	1,159,960	124,001	8,840,190

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>
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
1994-95	2,774,402	1,094,453	2,491,307		114,525
1995-96	2,972,345	1,220,804	2,587,938		140,376
1996-97	2,961,081	1,556,362	2,588,723		140,506
1997-98	3,353,530	1,541,162	2,683,436		141,191
1998-99	3,488,315	1,688,829	2,667,618		140,989

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>
\$ 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
98,115	746,851	32,741	7,352,394
186,038	800,511	9,708	7,917,720
153,242	811,386	9,468	8,220,768
584,250	1,020,164	9,445	9,333,178
383,590	1,146,846	9,418	9,525,605

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>
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
1994-95	2,556,344	2,510,759	98.22%	65,682	2,576,441
1995-96	2,659,962	2,609,186	98.09%	67,287	2,676,473
1996-97	2,673,934	2,622,811	98.09%	57,295	2,680,106
1997-98	2,750,498	2,700,732	98.19%	72,547	2,773,279



Table 3

	<u>% of Total Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>% of Delinquent Taxes to Levy</u>
\$	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%
	100.79%	203,696	7.97%
	100.62%	199,876	7.51%
	100.23%	207,503	7.76%
	100.83%	191,363	6.96%

**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>
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
1995	1,652,772,786	1,652,772,786	120,298,951	120,298,951
1996	1,442,232,681	1,442,232,681	130,762,253	130,762,253
1997	1,887,026,214	1,887,026,214	145,111,207	145,111,207
1998	2,006,974,982	2,006,974,982	180,005,791	180,005,791
1999	1,769,967,451	1,769,967,451	191,459,754	191,459,754

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>
\$	1,333,112,706	\$ 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%
	1,773,071,737	1,773,071,737	100%
	1,572,994,934	1,572,994,934	100%
	2,032,137,421	2,032,137,421	100%
	2,186,980,773	2,186,980,773	100%
	1,961,427,205	1,961,427,205	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		
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
1994-95	0.13975		0.13975	0.3668
1995-96	0.15002		0.15002	0.3996
1996-97	0.16999		0.16999	0.4661
1997-98	0.13535		0.13535	0.3862
1998-99	0.12585		0.12585	0.3539

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>Rural Fire District</u>	<u>Total</u>
\$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
0.51610	1.26000			2.282650
0.51742	1.33137			2.398410
0.51742	1.48223		\$0.03000	2.665740
0.42621	1.44714		0.02370	2.418600
0.39286	1.48743		0.02179	2.381830

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) (Thousands)	Gross Bonded Debt	Available Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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
1994-95	22,500	1,773,072	150,000	25,517	124,483	7.02%	5.53
1995-96	22,500	1,572,994	130,000	25,517	104,483	6.64%	4.64
1996-97	23,402	2,031,345	105,000	25,517	79,483	3.91%	3.40
1997-98	22,949	2,186,981	80,000	25,517	54,483	2.50%	2.37

(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 1995 population is based on estimates. 1996 is based on Texas State and Local Government Fiscal 1996 Debt Report.

(2) Panola County Appraisal District.

PANOLA COLLEGE  
COMPUTATION OF LEGAL DEBT MARGIN  
AUGUST 31, 1999  
(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, 1999, 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  
 AUGUST 31, 1999  
 (UNAUDITED)

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u> (1)	<u>Percent Applicable to College</u> (2)	<u>Amount Applicable to College</u>
<b>Direct:</b>			
Panola College	\$55,000	100.00%	\$55,000
<b>Overlapping:</b>			
Panola County	400,000	100.00%	400,000
City of Carthage	21,675,938	100.00%	21,675,938
City of Beckville	215,000	100.00%	215,000
Carthage ISD	10,430,000	100.00%	10,430,000
Gary ISD	1,960,000	100.00%	1,960,000
Beckville ISD	6,900,000	100.00%	6,900,000
Elysian Fields ISD	2,400,000	53.75%	1,290,000
Tatum ISD		32.50%	
Tenaha ISD	100,000	1.86%	1,860
Joaquin ISD	2,000,000	5.05%	101,000
<b>Total Direct and Overlapping Debt</b>			<u>\$43,028,798</u>

(1) Respective entities and auditors of respective entities.

(2) Texas Municipal Reports



ANOLA 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 (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1989-90	40,000	22,088	62,088	5,272,994	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	6,023,150	0.49%
1993-94	20,000	12,965	32,965	6,462,951	0.51%
1994-95	20,000	11,520	31,520	6,752,183	0.47%
1995-96	20,000	10,080	30,080	7,218,705	0.42%
1996-97	25,000	8,460	33,460	7,988,188	0.42%
1997-98	25,000	6,660	31,660	8,918,563	0.36%
1998-99	25,000	4,860	29,860	8,840,190	0.34%

1) Represents total expenditures in the auxiliary, unrestricted, and retirement of indebtedness funds.

PANOLA COLLEGE  
 PRINCIPAL TAXPAYERS  
 AUGUST 31, 1999  
 (UNAUDITED)

<u>Taxpayer (1)</u>	<u>Type of Business</u>	<u>1997 Assessed Valuation (1) (in 1,000's)</u>	<u>Percentage of Total Assessed Valuation</u>
Union Pacific Resources	Petroleum	\$218,378	15.38%
Pennzoil Company	Petroleum	132,150	9.10%
Texaco Producing, Inc.	Petroleum	131,259	8.60%
Louisiana Pacific		78,973	5.67%
Exxon Corp.	Petroleum	75,483	3.41%
Enron Company	Petroleum	59,470	2.47%
UPR - East Plant	Petroleum	56,756	2.44%
Amoco Production Co.	Petroleum	46,211	2.32%
R. Lacy, Inc.	Petroleum	44,661	2.04%
Texas Utilities Mining Co.	Utilities	44,532	2.00%
Totals (53.43% of Actual Value of \$2,031,886,088)		<u>\$887,873</u>	<u>53.43%</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>
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%
1994-95	22,500	36.1	\$16,375	\$23,139	6.3%	6.70%
1995-96	22,500	36.1	\$16,695	\$21,027	8.7%	5.00%
1996-97	23,402	36.1	\$17,550	\$22,899	9.6%	5.40%
1997-98	22,949	36.1	\$16,720	\$21,027	9.8%	4.60%
1998-99	22,891	36.1	\$14,130	\$25,781	10.5%	4.10%

(1) Federal Bureau of Census, Sales and Marketing Survey of Buying Power.

1987 population based on Texas Department of Health projections.

1989 through 1996 estimated.

1997 based on Texas State and Local Government Fiscal 1996 Debt Report.

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

(3) Texas Employment Commission.

Table 12

PANOLA COLLEGE  
 DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Head Count:

<u>Fiscal Year</u>	<u>Carthage</u>	<u>Jefferson/ Marshall</u>	<u>Center</u>	<u>Total</u>
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
1994-95	1,192	268	140	1,600
1995-96	1,264	220	173	1,657
1996-97	1,292	312	168	1,772
1997-98	1,232	292	193	1,717
1998-99	1,205	129	170	1,504

Full-Time Equivalentents (FTEs):

<u>Fiscal Year</u>	<u>Carthage</u>	<u>Jefferson/ Marshall</u>	<u>Center</u>	<u>Total</u>
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
1994-95	1,159	133	86	1,378
1995-96	1,230	126	125	1,481
1996-97	1,202	169	116	1,487
1997-98	1,204	149	139	1,492
1998-99	1,185	91	135	1,411

The above information reflects the fall semester statistics  
 for the respective fiscal years.

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
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%
1994-95	54%	46%	35%	65%	34%	58%	8%
1995-96	54%	46%	35%	65%	32%	61%	7%
1996-97	51%	49%	38%	62%	31%	63%	6%
1997-98	53%	47%	38%	62%	27%	68%	5%
1998-99	61%	39%	32%	68%	33%	66%	1%

Fiscal Year	Average Age of Student	Ethnic Background				
		Asian	Black	Hispanic	White	Other
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%
1994-95	25.3		15%	1%	84%	
1995-96	25.2		15%	1%	84%	
1996-97	25.7	1%	14%	1%	83%	1%
1997-98	24.7	1%	16%	1%	81%	1%
1998-99	24.3	1%	18%	2%	79%	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>
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	
1994-95	\$180	\$48	\$228	35.7%
1995-96	\$180	\$48	\$228	
1996-97	\$180	\$48	\$228	
1997-98	\$216	\$48	\$264	15.8%
1998-99	\$216	\$72	\$288	9.1%

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

Regular Laboratory Fees	\$15
Technology Fee	\$24
Special Laboratory Fees:	
Photography, Welding, Cosmetology, Forestry and Nursing	\$24-\$105
Private Music Lessons	\$20-\$36

Table 15

PANOLA COLLEGE  
 FACULTY STATISTICS  
 AUGUST 31, 1999  
 (UNAUDITED)

<u>Years of Experience</u>	<u>Number of Full Time Faculty</u>	<u>Percentage of Total</u>
0-5 years	22	36.67%
6-10 years	16	26.67%
11-15 years	11	18.33%
16-20 years	5	8.33%
More than 21 years	6	10.00%
	<u>60</u>	<u>100.00%</u>

	<u>Number of Full Time Faculty</u>	<u>Percentage of Total</u>
Less than Bachelor's	4	6.67%
Bachelor's	10	16.67%
Master's	41	68.33%
Doctorate	5	8.33%
	<u>60</u>	<u>100.00%</u>

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***SINGLE AUDIT***

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***SECTION***

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ROBINSON & WILLIAMS

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

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING 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

We have audited the financial statements of Panola College as of and for the year ended August 31, 1999, and have issued our report thereon dated October 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Panola College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the Public Funds Investment Act (Texas Government Code, Chapter 2256), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not a objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Panola College's internal control over financial reporting 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

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.

*Robinson & Williams*

Robinson & Williams  
Certified Public Accountants

October 22, 1999

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Panola College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 1999. Panola College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of Panola College's administration. Our responsibility is to express an opinion on Panola College's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Panola College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Panola College's compliance with those requirements.

In our opinion, Panola College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 1999.

Internal Control Over Compliance

The administration of Panola College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Panola College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily

disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 over compliance and its operation that we consider to be material weaknesses.

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

*Robinson & Williams*

Robinson & Williams  
Certified Public Accountants

October 22, 1999

PANOLA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 1999

- I. Summary of the Auditor's Results:
- a. The type of report issued on the financial statements of Panola College was an unqualified opinion.
  - b. No reportable conditions in internal control were disclosed by the audit of the financial statements.
  - c. The audit did not disclose any noncompliance which is material to the financial statements of the College.
  - d. No reportable conditions in internal control over major major programs were disclosed by the audit.
  - e. The type of report issued on compliance for major programs was an unqualified opinion.
  - f. The audit did not disclose any audit findings which is required to be reported under Section .510(a) of the Office of Management and Budget (OMB) Circular No. A-133.
  - g. Major programs of Panola College include the cluster of The United States Department of Education Student Financial Aid Programs administered by the College. The cluster of programs include the campus-based programs of the Federal Work Study (FWS -CFDA 84.033) and the Federal Supplemental Education Opportunity Grant (FSEOG - CFDA 84.007); and the Federal Pell Grant (Pell - CFDA 84.063) program.
  - h. The dollar threshold used to distinguish between Type A Type B programs was \$300,000.
  - i. Panola College qualified as a low-risk auditee.
- II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.
- NONE
- III. Findings and Questioned Costs For Federal Awards
- NONE
- IV. Status of Prior Audit Findings
- There are no outstanding findings.

