Enhanced Rating: S&P "AA"
Unenhanced Rating: S&P "AA-"
(See "RATING", "BOND INSURANCE" and
"BOND INSURANCE GENERAL RISKS" herein)

OFFICIAL STATEMENT
Dated: May 23, 2023

NEW ISSUE: BOOK-ENTRY-ONLY

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date of delivery thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

The Bonds have been designated by the District as "Qualified Tax-Exempt Obligations" for financial institutions.

$5,195,000
PANOLA COLLEGE DISTRICT
(A Political Subdivision of the State of Texas Located in Panola County, Texas)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2023

Dated Date: June 1, 2023 **Due: February 15, as shown on the inside cover page**

The $5,195,000 Panola College District (the "College", "District" or "Issuer") General Obligation Refunding Bonds, Series 2023 (the "Bonds") are direct obligations of the District payable from an annual ad valorem tax levied, within the limits provided by law, on all taxable property located within the District. (See "TAX RATE LIMITATIONS" herein.) The Bonds are issued pursuant to the provisions of the Constitution and the general laws of the State of Texas, including Section 130.122, Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") and a resolution (the "Resolution") adopted by the Board of Trustees of the District (the "Board") on April 24, 2023. (See "THE BONDS – Authority for Issuance") As permitted by Chapter 1207, the Board, in the Resolution, delegated the authority to certain District officials (the "Pricing Officer") to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Bonds. The Pricing Certificate was executed by the Pricing Officer on May 23, 2023, which completed the sale of the Bonds.

Interest on the Bonds will accrue from June 1, 2023, will be payable on February 15 and August 15 of each year, commencing February 15, 2024, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only as fully registered obligations in the denomination of $5,000 or any integral multiple thereof, for any one stated maturity. The Bonds will be issued in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof for the Bonds.

Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of, premium and interest on the Bonds will be payable by the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas, to the Securities Depository, which will in turn remit such principal, premium and interest to its participants, which will in turn remit such principal, premium and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used to (i) refund a portion of the District's outstanding bonds for debt service savings, and (ii) to pay the costs of issuing the Bonds.

The District reserves the right to redeem the Bonds maturing on or after February 15, 2034 in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter at the redemption price of par plus accrued interest. (See "THE BONDS - Redemption Provisions of the Bonds" herein.)

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. The bond insurance policy was purchased at the sole discretion of the Purchaser (defined herein). (See "BOND INSURANCE" herein.)

BAM
BUILD AMERICA MUTUAL

MATURITY SCHEDULE
(On Inside Cover Page)

The Bonds are offered for delivery, when, as and if issued and received by the initial purchaser at a competitive sale (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas. It is expected that the Bonds will be available for delivery through the services of DTC on or about June 22, 2023.

$5,195,000
PANOLA COLLEGE DISTRICT
(A Political Subdivision of the State of Texas Located in Panola County, Texas)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2023

MATURITY SCHEDULE
BASE CUSIP NO: 698538 [(1)]

Maturity Date 2/15	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix No.[(1)]
2024	$ 195,000	5.00%	3.49%	BX2
2025	255,000	5.00	3.33	BY0
2026	270,000	5.00	3.29	BZ7
2027	285,000	5.00	3.13	CA1
2028	295,000	5.00	3.08	CB9
2029	315,000	5.00	3.10	CC7
2030	330,000	5.00	3.10	CD5
2031	345,000	5.00	3.10	CE3
2032	365,000	5.00	3.10	CF0
2033	380,000	5.00	3.12	CG8
2034	400,000	4.00	3.30[(2)]	CH6
2035	415,000	4.00	3.45[(2)]	CJ2
2036	430,000	4.00	3.65[(2)]	CK9
2037	450,000	4.00	3.83[(2)]	CL7
2038	465,000	4.00	3.97[(2)]	CM5

(Interest to accrue from the Dated Date)

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(2) Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on February 15, 2033, the first optional call date for such Bonds, at a redemption price of par, plus accrued interest to the redemption date.

PANOLA COLLEGE DISTRICT

ELECTED OFFICIALS

Name	Date Initially Elected	Current Term Expires	Occupation
William Goolsby, Chair	1992	2028	Banker
Bobby Phillips, Vice-Chair	1999	2028	Attorney
Richard Thomas, Secretary	1993	2024	Insurance
Faitha Burchett, Member	2017	2026	Retired Teacher
Brooke Lipsey, Member	2017	2024	Teacher
Mark Roberson, Member	2020	2026	Manufacturing Rep
Kevin Smith, Member	2009	2028	Banker

ADMINISTRATION

Name	Position	Length of Education Service	Length of Service with District
Dr. Gregory Powell	President	40 Years	23 Years
Dr. Billy Adams	Vice President of Instruction	22 Years	6 Years
Alan Howard	Vice President of Fiscal Services	8 Years	5 Years
Don Clinton	Vice President of Student Services	34 Years	34 Years
Jessica Pace	Vice President of Institutional Advancement	13 Years	13 Years

CONSULTANTS AND ADVISORS

McCall, Parkhurst & Horton L.L.P., San Antonio, Texas	Bond Counsel
SAMCO Capital Markets, Plano, Texas	Financial Advisor
Alexander Lankford & Hiers, Inc., Lufkin, Texas	Certified Public Accountants

For additional information, contact:

Dr. Gregory Powell President Panola College District 1109 W. Panola Street Carthage, Texas 75633 (903) 693-2022	Doug Whitt / Brian Grubbs SAMCO Capital Markets 5800 Granite Parkway, Suite 210 Plano, Texas 75024 (214) 765-1469 (214) 279-8683 (Fax)

USE OF INFORMATION IN THE OFFICIAL STATEMENT

This Official Statement, which includes the cover page, Schedule I, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR NOR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION WAS PROVIDED BY DTC, OR THE POTENTIAL BOND INSURER OR ITS MUNICIPAL BOND GUARANTY POLICY AS DESCRIBED HEREIN UNDER THE CAPTIONS "BOND INSURANCE" AND "BOND INSURANCE RISK FACTORS."

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the Purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE I AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX E - Specimen Municipal Bond Insurance Policy".

TABLE OF CONTENTS

The cover page, subsequent pages hereof, the schedule, and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The Panola College District (the "College", "District" or "Issuer") was created by a vote of the electorate of Panola County, Texas at an election held in 1947. The Board of Trustees ("the Board"), a seven member group, has governing responsibilities over all activities related to public junior colleges within the jurisdiction of the District. See "Appendix B – General Information Regarding the Panola College District and Panola County, Texas" herein.
The Bonds	The Bonds are being issued in the amount of $5,195,000 pursuant to the Constitution and laws of the State of Texas, including Section 130.122, Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") and a resolution (the "Resolution") adopted by the Board of Trustees of the District (the "Board") on April 24, 2023. (See "THE BONDS – Authority for Issuance"). As permitted by Chapter 1207, the Board, in the Resolution, delegated the authority to certain District officials (the "Pricing Officer") to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Bonds. The Pricing Certificate was executed by the Pricing Officer on May 23, 2023, which completed the sale of the Bonds. The Bonds are payable as to principal and interest from a continuing, direct annual ad valorem tax levied, within the limits provided by law, against all taxable property within the District. Interest on the Bonds will accrue from June 1, 2023, with such interest payable on February 15 and August 15 in each year, commencing February 15, 2024, until stated maturity or prior redemption. (See "THE BONDS – General Description" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
Security	The Bonds constitute direct obligations of the District payable from an annual ad valorem tax levied, within the limits provided by law, on all taxable property located in the District. (See "TAX RATE LIMITATIONS" herein.)
Redemption Provisions of the Bonds	The Issuer reserves the right to redeem the Bonds maturing on or after February 15, 2034 in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the redemption price of par plus accrued interest. (See "THE BONDS - Redemption Provisions of the Bonds" herein.)
Tax Matters	In the opinion of McCall, Parkhurst & Horton L.L.P, Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. (See "TAX MATTERS" and APPENDIX C - "Form of Opinion of Bond Counsel" herein.)
Qualified Tax-Exempt Obligation	The District has designated the Bonds as "qualified tax-exempt obligations" for financial institutions. (See "TAX MATTERS – Qualified Tax-Exempt Obligations herein.)
Use of Bond Proceeds	Proceeds from the sale of the Bonds will be used to (i) refund a portion of the District's outstanding bonds for debt service savings, and (ii) to pay the costs of issuing the Bonds.
Rating	S&P Global Ratings ("S&P") assigned its municipal bond rating of "AA" to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BUILD AMERICA MUTUAL ASSURANCE COMPANY. The outstanding tax supported debt of the District, including the Bonds, is rated "AA-" by S&P without regard to credit enhancement. (See "RATING", "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 principal amount with respect to the Bonds or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. The principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (See "BOOK-ENTRY-ONLY SYSTEM").
Payment Record	The District has never defaulted on the payment of its general obligation indebtedness.
Future Bond Issues	The Issuer does not anticipate the issuance of additional debt in 2023.
Delivery	When issued, anticipated on or about June 22, 2023.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the Panola College District (the "College", "District" or "Issuer") of its $5,195,000 General Obligation Refunding Bonds, Series 2023 (the "Bonds") identified on the inside cover page hereof.

The Issuer is a body corporate and a political subdivision of the State of Texas (the "State") duly organized and existing under the laws of the State of Texas, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), Section 130.122, Texas Education Code, as amended, and a resolution (the "Resolution") adopted by the Board of Trustees of the District (the "Board") on April 24, 2023. The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas, (See "THE BONDS - Authority for Issuance" herein.) For more information regarding the College, see "APPENDIX A – Financial Information of the District" and "APPENDIX B – General Information Regarding the District and its Economy."

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution. Included in this Official Statement are descriptions of the Bonds and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained from the Issuer or the Financial Advisor, by electronic mail or upon payment of reasonable mailing, handling, and delivery charges.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic, which disaster declaration was extended and is still in effect. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. However, on March 2, 2021, the Governor issued Executive Order GA-34, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 became effective on March 10, 2021 and remains in effect until amended, rescinded, or superseded by the Governor. Executive Orders. Executive Order GA-38, issued on July 29, 2021, specifically prohibits a governmental entity from compelling any individual to be vaccinated with a vaccine being administered under an emergency use authorization from the U.S. Food and Drug Administration, and further prohibits governmental entities from issuing or requiring vaccine passports for a person to gain entry into facilities or to receive services. GA-39 was issued on August 25, 2021 and further prohibits vaccine mandates and vaccine passports. GA-40 broadly prohibits vaccine mandates by any entity. These Executive Orders also suspend certain statutes that provide authority to health authorities to require immunization as a control measure to respond to a communicable disease outbreak and local government officials from issuing their own executive orders and declarations. The scope of the suspensions of State law, and the prohibitions imposed on local officials by GA-38 and GA-39 are being challenged in multiple legal actions across the State. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

THE BONDS

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and the general laws of the State of Texas, including Section 130.122, Texas Education Code, as amended, Chapter 1207, and the Resolution adopted by the Board. As permitted by Chapter 1207, the Board, in the Resolution, delegated the authority to certain District officials (the "Pricing Officer") to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Bonds. The Pricing Certificate was executed by the Pricing Officer on May 23, 2023, which completed the sale of the Bonds.

Use of Bond Proceeds

Proceeds from the sale of the Bonds will be used to (i) refund a portion of the District's outstanding bonds for debt service savings, and (ii) to pay the costs of issuing the Bonds.

Refunded Bonds

The Resolution provides that from a portion of the proceeds of the sale of the Bonds to the Purchaser, the District will deposit with BOKF, NA Dallas, Texas, the escrow agent for the Refunded Bonds (the "Escrow Agent"), an amount, together with other lawfully available funds of the District, which will be sufficient without investment to accomplish the discharge and final payment of the

Refunded Bonds on August 15, 2023 (the "Redemption Date"). Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and invested in U.S. Treasury securities (“Defeasance Securities”) until the Redemption Date for the Refunded Bonds. The investment earnings from such deposit will be paid to the District upon the payment of the Refunded Bonds on the Redemption Date, and deposited into the interest and sinking fund for the Bonds. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor to the District, will certify as to the sufficiency of the amounts initially deposited with the Escrow Agent to pay the principal of and interest on the Refunded Bonds on the Redemption Date (the "Sufficiency Certificate"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds.

By the deposit of cash and/or Defeasance Securities with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of Chapter 1207, and the resolution authorizing the issuance of the Refunded Bonds. It is the opinion of Bond Counsel that as a result of such deposit, and in reliance on the Sufficiency Certificate, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the cash and/or Defeasance Securities held for such purpose by the Escrow Agent, and the Refunded Bonds will not be deemed as being outstanding obligations of the District, payable from the sources and secured in the manner provided in the resolution authorizing their issuance or for any other purpose, and the District will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds.

General Description

The Bonds are dated June 1, 2023 (the “Dated Date”), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on the inside cover of this Official Statement. The Bonds will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2024. The Bonds will be registered and will be issued in denominations of $5,000 or any integral multiple thereof in principal amount with respect to the Bonds.

Principal of, premium, if any, and interest on the Bonds are payable in the manner described herein under “BOOK-ENTRY-ONLY SYSTEM.” In the event the Book-Entry-Only System is discontinued, the interest on the Bonds will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar, as of the last business day of the month next preceding such interest payment date, by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Bonds will be payable at stated maturity upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Bonds will be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

Security for Payment

The Bonds are direct obligations of the Issuer payable from ad valorem taxes. The Resolution provides that while any Bond remains outstanding, the District will levy and collect an annual ad valorem tax, within the limits prescribed by law, against all taxable property located within the District sufficient to meet the debt service requirements on the Bonds. (See “AD VALOREM TAX PROCEDURES – Ad Valorem Tax Law” and “TAX RATE LIMITATIONS” herein.)

Optional Redemption

The Issuer reserves the right to redeem the Bonds maturing on or after February 15, 2034 in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the redemption price of par plus accrued interest.

Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Bond to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE BONDHOLDER, AND, SUBJECT TO PROVISION FOR PAYMENT OF THE REDEMPTION PRICE HAVING BEEN MADE AND THE SATISFACTION OF ANY OTHER CONDITION SPECIFIED IN THE NOTICE, INTEREST ON THE REDEEMED BONDS SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.

Notice of Redemption and DTC Notices

The Paying Agent/Registrar and the District, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution, or other notices with respect to the Bonds only to DTC (defined herein). Any failure by DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then DTC Participants and Indirect Participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Resolution and will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants, or the persons for whom DTC Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC Participants, Indirect Participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)

Payment Record

The Issuer has not defaulted on the payment of its general obligation indebtedness.

Amendments

The District may amend the Resolution without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Resolution; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bonds is due and payable, reduce the principal amount thereof, or the rate of interest thereon, (2) give any preference to any Bond over any other Bond, (3) extend any waiver of default to subsequent defaults, or (4) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or waiver.

Defeasance of Bonds

The Resolution provides for the defeasance of the Bonds when payment of the principal of and premium on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Defeasance Securities, that will mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. The Resolution provides that “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Resolution does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the District has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the District (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

REGISTERED OWNERS’ REMEDIES

The Resolution establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Resolution, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Resolution provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the Resolution, or upon any other condition. The Texas Supreme Court ruled in *Tooke v. City of Mexia 197 S.W.3rd 325* (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or covenants in the Resolution. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

Sources and Uses of Funds

The proceeds from the sale of the Bonds, together with an Issuer Contribution will be applied approximately as follows:

Sources		
Par Amount of Bonds	$	5,195,000.00
Reoffering Premium		347,442.60
Accrued Interest		13,892.08
Issuer Contribution		122,250.00
Total Sources of Funds	$	5,678,584.68
Uses		
Escrow Fund Deposit	$	5,502,250.00
Costs of Issuance		99,656.32
Purchaser Discount (including bond insurance premium)		62,786.28
Deposit to Interest and Sinking Fund		13,892.08
Total Uses of Funds	$	5,678,584.68

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas. In the Resolution, the District covenants to maintain and provide a Paying Agent/Registrar until the Bonds are duly paid.

Successor Paying Agent/Registrar

Provision is made in the Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank, a trust company organized under the laws of the State of Texas, or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District has agreed to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Future Registration

In the event the Book-Entry-Only System is discontinued, the Bonds may be transferred, registered and assigned on the registration books only upon presentation and surrender of the Bonds to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond or Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer.

Record Date For Interest Payment

The record date ("Record Date") for determining the person to whom the interest on the Bonds is payable on any interest payment date means the close of business on the last business day of the next preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Limitation on Transfer of Bonds

The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Bond redeemed in part.

Replacement Bonds

If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the District and the Paying Agent/Registrar a certificate to the effect that such Bond has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the District and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOND INSURANCE

The following information has been supplied by Build America Mutual Assurance Company ("BAM" or the "Insurer") for inclusion in this Official Statement. No representation is made by the District, the Purchaser or the Financial Advisor as to the accuracy or completeness of the information.

The following information is not complete and reference is made to Appendix E for a specimen of the municipal bond insurance policy (the "Policy") of BAM.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, "BAM" will issue its Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $476.6million, $196.7 million and $279.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the Issuer of or the Purchaser for the Bonds, and the Issuer and Purchaser assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE GENERAL RISKS

As a result of the purchase of the Policy by the Purchaser, the following risk factors are applicable to the Policy and the Bonds.

General

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy will not insure against redemption premium. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the note owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may reserve the right to direct and to consent to any remedies available to the holders of the Bonds and the Insurer’s consent may be required in connection with amendments to the Resolution.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent/Registrar pursuant to the Resolution. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See “BOND INSURANCE” herein.

The obligations of the Insurer are general obligations of the Insurer and in an event of default by the Insurer, the remedies available to the Paying Agent/Registrar may be limited by applicable bankruptcy law or other similar laws related to insolvency.

None of the District, the Financial Advisor or the Purchaser have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody’s Investors Services, Inc., S&P and Fitch Ratings, Inc. (collectively, the “Rating Agencies”) have, since 2008, downgraded the claims-paying ability and financial strength of providers of municipal bond insurance on multiple occasions. Additional downgrades or negative change in the rating outlook for these bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effect on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims paying ability of such bond insurers, including the Insurer of the Bonds. Thus, when making an investment decision, potential investors should carefully consider the ability of the Insurer to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds) or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of

DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited Securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as, redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to The District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical Bond certificates are required to be printed and delivered to bond holders.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical Bond certificates will be printed and delivered to bond holders.

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor, nor the Purchaser take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect

Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

SOURCES OF FUNDING FOR THE DISTRICT

The District has historically received its funding from three primary sources of revenue: appropriations from the State of Texas (the "State"), ad valorem tax collections, and student tuition, fees and other charges.

State Appropriations. Historically, general revenues of the State have been appropriated for the support of the District. Under current law, the amount of State funding that the District receives is determined in large part by (i) State funding formulas that distribute appropriated general revenues to junior and community college districts in the State based on each district's contact hours and enrollment and (ii) the aggregate amount appropriated by the State legislature for funding junior and community college districts in the State. In particular, for each State fiscal biennium, the amount appropriated by the Texas Legislature for each public junior and community college district is based on each district's proportionate share of the total number of contact hours generated statewide by students enrolled in state-approved courses offered during the previous summer, fall and spring semesters of odd-numbered years. A contact hour is an instructional hour in which a student has contact with an instructor, including both lecture and laboratory hours. The proportional share of state appropriations allocated to each public junior or community college district is determined using a funding formula consisting of the product of (1) the median cost of each particular course contact hour for all junior and community colleges in the State times (2) the total number of contact hours for the district. Amounts received from State appropriations, generally, may not be used to pay debt service on bonds (including the Bonds) or any other indebtedness of a district.

The availability and levels of State and federal funding for government operations and programs have become increasingly uncertain as a result of financial pressures and revenue shortfalls affecting the State, federal and other levels of government. The District expects such uncertainty to impact the availability and levels of State and federal funding for junior and community college districts for the 2022/23 state biennium and, possibly, subsequent biennia.

State appropriations for District operations and employee benefits comprised approximately 17.4% of the District's total revenues for the fiscal year ending August 31, 2022 (as reported in the District's annual financial statements), which represented a 1% increase from the fiscal year ending August 31, 2021. See APPENDIX D - "Management's Discussion and Analysis" in the "Audited Financial Report Fiscal Year Ended August 31, 2022" attached hereto.

Ad Valorem Tax Collections. Pursuant to the Act and subject to the approval of voters in the District, the District is authorized to levy annual ad valorem taxes to support its operations and the maintenance of its facilities. In addition, the District is authorized to levy and pledge annual ad valorem taxes sufficient to pay the principal of and interest on voted ad valorem tax-secured bonds (including the Bonds) as the same come due; provided, that the annual bond tax shall never exceed $0.35 on the $100 valuation of taxable property in the District, and the annual bond tax, together with the annual maintenance and operations tax, shall never exceed $1.00 on the $100 valuation of taxable property in the District. The District is currently authorized to levy a maintenance and operations tax of not to exceed $0.35 per $100 assessed valuation. See "TAX RATE LIMITATIONS".

Student Tuition, Fees and Other Charges. Tuition and fees are collected from all students (except certain small categories of students exempt by law) enrolled at the District. In addition, the District collects revenues from other sources, including book store revenues, vending concessions, testing fees, and other miscellaneous revenues. Also, federal funds are allocated for specific program support or specific student classification such as veterans or handicapped students. See "Comparative Statement of Revenues, Expenses and Changes in Net Assets" in APPENDIX A, "Tuition Status" and "Tuition Collection" herein, and "Audited Financial Report Fiscal Year Ended August 31, 2022" attached hereto as APPENDIX D.

A significant amount of the District's current fund revenues are derived from State appropriations and the collection of ad valorem taxes levied for maintenance and operation ("M&O") purposes. Neither State appropriations nor ad valorem taxes levied for M&O purposes are pledged to the payment of the Bonds. See "THE BONDS – Security for Payment" for a discussion of the ad valorem tax levied for the payment of the Bonds. State appropriations are determined at each session of the State legislature, which meets biennially. The State is not obligated to provide a specific appropriation in any year. The result of the future legislative deliberations cannot be predicted. Among the factors driving the allocation of State spending are population trends, court resolutions and lawsuits, federal mandates, statutory formulas and dedicated funds. State funding on education cannot be predicted until available money and other demands can be more precisely predicted or identified.

TEXAS LEGISLATURE

On January 10, 2023, the 88th Texas Legislature convened in general session which is scheduled to adjourn on May 29, 2023. Thereafter, the Texas Governor may call one or more additional special sessions. During this time, the Texas Legislature may enact laws that materially change current law as it relates to funding higher education, including the District. The District makes no representation regarding any actions the Texas Legislature may take but intends to monitor proposed legislation for any developments applicable to the District.

INVESTMENT POLICIES

Investments

The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Trustees of the Issuer. Both state law and the Issuer's investment policies are subject to change.

Legal Investments

Under State law, the District is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of

Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the District in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party designated by the District, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the District may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance or resolution. The District has not contracted with, and has no present intention of contracting with, any such investment management firm or the Texas Securities Board to provide such services.

Investment Policies

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment owned by the District and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

State law also requires that District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived". At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest District funds without express written authority from the Board.

Additional Provisions

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

Current Investments

As of February 28, 2023, the District had approximately $34,562,541 (unaudited) invested in TexPool (generally has the characteristics of a money-market fund), approximately $6,586,668 (unaudited) invested in a Money Market Mutual Fund, approximately $3,000,031 (unaudited) invested in U.S. Government Securities, and approximately $7,500,725 (unaudited) invested at the local depository bank. The market value of such investments (as determined by the District by reference to published quotations, dealer bids, and comparable information) is approximately 100% of the book value. No funds of the District are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Panola County Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates (see "AD VALOREM TAX PROCEDURES – District and Taxpayer Remedies").

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. For tax years beginning on or after January 1, 2022, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, $50.6 million for the 2021 tax year, $52,978,200 for the 2022 tax year, $57,216,456 for the 2023 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX RATE LIMITATIONS – Public Hearing and

Voter-Approval Tax Rate"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See "AD VALOREM TAX PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster" for further information related to a discussion of the applicability of this section of the Property Tax Code.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT

The Panola County Appraisal District has the responsibility for appraising property in the District as well as other taxing units in Panola County.

The Appraisal District is governed by a board of five directors appointed by members of the governing bodies of various political subdivisions within Panola County.

Property within the District is assessed as of January 1 of each year, taxes become due October 1 of the same year and become delinquent on February 1 of the following year.

The College does not tax personal property not used in the production of income, such as personal automobiles.

The College does not collect its own taxes; the College's taxes are collected by the Panola County Tax Assessor/Collector.

The Panola County Tax Assessor/Collector does collect an additional 15% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Code.

The College does not allow split payments of taxes but does give discounts for early payment of taxes.

TAX RATE LIMITATIONS

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law. The combined tax rate for the District's debt service and maintenance and operations is $1.00 per $100 of assessed valuation (Section 130.122, Texas Education Code). Although the $1.00 tax may be used for both debt service and maintenance and operations purposes, the annual bond tax may never exceed 50 cents on the $100 valuation of the taxable property in the District. A local referendum further limits the District's tax rate to $0.35 per $100 of assessed valuation for local maintenance.

By no later than September 30 of each year or the 60th day following the date the District receives the certified appraisal roll from the Appraisal District, the District must adopt a tax rate per $100 taxable value for the current year.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix C -- Form of Opinion of Bond Counsel.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith, and (c) the Sufficiency Certificate. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the maturity amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for “adjusted current earnings” to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution”, on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds”, that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any “bank” described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a “bank”, as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.” Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be “qualified tax-exempt obligations.”

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”). The information provided to the MSRB will be available to the public free of charge via the Electronic Municipal Markets Access (“EMMA”) system at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the District of the general type included in this Official Statement in Appendix A (such information being the "Annual Operating Report"). The District will additionally provide financial statements of the District (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix D and (ii) audited, if the District commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The District will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2023. The District may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the District shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12.

The District's current fiscal year end is August 31. Accordingly, the Annual Operating Report must be provided by the last day of February in each year, and the Financial Statements must be provided by August 31 of each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material; and (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or others similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports". The District will provide each notice described in this paragraph to the MSRB. Neither the Bonds nor the Resolution make any provision for a bond trustee, debt service reserves, or liquidity enhancement. In the Resolution, the District adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings.

For these purposes, (a) an event described in clause (12) of in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. For the purposes of the above describe event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Availability of Information

All information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB through EMMA at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that has been provided except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement. Nothing in this paragraph is intended or shall act to disclaim, waive or limit the District's duties under federal or state securities laws.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if, but only if, (1) the agreement, as so amended, would have permitted underwriters to purchase or sell Bonds in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent or (b) any qualified person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District amends its agreement, it has agreed to include with the financial information and operating data next provided, in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided.

Compliance with Prior Agreements

During the past five years, to the best of its knowledge, the District has complied in all material respects with all continuing disclosure agreements in accordance with SEC Rule 15c2-12.

LEGAL MATTERS

The delivery of the Bonds is subject to the approval of the Attorney General of Texas, who will deliver its opinion, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, within the limit prescribed by law, upon all taxable property in the District, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, which will deliver its opinion to the effect that the Bonds are valid and legally binding obligations of the District and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. The form of Bond Counsel's opinion is attached hereto as Appendix C..

Though it represents the Financial Advisor and the Purchaser from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in the issuance of the Bonds. Except as noted below, Bond Counsel was not requested to participate, and did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions or subcaptions "THE BONDS" (except for the subsections "Redemption Through the Depository Trust Company," "Payment Record" and "Sources and Uses of Funds," as to which no opinion will be expressed) "REGISTRATION, TRANSFER AND EXCHANGE", "TAX RATE LIMITATIONS" (first paragraph only), "LEGAL MATTERS", "TAX MATTERS", "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE" and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Undertakings," as to which no opinion will be expressed) and such firm is of the opinion that the information relating to the Bonds and the Resolution contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

In the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to sure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

The District has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

No registration statement relating to the Bonds has been filed with the SEC under the United States Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The District has agreed to cooperate, at the Purchaser's written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

RATING

S&P has assigned its municipal bond rating of “AA” to this issue of Bonds with the understanding that upon delivery of the Bonds, the Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM (see “BOND INSURANCE”).The outstanding tax supported debt of the District, including the Bonds, is rated “AA-“ by S&P Global Ratings ("S&P") without regard to credit enhancement.

The rating of the Bonds by S&P reflect only the view of such company at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of said company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

AUTHENTICITY OF FINANCIAL INFORMATION

The financial data and other information contained herein have been obtained from the Issuer's records, audited financial statements and other sources which are believed to be reliable. All of the summaries of the statutes, documents, resolutions, orders and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents, resolutions, orders and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

FINANCIAL ADVISOR

SAMCO Capital Markets, Inc. (the “Financial Advisor”) is employed as Financial Advisor to the District to assist in the issuance of the Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds that is contained in this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the District to determine the accuracy or completeness of this Official Statement. Because of their limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the District for the investment of bond proceeds or other funds of the District upon the request of the District.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the Issuer on the date hereof, and the Issuer assumes no obligation to update any such forward-looking statements. It is important to note that the Issuer’s actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Issuer. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

WINNING BIDDER

After requesting competitive bids for the Bonds, the District accepted the bid of TD Securities (USA) LLC (the “Purchaser” or the “Initial Purchaser”) to purchase the Bonds at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a reoffering premium of $347,442.60, plus accrued interest on the Bonds from their Dated Date to their date of initial delivery. The initial reoffering yields shown on page 2 hereof will produce compensation to the Purchaser in the amount of $62,786.28. The District can give no assurance that any trading market will be developed for the District after their sale by the District to the Purchaser. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Initial Bond, the Purchaser will be furnished a certificate, executed by proper officials of the District, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the District, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the District, since August 31, 2022, the date of the last financial statements of the District appearing in the Official Statement.

CONCLUDING STATEMENT

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which the District considers to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Resolution contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

The Resolution authorized the Pricing Officer to approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Bonds by the Purchaser. This Official Statement has been approved by the Pricing Officer of the District for distribution in accordance with the provisions of the Rule.

/s/ Dr. Gregory Powell

Pricing Officer

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PANOLA COLLEGE DISTRICT

Schedule I - Schedule of Refunded Bonds

General Obligation Bonds, Series 2013

Maturities Being Redeemed	CUSIP	Principal Amount Outstanding	Interest Rate	Principal Amount Being Refunded	Call Date	Principal Amount Unrefunded
2/15/2024	698538AL9	$ 260,000.00	4.000%	$ 260,000.00	August 15, 2023	$ -
2/15/2025	698538AM7	270,000.00	4.000%	270,000.00	August 15, 2023	-
215/2026	698538AN5	285,000.00	4.000%	285,000.00	August 15, 2023	-
2/15/2027	698538AP0	295,000.00	4.000%	295,000.00	August 15, 2023	-
2/15/2028	698538AQ8	305,000.00	4.000%	305,000.00	August 15, 2023	-
2/15/2029	698538AR6	320,000.00	4.000%	320,000.00	August 15, 2023	-
2/15/2030	698538AS4	335,000.00	4.500%	335,000.00	August 15, 2023	-
2/15/2031	698538AT2	350,000.00	4.500%	350,000.00	August 15, 2023	-
2/15/2032	698538AU9	365,000.00	4.500%	365,000.00	August 15, 2023	-
2/15/2033	698538AV7	380,000.00	4.500%	380,000.00	August 15, 2023	-
2/15/2034		400,000.00	5.000%	400,000.00	August 15, 2023	-
2/15/2035		420,000.00	5.000%	420,000.00	August 15, 2023	-
2/15/2036		440,000.00	5.000%	440,000.00	August 15, 2023	-
2/15/2037		465,000.00	5.000%	465,000.00	August 15, 2023	-
2/15/2038	698538AW5	490,000.00	5.000%	490,000.00	August 15, 2023	-
		$ 5,380,000.00		$ 5,380,000.00		$ -

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APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

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PANOLA COLLEGE DISTRICT

Financial Information

ASSESSED VALUATION [1]

2022/23 Total Valuation……………		$ 6,950,009,811
Less Exemptions & Deductions:		
Productivity Loss	$ 758,228,010	
Local Optional Over-65 Exemption Loss	96,524,030	
Local Optional Percentage Exemption Loss	158,256,190	
Surviving Spouse of First Responder Exemption	183,960	
Pollution Control Exemption	38,462,000	
Homestead Cap Loss	3,861,340	
Disability Exemption	26,355,340	
Disabled Veteran Exemption	1,785,480	
Other Exemptions & Deductions	119,530	
	$ 1,083,775,880	
2022/23 Net Taxable Valuation ……………		$ 5,866,233,931

(1) Certified Value from Panola County Appraisal District as of July 25, 2022.

VOTED GENERAL OBLIGATION DEBT

General Obligation Bonds Outstanding		$ 23,180,000
Less: The Refunded Bonds		(5,380,000)
Plus: The Bonds		5,195,000
Total General Obligation Bonds		22,995,000
Less: Interest & Sinking Fund Balance (As of August 31, 2022) [1]		(900,059)
Net General Obligation Debt		$ 22,094,941
Ratio of Net G.O. Debt to Net Taxable Valuation [2]	0.38%	
2022 Population Estimate [1]	22,675	
Per Capita Net Taxable Valuation	$258,709	
Per Capita Net G.O. Debt	$974	

(1) Source: Panola College District's Audited Financial Statements.
(2) The ratio of Net General Obligation Debt to Net Taxable Valuation above is based on the 2022/23 Certified Value from the Panola County Appraisal District as of July 25, 2022.

PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year	Net Taxable Valuation [1]	Tax Rate	% Collections [2] Current [3]	Total [3]
2006/07	$ 4,298,557,677	$ 0.09432	98.33%	99.88%
2007/08	4,410,517,887	0.10477	98.29%	99.90%
2008/09	5,372,984,984	0.09593	97.77%	99.87%
2009/10	5,051,361,574	0.10579	96.90%	99.78%
2010/11	4,843,905,590	0.11813	97.83%	99.83%
2011/12	4,373,759,137	0.13410	97.75%	99.78%
2012/13	4,112,161,500	0.14519	97.27%	99.44%
2013/14	3,950,929,488	0.21483	97.51%	99.47%
2014/15	4,477,690,828	0.21483	98.44%	99.36%
2015/16	4,440,226,385	0.20787	98.14%	98.92%
2016/17	3,534,184,510	0.24334	97.41%	97.41%
2017/18	3,326,188,520	0.25700	96.63%	98.66%
2018/19	3,303,442,240	0.27039	96.24%	97.60%
2019/20	3,976,306,102	0.25112	92.43%	94.28%
2020/21	3,663,808,353	0.29079	94.04%	96.62%
2020/21	4,130,947,216	0.27775	97.00%	97.69%
2022/23	5,866,233,931	0.21847	(In Process of Collection)	

(1) Source: Certified Values from Panola County Appraisal District.
(2) Source: Panola College 2022 Financial Statement Statistical Supplement.
(3) Excludes penalties and interest.

TAX RATE DISTRIBUTION

	2018/19	2019/20	2020/21	2021/22	2022/23
Maintenance & Operations	$0.20564	$0.19876	$0.23284	$0.23308	$0.18545
Debt Service	$0.06475	$0.05236	$0.05795	$0.04467	$0.03302
Total Tax Rate	$0.27039	$0.25112	$0.29079	$0.27775	$0.21847

VALUATION AND GENERAL OBLIGATION FUNDED DEBT HISTORY

Fiscal Year (8/31)	Net Taxable Valuation	Bond Debt Outstanding (1)	Ratio Debt to A.V.
2006/07	$4,298,557,677	$ -	0.00%
2007/08	4,410,517,887	-	0.00%
2008/09	5,372,984,984	-	0.00%
2009/10	5,051,361,574	-	0.00%
2010/11	4,843,905,590	-	0.00%
2011/12	4,373,759,137	-	0.00%
2012/13	4,112,161,500	-	0.00%
2013/14	3,950,929,488	7,360,000	0.19%
2014/15	4,477,690,828	31,090,000	0.69%
2015/16	4,440,226,385	30,235,000	0.68%
2016/17	3,534,184,510	29,350,000	0.83%
2017/18	3,326,188,520	28,430,000	0.85%
2018/19	3,303,442,240	27,470,000	0.83%
2019/20	3,976,306,102	26,470,000	0.67%
2020/21	3,663,808,353	25,425,000	0.69%
2020/21	4,130,947,216	24,330,000	0.59%
2022/23	5,866,233,931	22,995,000 (2)	0.39%

(1) At fiscal year end. Excludes the outstanding Tuition & General Fee Obligations.
(2) Excludes the Refunded Bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
Beckville ISD	$ 15,215,000	100.00%	$ 15,215,000
Carthage ISD	13,943,000	100.00%	13,943,000
Carthage, City of	10,241,190	100.00%	10,241,190
Elysian Fields ISD	3,465,000	35.64%	1,234,926
Gary ISD	5,945,000	100.00%	5,945,000
Joaquin ISD	9,405,000	8.39%	789,080
Panola County	-	100.00%	-
Tatum ISD	10,940,000	7.23%	790,962
Tenaha ISD	3,520,000	1.80%	63,360
Total Overlapping Debt			48,222,518
Panola College District (1)			$ 22,094,941
Total Direct & Overlapping Debt			$ 70,317,459

Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation	1.20%
Per Capita Direct & Overlapping Debt	$3,101

(1) Excludes the Refunded Bonds. Excludes the outstanding Tuition & General Fee Obligations.

Source: Municipal Advisory Council of Texas. The District has not independently verified the accuracy or completeness of such information (except for the amounts relating to the District), and no person should rely upon such information as being accurate or complete.

PRINCIPAL TAXPAYERS (1)

2022/23 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Rockcliff Energy OP LLC	Oil & Gas	$ 904,487,500	15.42%
Sabine Oil & Gas Corp.	Oil & Gas	335,004,850	5.71%
R Lacy Services Ltd.	Oil & Gas	317,034,960	5.40%
TGNR East Texas LLC	Oil & Gas	193,387,420	3.30%
Sheridan Production Co. LLC	Oil & Gas	142,003,970	2.42%
BTA ETG Gathering LLC	Oil & Gas	126,755,570	2.16%
Midcoast Pipelines	Oil & Gas Pipeline	124,411,630	2.12%
Gemini Carthage Pipeline LLC	Oil & Gas Pipeline	117,857,290	2.01%
Teco Gas Processing LLC	Oil & Gas	109,760,980	1.87%
Markwest Energy ETX Gas Co. LP	Oil & Gas	101,847,590	1.74%
		$ 2,472,551,760	42.15%

2021/22 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Rockcliff Energy OP LLC	Oil & Gas	$ 485,927,450	11.76%
Sabine Oil & Gas Corp.	Oil & Gas	160,386,840	3.88%
BTA ETG Gathering LLC	Oil & Gas	109,068,830	2.64%
Markwest Energy ETX Gas Co. LP	Oil & Gas	107,895,650	2.61%
TGNR East Texas LLC	Oil & Gas	104,633,330	2.53%
Teco Gas Processing LLC	Oil & Gas	96,195,770	2.33%
R Lacy Services Ltd.	Oil & Gas	92,343,730	2.24%
Gemini Carthage Pipeline LLC	Oil & Gas Pipeline	85,084,030	2.06%
Sheridan Production Co. LLC	Oil & Gas	80,686,050	1.95%
Markwest - Carthage Plant	Oil & Gas	73,101,410	1.77%
		$ 1,395,323,090	33.78%

2020/21 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Rockcliff Energy OP LLC	Oil & Gas	$ 248,974,240	6.80%
CCI East TX Upstream	Oil & Gas	192,962,000	5.27%
Markwest Energy ETX Gas Co. LP	Oil & Gas	131,016,070	3.58%
Sabine Oil & Gas Corp.	Oil & Gas	129,703,220	3.54%
Teco Gas Processing LLC	Oil & Gas	100,071,460	2.73%
Midcoast Pipelines	Oil & Gas Pipeline	96,405,190	2.63%
Sheridan Production Co. LLC	Oil & Gas	85,189,170	2.33%
Markwest - Carthage Plant	Oil & Gas	81,334,350	2.22%
DCP East TX Gathering LP-Plant	Oil & Gas	71,200,960	1.94%
ETC Tiger Pipeline	Oil & Gas Pipeline	59,832,000	1.63%
		$ 1,196,688,660	32.66%

(1) Source: Panola County Appraisal District.

Note: As shown in the table above, the total combined top ten taxpayers in the District currently account for over 42% of the District's tax base. In addition, the top taxpayer in the District currently accounts for over 15% of the District's tax base, thereby creating a concentration risk for the District. Any adverse development related to Rockcliff Energy OP LLC or its subsidiaries affecting its ability to continue to conduct business at its location within the District's boundaries may result in significantly less local tax revenue, thereby severely affecting the District's finances and its ability to repay its outstanding indebtedness. The majority of the remainder the District's assessed valuation is also comprised of industries related to oil and gas, which are subject to fluctuation in terms of market valuation and availability. Accordingly, the District makes no representation regarding the continued valuation of any of the property listed in the above table or the generation of future tax revenues therefrom. See "THE BONDS - Defaults and Remedies" and "AD VALOREM TAX PROCEDURES – District's Rights in the Event of Tax Delinquencies" in this Official Statement.

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY [(1)]

Category	2022/23	% of Total	2021/22	% of Total	2020/21	% of Total
Real, Residential, Single-Family	$ 811,318,570	11.67%	$ 775,287,470	15.02%	$ 728,019,780	15.60%
Real, Residential, Multi-Family	6,267,090	0.09%	6,163,190	0.12%	6,338,370	0.14%
Real, Vacant Lots/Tracts	64,104,920	0.92%	58,548,660	1.13%	40,150,150	0.86%
Real, Qualified Land & Improvements	856,754,990	12.33%	810,816,910	15.71%	795,311,920	17.04%
Real, Non-Qualified Land & Improvements	214,954,050	3.09%	214,368,120	4.15%	217,439,780	4.66%
Real, Commercial & Industrial	168,501,281	2.42%	167,371,196	3.24%	164,838,730	3.53%
Oil & Gas	3,185,607,980	45.84%	1,567,776,820	30.38%	1,246,159,460	26.71%
Utilities	1,028,177,530	14.79%	943,880,640	18.29%	822,975,200	17.64%
Tangible Personal, Commercial & Industrial	561,600,290	8.08%	565,553,830	10.96%	596,147,752	12.78%
Tangible Personal, Mobile Homes & Other	45,863,100	0.66%	44,579,500	0.86%	42,917,090	0.92%
Personal, Intangible/Uncertified	-	0.00%	-	0.00%	-	0.00%
Tangible Personal, Residential Inventory	406,380	0.01%	638,210	0.01%	607,560	0.01%
Tangible Personal, Special Inventory	6,453,630	0.09%	5,024,940	0.10%	5,249,221	0.11%
Total Appraised Value	$ 6,950,009,811	100.00%	$ 5,160,009,486	100.00%	$ 4,666,155,013	100.00%
Less:						
Homestead Cap Adjustment	$ 3,861,340		$ 3,706,640		$ 2,850,490	
Productivity Loss	758,228,010		716,092,340		698,021,630	
Exemptions	321,686,530		309,263,290		301,474,540	
Total Exemptions/Deductions	$ 1,083,775,880		$ 1,029,062,270		$ 1,002,346,660	
Net Taxable Assessed Valuation	$ 5,866,233,931		$ 4,130,947,216		$ 3,663,808,353	

Category	2019/20	% of Total	2018/19	% of Total	2017/18	% of Total
Real, Residential, Single-Family	$ 701,640,560	14.13%	$ 642,257,320	14.89%	$ 608,696,550	14.23%
Real, Residential, Multi-Family	6,278,860	0.13%	6,012,100	0.14%	6,172,930	0.14%
Real, Vacant Lots/Tracts	44,875,570	0.90%	33,871,370	0.79%	38,257,630	0.89%
Real, Qualified Land & Improvements	785,864,100	15.82%	767,615,560	17.80%	761,054,570	17.79%
Real, Non-Qualified Land & Improvements	213,351,690	4.30%	200,107,070	4.64%	201,247,260	4.71%
Real, Commercial & Industrial	161,014,460	3.24%	157,622,520	3.66%	169,438,300	3.96%
Oil & Gas	1,647,246,860	33.16%	1,125,535,330	26.10%	1,075,527,550	25.15%
Utilities	835,980,930	16.83%	773,446,810	17.94%	753,849,120	17.63%
Tangible Personal, Commercial & Industrial	524,082,087	10.55%	560,088,110	12.99%	620,660,550	14.51%
Tangible Personal, Mobile Homes & Other	41,003,780	0.83%	41,134,030	0.95%	41,248,190	0.96%
Personal, Intangible/Uncertified	-	0.00%	-	0.00%	364,680	0.01%
Tangible Personal, Residential Inventory	449,380	0.01%	1,145,130	0.03%	574,020	0.01%
Tangible Personal, Special Inventory	5,157,025	0.10%	3,358,830	0.08%	-	0.00%
Total Appraised Value	$ 4,966,945,302	100.00%	$ 4,312,194,180	100.00%	$ 4,277,091,350	100.00%
Less:						
Homestead Cap Adjustment	$ 3,556,110		$ 2,623,770		$ 1,608,760	
Productivity Loss	696,971,590		685,528,940		679,336,050	
Exemptions	290,111,500		320,599,230		269,958,020	
Total Exemptions/Deductions	$ 990,639,200		$ 1,008,751,940		$ 950,902,830	
Net Taxable Assessed Valuation	$ 3,976,306,102		$ 3,303,442,240		$ 3,326,188,520	

(1) Source: Certified Values from Panola County Appraisal District.

VOTED GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

Fiscal Year Ending 8/31	Outstanding Bonds	Less: Refunded Bonds	Plus: The Bonds	Total	Bonds Unpaid At Year End	Percent of Principal Retired
2023	$ 1,150,000.00	$ -	$ -	$ 1,150,000.00	$ 22,995,000.00	4.76%
2024	1,200,000.00	260,000.00	195,000.00	1,135,000.00	21,860,000.00	9.46%
2025	1,245,000.00	270,000.00	255,000.00	1,230,000.00	20,630,000.00	14.56%
2026	1,285,000.00	285,000.00	270,000.00	1,270,000.00	19,360,000.00	19.82%
2027	1,330,000.00	295,000.00	285,000.00	1,320,000.00	18,040,000.00	25.28%
2028	1,370,000.00	305,000.00	295,000.00	1,360,000.00	16,680,000.00	30.92%
2029	1,415,000.00	320,000.00	315,000.00	1,410,000.00	15,270,000.00	36.76%
2030	1,465,000.00	335,000.00	330,000.00	1,460,000.00	13,810,000.00	42.80%
2031	1,515,000.00	350,000.00	345,000.00	1,510,000.00	12,300,000.00	49.06%
2032	1,570,000.00	365,000.00	365,000.00	1,570,000.00	10,730,000.00	55.56%
2033	1,630,000.00	380,000.00	380,000.00	1,630,000.00	9,100,000.00	62.31%
2034	1,690,000.00	400,000.00	400,000.00	1,690,000.00	7,410,000.00	69.31%
2035	1,760,000.00	420,000.00	415,000.00	1,755,000.00	5,655,000.00	76.58%
2036	1,825,000.00	440,000.00	430,000.00	1,815,000.00	3,840,000.00	84.10%
2037	1,900,000.00	465,000.00	450,000.00	1,885,000.00	1,955,000.00	91.90%
2038	1,980,000.00	490,000.00	465,000.00	1,955,000.00	-	100.00%
Total	$ 24,330,000.00	$ 5,380,000.00	$ 5,195,000.00	$ 24,145,000.00		

VOTED GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt Service	Less: Refunded Debt Service	Plus: The Bonds (1) (2) Principal	Interest	Total	Combined Total (1) (2)
2023	$ 2,017,287.50	$ -	$ -	$ -	$ -	$ 2,017,287.50
2024	2,015,787.50	499,300.00	195,000.00	282,228.06	477,228.06	1,993,715.56
2025	2,016,762.50	498,700.00	255,000.00	222,025.00	477,025.00	1,995,087.50
2026	2,016,037.50	502,600.00	270,000.00	208,900.00	478,900.00	1,992,337.50
2027	2,018,912.50	501,000.00	285,000.00	195,025.00	480,025.00	1,997,937.50
2028	2,015,412.50	499,000.00	295,000.00	180,525.00	475,525.00	1,991,937.50
2029	2,015,512.50	501,500.00	315,000.00	165,275.00	480,275.00	1,994,287.50
2030	2,017,493.75	502,562.50	330,000.00	149,150.00	479,150.00	1,994,081.25
2031	2,015,493.75	502,150.00	345,000.00	132,275.00	477,275.00	1,990,618.75
2032	2,015,140.63	501,062.50	365,000.00	114,525.00	479,525.00	1,993,603.13
2033	2,016,950.01	499,300.00	380,000.00	95,900.00	475,900.00	1,993,550.01
2034	2,014,731.26	500,750.00	400,000.00	78,400.00	478,400.00	1,992,381.26
2035	2,018,206.26	500,250.00	415,000.00	62,100.00	477,100.00	1,995,056.26
2036	2,014,018.76	498,750.00	430,000.00	45,200.00	475,200.00	1,990,468.76
2037	2,016,146.88	501,125.00	450,000.00	27,600.00	477,600.00	1,992,621.88
2038	2,019,256.25	502,250.00	465,000.00	9,300.00	474,300.00	1,991,306.25
	$ 32,263,150.05	$ 7,510,300.00	$ 5,195,000.00	$ 1,968,428.06	$ 7,163,428.06	$ 31,916,278.11

(1) Includes accrued interest in the amount of $13,892.08.
(2) Reflects the standard, budgeted interest on the existing bonds in the amount of $122,250 that must be paid at the closing of the refunding bonds.

TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S BONDS

Projected Maximum Debt Service Requirement (1)		$ 2,017,288
$0.03582	Tax Rate @ 96% Collections Produces	$ 2,017,288
2022/23 Certified Net Taxable Assessed Valuation		$ 5,866,233,931

(1) Excludes the Refunded Bonds.

AUTHORIZED BUT UNISSUED BONDS

The District does not have any authorized but unissued limited ad valorem tax bonds. The District may incur other financial obligations payable from its collection of taxes and other sources of revenue, including maintenance tax notes payable from its collection of maintenance taxes, public property finance contractual obligations, delinquent tax notes, and leases for various purposes payable from State appropriations and surplus maintenance taxes.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Fiscal Year Ended August 31				
	2018	2019	2020	2021	2022
Operating Revenues:					
Tuition and Fees	$ 3,827,729	$ 3,794,342	$ 3,758,260	$ 3,902,990	$ 3,823,655
Federal Grant and Contracts	579,903	714,123	769,805	675,831	577,711
State Grants and Contracts	657,914	504,884	394,880	545,431	358,598
Non-Governmental Grants and Contracts	1,741	3,224	1,599	93,556	122,925
Sales and Services of Educational Activities	73,175	55,718	2,485	18,016	27,872
Auxiliary Enterprises	1,095,665	1,257,043	1,003,379	1,156,664	1,215,860
Other Operating Revenues	365,910	316,600	304,595	323,649	376,663
Total Operating Revenues	**$ 6,602,037**	**$ 6,645,934**	**$ 6,235,003**	**$ 6,716,137**	**$ 6,503,284**
Operating Expenditures:					
Instruction	$ 8,883,638	$ 8,907,094	$ 9,289,414	$ 9,123,744	$ 8,540,802
Public Service	364,620	418,918	375,981	32,352	214,648
Academic Support	2,879,980	3,035,487	3,047,282	2,942,727	2,874,368
Student Services	1,597,438	1,650,529	1,629,873	1,664,427	1,882,310
Institutional Support	2,759,771	2,947,746	3,435,168	4,952,541	5,110,675
Operation and Maintenance of Plant	1,794,334	1,692,612	1,529,065	1,971,973	2,096,649
Scholarship and Fellowships	4,291,788	3,242,304	3,388,942	4,300,457	3,911,130
Auxiliary Enterprises	2,578,637	2,487,518	2,080,328	2,275,234	2,366,394
Depreciation	2,276,731	2,347,281	2,320,430	2,266,253	2,518,008
Total Expenditures	**$ 27,426,937**	**$ 26,729,489**	**$ 27,096,483**	**$ 29,529,708**	**$ 29,514,984**
Operating Income (Loss)	**$ (20,824,900)**	**$ (20,083,555)**	**$ (20,861,480)**	**$ (22,813,571)**	**$ (23,011,700)**
Non-Operating Revenues (Expenses)					
State Appropriations	$ 6,512,379	$ 6,096,469	$ 6,108,487	$ 6,186,614	$ 6,248,414
Ad-Valorem Taxes for Maintenance & Operations	6,490,785	6,826,243	7,962,107	8,882,969	9,898,840
Ad-Valorem Taxes for Debt Service	2,110,786	2,145,694	2,087,440	2,204,860	1,883,973
Federal Revenue, Non Operating	8,932,617	6,989,236	7,162,020	10,274,825	10,185,646
Gifts	1,187,111	279,809	500,812	149,560	399,598
Insurance Recoveries	-	-	-	138,184	-
Investment Income	533,051	683,853	935,022	1,304,772	(1,070,781)
Gain on Disposal of Capital Assets	(309,382)	-	(91,453)	(66,702)	298,338
Royalty Income	292,510	196,136	145,193	318,352	1,331,965
Interest on Capital Related Debt	(963,218)	(931,330)	(901,159)	(884,742)	(871,894)
Additions to Permanent Endowments	330,436	158,164	240,750	100,650	221,036
Net Non-Operating Revenues	**$ 25,117,075**	**$ 22,444,274**	**$ 24,149,219**	**$ 28,609,342**	**$ 28,525,135**
Change in Net Assets	$ 4,292,175	$ 2,360,719	$ 3,287,739	$ 5,795,771	$ 5,513,435
Beginning Net Position	**$ 28,675,749**	**$ 32,967,924**	**$ 35,328,643**	**$ 38,616,382**	**$ 44,412,153**
Ending Net Position	**$ 32,967,924**	**$ 35,328,643**	**$ 38,616,382**	**$ 44,412,153**	**$ 49,925,588**

CHANGE IN NET ASSETS

	Fiscal Year Ended August 31				
	2018	2019	2020	2021	2022
Assets					
Current Assets					
Cash and Cash Equivalents	$ 16,607,076	$ 23,914,311	$ 27,493,883	$ 30,466,338	$ 35,620,951
Accounts Receivable	3,757,896	3,305,994	3,302,265	3,190,169	3,149,822
Inventories	478,535	330,944	309,083	326,533	433,224
Other Assets	1,040,335	1,134,439	660,452	1,022,670	1,141,014
Total Current Assets	$ 21,883,842	$ 28,685,688	$ 31,765,683	$ 35,005,710	$ 40,345,011
Noncurrent Assets					
Endowment and Other Short-Term Investments	$ 11,918,772	$ 8,283,909	$ 9,255,059	$ 10,875,111	$ 10,039,576
Capital Assets	50,870,724	49,181,401	47,820,014	49,030,387	49,323,643
Total Current Assets	$ 62,789,496	$ 57,465,310	$ 57,075,073	$ 59,905,498	$ 59,363,219
Total Assets	$ 84,673,338	$ 86,150,998	$ 88,840,756	$ 94,911,208	$ 99,708,230
Deferred Outflows of Resources					
Deferred Outflows related to Pensions	$ 527,603	$ 2,021,683	$ 1,823,837	$ 1,474,235	$ 1,084,829
Deferred Outflows related to OPEB	330,469	3,091,983	3,456,945	3,332,820	3,012,089
Total Deferred Outflows of Resources	$ 858,072	$ 5,113,666	$ 5,280,782	$ 4,807,055	$ 4,096,918
Liabilities					
Current Liabilities					
Accounts Payable	$ 530,021	$ 802,144	$ 462,080	$ 1,216,611	$ 448,062
Accrued Liabilities	304,907	303,651	296,237	301,779	315,173
Accrued Compensable Absences	125,229	125,666	137,430	137,535	146,095
Funds Held for Others	610,145	625,312	807,404	894,185	904,841
Deferred Revenues	4,759,235	4,332,656	4,491,103	4,641,859	5,206,260
Capital Leases Payable	-	-	-	-	64,793
Bonds Payable	1,309,167	1,331,139	1,135,787	1,158,058	1,150,000
Total Current Liabilities	$ 7,638,704	$ 7,520,568	$ 7,330,041	$ 8,350,027	$ 8,235,224
Noncurrent Liabilities					
Deposits	$ 87,845	$ 44,945	$ 4,070	$ 670	$ 150
Accrued Compensable Absences	193,869	202,852	252,472	243,447	240,246
Bonds Payable	28,001,839	26,670,700	25,534,913	24,376,855	23,226,855
Capital Leases Payable	-	-	-	-	286,288
Net Pension Liability	2,680,991	4,528,050	4,334,220	4,252,820	1,940,498
Net OPEB Liability	10,983,393	11,943,726	13,302,744	13,433,454	14,685,463
Total Noncurrent Liabilities	$ 30,964,544	$ 43,390,273	$ 43,428,419	$ 42,307,246	$ 40,379,500
Total Liabilities	$ 38,603,248	$ 50,910,841	$ 50,758,460	$ 50,657,273	$ 48,614,724
Deferred Inflows of Resources					
Deferred Inflows related to Pensions	$ 548,362	$ 402,190	$ 819,202	$ 755,671	$ 2,339,437
Deferred Inflows related to Leases	-	-	-	-	591,392
Deferred Inflows related to OPEB	2,428,483	4,622,990	3,927,492	3,893,166	2,334,007
Total Deferred Inflows of Resources	$ 2,976,845	$ 5,025,180	$ 4,746,694	$ 4,648,837	$ 5,264,836
Net Assets					
Invested in capital assets	$ 21,559,718	$ 21,179,562	$ 21,149,314	$ 23,495,474	$ 24,595,706
Restricted - Nonexpendable Student Aid	3,791,459	4,061,645	4,930,272	6,281,997	5,258,394
Restricted - Expendable Construction	1,173,042	2,481,275	2,481,322	2,481,322	2,481,323
Restricted - Expendable Debt Service	625,679	758,450	839,041	1,027,034	900,059
Restricted - Expendable Student Aid	28,764	9,390	87,768	819,643	1,384,364
Unrestricted - Net Assets	5,789,262	6,838,321	9,128,665	10,306,683	15,305,742
Total Net Assets	$ 32,967,924	$ 35,328,643	$ 38,616,382	$ 44,412,153	$ 49,925,588

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT
AND ITS ECONOMY

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PANOLA COLLEGE

General and Economic Information

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

The College has grown in both size and in the scope of its services offered to its students and its community. The school, which was established in 1947, was created to provide young people with the opportunity to earn the first two years of a traditional baccalaureate. The services the College offers have expanded greatly to meet community needs, providing a wide range of educational and training opportunities to citizens of all ages.

The College began operating temporary buildings before the first two permanent buildings were erected in 1949. A 35-acre campus at the junction of Texas state Highway 315 and U.S. 79 in Carthage has been the school's home since its inception. There are now nineteen permanent buildings with more than 135 acres available for expansion in the coming century.

In addition to a comprehensive community college in Carthage, the school offers a variety of instructional opportunities in a four-county service area including Harrison, Marion, and Shelby counties. These three counties became part of the college's official service area by legislative act in 1995.

Enrollment at the College has grown from fewer than 100 students at the first registration in January of 1948 to over 2,600. The College provides many services which enrich the lives of individuals in the region.

Source: www.panola.edu

Enrollment

Fall Semester	Total Enrollment
2013	2,701
2014	2,579
2015	2,671
2016	2,667
2017	2,656
2018	2,773
2019	2,613
2020	2,531
2021	2,475
2022	2,387

Semester Hour Load

Semester Hour Load	2018	2019	2020	2021	2022
Less than 3	60	42	61	63	61
3-5 Semester Hours	575	587	531	514	472
6-8 Semester Hours	615	583	595	545	546
9-11 Semester Hours	347	402	343	351	376
12-14 Semester Hours	695	590	566	540	552
15-17 Semester Hours	407	345	357	365	291
18 & over	74	64	78	97	89
Total	2,773	2,613	2,531	2,475	2,387

Contact Hours

Fiscal Year	Academic	Voc/Tech	Continuing Education	Total
2015-2016	766,160	530,128	44,764	1,341,052
2016-2017	838,592	500,464	34,553	1,373,609
2017-2018	848,884	471,504	61,406	1,381,794
2018-2019	753,296	454,624	49,219	1,257,139
2019-2020	698,640	413,888	47,333	1,159,861
2020-2021	689,872	411,840	44,347	1,146,059
2021-2022	679,728	426,368	43,753	1,149,849

Tuition Status

School Year	In-District	Out-of-District	Non-Resident Tuition	Total
2015	700	1,715	256	2,671
2016	692	1,698	277	2,667
2017	648	1,706	302	2,656
2018	618	1,875	280	2,773
2019	608	1,746	259	2,613
2020	576	1,694	261	2,531
2021	598	1,608	269	2,475
2022	541	1,603	243	2,387

Tuition Collection

	2019	2020	2021	2022
Tuition				
State Funded Courses				
In-District Resident Tuition	$ 336,234	$ 357,068	$ 363,298	$ 363,868
Out-of-District Resident Tuition	1,075,576	1,118,145	1,115,895	1,091,775
TPEG (set aside)*	125,042	121,531	121,583	118,742
Non-Resident Tuition	174,676	177,397	182,071	192,918
State Funded Continuing Education	500,849	494,132	606,438	475,577
Non-State Funded Continuing Education	28,194	25,467	21,816	26,752
Total Tuition	$ 2,240,571	$ 2,293,743	$ 2,411,101	$ 2,269,632

**In accordance with Education Code 56.033, $118,742 and $121,583 of tuition was set aside for Texas Public Education Grants (TPEG).*

Faculty

	2018	2019	2020	2021	2022
Faculty					
Full-Time	75	75	72	71	70
Part-Time	66	77	71	71	78
Total	141	152	143	142	148
Staff and Administrators					
Full-Time	81	81	80	80	82
Part-Time	64	68	65	64	70
Total	145	149	145	144	152

Principal Employers within the District

Name of Company	Type of Business	Number of Employees
Carthage ISD	Public Education	425
Tyson Poultry, Inc.	Poultry	418
Panola College	Education	305
Wal-Mart Supercenter	Retail	210
Panola County	Government	150
UT Health - Carthage	Health Care	135
GenPak	Manufacturing	89
Courtney Construction	Oil & Gas	85
Pierce Construction	Oil & Gas	6

Unemployment Rates

	March 2021	March 2022	March 2023
Panola County	7.4%	4.6%	4.4%
State of Texas	6.4%	3.8%	4.2%

Source: Texas Workforce Commission.

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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June 22, 2023

PANOLA COLLEGE DISTRICT
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2023
DATED AS OF JUNE 1, 2023
IN THE AGGREGATE PRINCIPAL AMOUNT OF $5,195,000

AS BOND COUNSEL FOR THE PANOLA COLLEGE DISTRICT (the *District*) in connection with the issuance of the bonds described above (the *Bonds*), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds until maturity or prior redemption at the rates and are payable on the dates as stated in the text of the Bonds, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the District, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the resolution authorizing the issuance of the Bonds (the *Resolution*), (ii) the Escrow Deposit Letter, dated as of April 24, 2023, between the District and BOKF, NA, Dallas, Texas, as Escrow Agent (the *Escrow Agreement*), (iii) the certificate of SAMCO Capital Markets, Inc., with respect to the adequacy of certain escrowed funds and securities to accomplish the refunding purposes of the Bonds (the *Sufficiency Certificate*), (iv) the executed Initial Bond numbered T-1, and (v) the District's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued, and delivered in accordance with law; that the Bonds constitute valid and legally binding general obligations of the District in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation, and other similar laws now or hereafter enacted relating to creditors' rights generally; that the District has the legal authority to issue the Bonds and to repay the Bonds; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the District, and have been pledged for such payment, within the limit prescribed by law.

IT IS FURTHER OUR OPINION that the Escrow Agreement has been duly authorized, executed and delivered by the District and constitutes a binding and enforceable agreement in accordance with its terms and that the "Refunded Bonds" (as defined in the Resolution) being refunded by the Bonds are outstanding under the order authorizing their issuance only for the purpose of receiving the funds provided by, and are secured solely by and payable solely from, the Escrow Agreement and the cash and investments, including the income therefrom, held by the Escrow Agent pursuant to the Escrow Agreement. In rendering this opinion, we have relied upon the Sufficiency Certificate concerning the sufficiency of the cash and investments deposited pursuant to the Escrow Agreement for the purpose of paying the principal of, redemption premium, if any, and interest on the Refunded Bonds.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the *Code*). In expressing the aforementioned opinions, we have relied on the Sufficiency Certificate, and we have further relied on, and assumed compliance by the District with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that failure by the District to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the *Service*); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds and the defeasance of the Refunded Obligations under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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APPENDIX D

AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2022

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PANOLA COLLEGE

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED

AUGUST 31, 2022 AND 2021

PREPARED BY:

FISCAL SERVICES DEPARTMENT

PANOLA COLLEGE

PANOLA COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

TABLE OF CONTENTS (CONTINUED)

PANOLA COLLEGE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

INTRODUCTORY SECTION

PANOLA COLLEGE
EST 1947

903.693.2000 • panola.edu
1109 West Panola • Carthage, Texas 75633

December 1, 2022

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

We are pleased to present the following annual comprehensive financial report (ACFR) for the Panola County Junior College District for the fiscal year ended August 31, 2022. The ACFR has been prepared by the Fiscal Services Department in conformance with the financial reporting standards applicable to government entities set forth by the Governmental Accounting Standards Board (GASB) in its authoritative pronouncements, as well as the financial reporting requirements of the Government Finance Officers Association (GFOA). The report complies with the requirements of Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB).

The College is required to undergo an annual single audit if expenditures of federal or state awards exceed $750,000. This is in conformity with the provisions of the Single Audit Act as amended in 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Uniform Grant Management Standards. Information items related to this single audit, including the schedules of expenditures of federal and state awards and the auditor's reports on compliance and on the internal control over compliance with applicable laws, regulations and grant agreements, are included in this report.

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

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

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

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

COLLEGE PROFILE

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

The College is considered to be a special purpose, primary government entity 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.

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

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

BOND ELECTION

The last bond election for the College was done in Fiscal Year 2013. There are no immediate plans for another bond election at this time.

ECONOMIC CONDITION AND OUTLOOK

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

Panola County ranks as one of the leading natural gas producers in Texas. The Carthage gas fields are among the largest natural gas reservoirs in the state. 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.

The College continues to have strong enrollment. Approximately 2,400 credit students and 300 continuing education students are enrolled in one of 56 programs of study offered through the College. Enrollment growth in prior years had created a need for additional facilities to handle the increased student loads. In addition to the aforementioned bond election, the College constructed a new 64 bed residence hall in fiscal year 2013. The College can now house up to 250 resident students.

On September 29, 2020 the College entered into a contract to construct a new Music Building on the main Carthage campus. The new building includes a band hall, ensemble rooms, practice rooms, office space, and additional space for lifelong learning. The building is complete and classes have been conducted in the building beginning with the Spring Semester in January 2022.

The College's financial condition remains strong. The largest areas of funding for the College are property taxes, tuition and fees, and state appropriated funds. Although the state appropriated funds have decreased as a percentage of the College's total funding compared to previous fiscal years, the overall outlook for the future remains strong due to projected student enrollment, strategic leadership and fiscal management. As part of the College's long-term financial plan, sufficient cash reserves are maintained to operate the College for 6 months or more.

FUTURE PROJECTS

On June 7, 2022, the College entered into a contract with an architect to design a new Energy Building on the northeast section of the campus consisting of approximately 30,000 Gross Square Feet in one story of construction. The new building, if approved by the Board of Trustees for construction, would include separate labs for welding, engines and compression, commercial wiring, electrical and motor control, instrumentation, hydraulics and mechanical, HVAC, and a spare lab for future use.

BUDGETING PROCESS

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the College a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended August 31, 2021 for its annual comprehensive financial report. This was the twenty-seventh consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a college must publish an easily readable and efficiently organized ACFR. This report must satisfy generally accepted accounting principles, GFOA standards, and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Sincerely,

Alan Howard

Alan Howard, MBA, CPA
Vice President of Fiscal Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Panola College
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2021

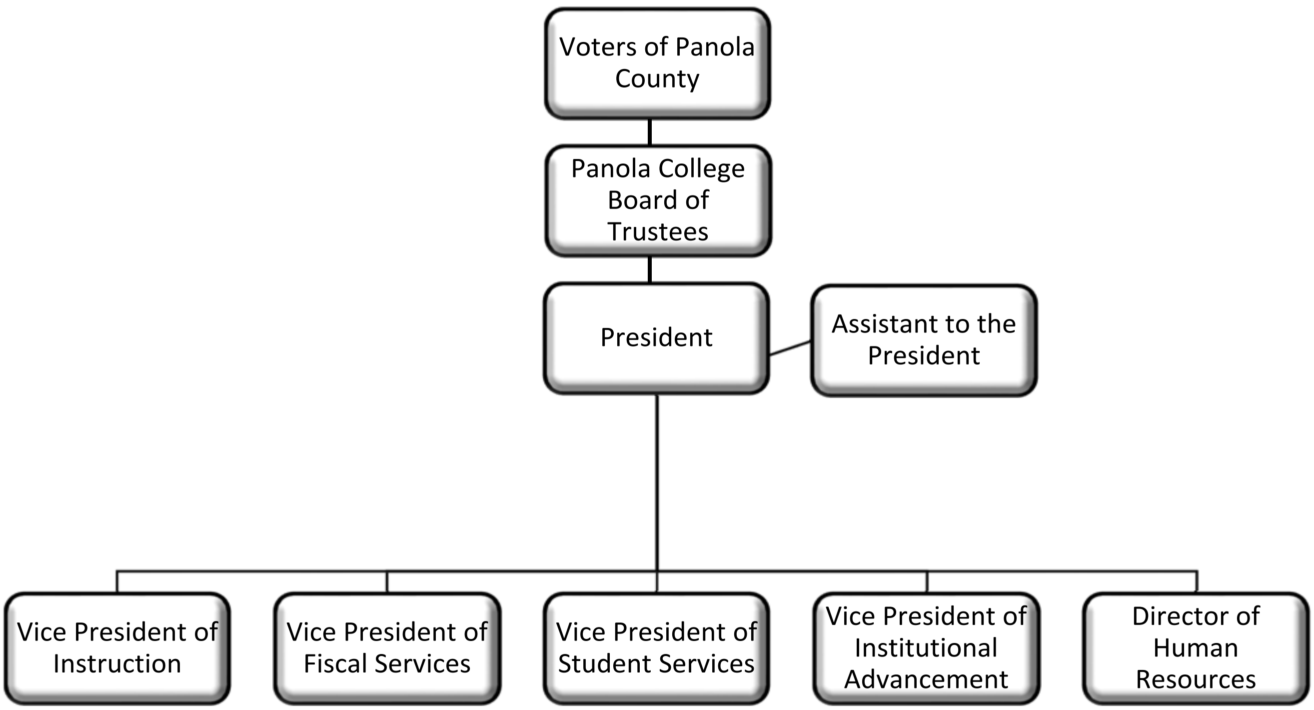
Christopher P. Morrill

Executive Director/CEO

ORGANIZATIONAL CHART

PANOLA COLLEGE

Carthage, Texas



PANOLA COLLEGE
PRINCIPAL OFFICIALS
AUGUST 31, 2022

BOARD OF TRUSTEES

OFFICERS

Mr. William Goolsby	Chair
Mr. Bobby Phillips	Vice-Chair
Mr. Richard Thomas	Secretary

MEMBERS

	Term Expires
Mrs. Brooke Lipsey	2024
Mr. Richard Thomas	2024
Mrs. Faitha Burchett	2026
Mr. Mark Roberson	2026
Mr. William Goolsby	2028
Mr. Bobby Phillips	2028
Mr. Kevin Smith	2028

ADMINISTRATION

Dr. Gregory S. Powell	President
Dr. Billy W. Adams	Vice President of Instruction
Mr. Alan Howard, MBA, CPA	Vice President of Fiscal Services
Mr. Don Clinton	Vice President of Student Services
Ms. Jessica Pace	Vice President of Institutional Advancement
Mr. Jeremy Dorman	Director of Human Resources

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PANOLA COLLEGE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FINANCIAL SECTION

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
Brenda J. Johnson

ALEXANDER LANKFORD & HIERS, INC.
Certified Public Accountants, A Professional Corporation

4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Panola College
Carthage, Texas

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Panola College (College) as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Panola College as of August 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 2 and Note 27 to the financial statements, during the year ended August 31, 2022, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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Report on the Audit of Financial Statements - Continued

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Panola College's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Report on the Audit of Financial Statements – Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB information on pages 13 through 18 and 59 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola College's basic financial statements. The supplementary schedules, which include the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules, including the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on the Audit of Financial Statements – Continued

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical supplements but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022 on our consideration of Panola College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Panola College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panola College's internal control over financial reporting and compliance.

Alexander, Lankford + Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
December 1, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Panola County Junior College District (the College) offers readers of the College's financial statement this narrative overview and analysis of the financial activities of the College for the year ended August 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found at the front of this report, and the College's financial statements and notes to the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources at August 31, 2022 by $49,925,588 (net position). Of this amount, $15.3M of unrestricted funds may be used to meet the College's ongoing obligations. The increase in unrestricted net position is primarily due to the increase in tax revenues, an increase in royalty income due to higher oil and natural gas prices, and a reduction in operating expenses. The calculation on page 17 reflects adjustments to the unrestricted net position to arrive at $32.3M of operational resources.

Revenue exceeded expenses by $5,513,435 for the current fiscal year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

***Statement of Revenues, Expenses, and Changes in Net Position.* The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities. This approach is intended to summarize and simplify the user's analysis of costs of various services to students and the public. The statement presents information for all of the current year's revenues and expenses on an accrual basis. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.**

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

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

***Notes to the Financial Statements*.**

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

ANALYSIS OF BASIC FINANCIAL STATEMENTS

Condensed Statements of Net Position
as of August 31, 2022, 2021 and 2020

	2022	% of Total	from 2021 to 2022 Increase (Decrease)	% Change	2021	from 2020 to 2021 Increase (Decrease)	% Change	2020
Assets:								
Current assets	$ 40,345,011	40.5%	$ 5,339,301	15.3%	$ 35,005,710	$ 3,240,027	10.2%	$ 31,765,683
Noncurrent assets:								
Capital assets, net	49,323,643	49.4%	293,256	0.6%	49,030,387	1,210,373	2.5%	47,820,014
Other	10,039,576	10.1%	(835,535)	(7.7%)	10,875,111	1,620,052	17.5%	9,255,059
Total assets	99,708,230	100.0%	4,797,022	5.1%	94,911,208	6,070,452	6.8%	88,840,756
Deferred outflows	4,096,918	100.0%	(710,137)	(14.8%)	4,807,055	(473,727)	(9.0%)	5,280,782
Liabilities:								
Current liabilities	8,235,224	16.9%	(114,803)	(1.4%)	8,350,027	1,019,986	13.9%	7,330,041
Non-current liabilities	40,379,500	83.1%	(1,927,746)	(4.6%)	42,307,246	(1,121,173)	(2.6%)	43,428,419
Total liabilities	48,614,724	100.0%	(2,042,549)	(4.0%)	50,657,273	(101,187)	(0.2%)	50,758,460
Deferred Inflows	5,264,836	100.0%	615,999	13.3%	4,648,837	(97,857)	(2.1%)	4,746,694
Net position:								
Net investment in capital assets	24,595,706	49.3%	1,100,232	4.7%	23,495,474	2,346,160	11.1%	21,149,314
Restricted	10,024,140	20.0%	(585,856)	(5.5%)	10,609,996	2,271,593	27.2%	8,338,403
Unrestricted	15,305,742	30.7%	4,999,059	48.5%	10,306,683	1,178,018	12.9%	9,128,665
Total net position	$ 49,925,588	100.0%	$ 5,513,435	12.4%	$ 44,412,153	$ 5,795,771	15.0%	$ 38,616,382

Current assets increased year over year by $5.3M. This increase was mainly in cash and cash equivalents and is primarily due to the increase in tax revenues, federal revenues, and an increase in royalty income due to higher oil and natural gas prices. The 2021-22 year's activity increased the College's overall net position by $5.5M, an increase of 12.4%. The 2020-21 year's activity increased the overall net position of the College by 15% over the previous year's position. The College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $49,925,588 at August 31, 2022. Assets amounted to $99,708,230 with investment in capital assets comprising $49.3M of that total. Capital assets include land, library books, buildings and improvements, vehicles, furniture, and equipment. The College uses these capital assets to provide services to students and, consequently, these assets are not available for future spending. The College's net investment in capital assets is 49.3% of total net position. It should be noted that the capital assets themselves may not be used to liquidate liabilities. Additionally, $10M (20%) of total net position is externally restricted. The remaining balance of $15.3M represents unrestricted net position that may be used to meet the College's ongoing obligations; the calculation on page 17 reflects adjustments to the unrestricted net position to arrive at $32.3M of operational resources available to the College. Total liabilities amounted to $48.6M, down 4% from the previous year.

Note that GASB Statement 68 requires the College to allocate its proportionate share of the Texas Teacher Retirement System's net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense; decisions regarding these recorded allocations are made by the administrators of the pension plan, not by the College. Additionally, with the implementation of GASB Statement 75, the College has allocated its proportionate share of the Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense; decisions regarding these recorded allocations are made by the administrators at the Employees Retirement System of Texas (ERS), not by the College.

Condensed Statements of Revenues,
Expenses, and Changes in Net Position
as of August 31, 2022, 2021 and 2020

	2022	% of Total	from 2021 to 2022 Increase (Decrease)	% Change	2021	from 2020 to 2021 Increase (Decrease)	% Change	2020
Operating revenues								
Tuition & fees, net	$ 3,823,655	10.6%	$ (79,335)	(2.0%)	$ 3,902,990	$ 144,730	3.9%	$ 3,758,260
Grants and contracts	1,059,234	3.0%	(255,584)	(19.4%)	1,314,818	148,534	12.7%	1,166,284
Auxiliary enterprises	1,215,860	3.4%	59,196	5.1%	1,156,664	153,285	15.3%	1,003,379
Other operating revenues	404,535	1.1%	62,870	18.4%	341,665	34,585	11.3%	307,080
Total operating revenues	6,503,284	18.1%	(212,853)	(3.2%)	6,716,137	481,134	7.7%	6,235,003
Non-operating revenues								
State appropriations	6,248,414	17.4%	61,800	1.0%	6,186,614	78,127	1.3%	6,108,487
Ad-valorem taxes	11,782,813	32.8%	694,984	6.3%	11,087,829	1,038,282	10.3%	10,049,547
Federal revenue	10,185,646	28.4%	(89,179)	(0.9%)	10,274,825	3,112,805	43.5%	7,162,020
Gifts/ Endowments	620,634	1.7%	370,424	148.0%	250,210	(491,352)	(66.3%)	741,562
Gain (loss) on assets	298,338	0.8%	365,040	(547.3%)	(66,702)	24,751	(100.0%)	(91,453)
Insurance recoveries	-	0.0%	(138,184)	-	138,184	138,184	(100.0%)	-
Investment income	261,184	0.8%	(1,361,940)	(83.9%)	1,623,124	542,909	50.3%	1,080,215
Total non-operating revenues	29,397,029	81.9%	(97,055)	(0.3%)	29,494,084	4,443,706	17.7%	25,050,378
Total revenues	35,900,313	100.0%	(309,908)	(0.9%)	36,210,221	4,924,840	15.7%	31,285,381
Operating expenses								
Instruction	8,540,802	28.0%	(582,942)	(6.4%)	9,123,744	(165,670)	(1.8%)	9,289,414
Public service	214,648	0.8%	182,296	563.5%	32,352	(343,629)	(91.4%)	375,981
Academic support	2,874,368	9.5%	(68,359)	(2.3%)	2,942,727	(104,555)	(3.4%)	3,047,282
Student services	1,882,310	6.2%	217,883	13.1%	1,664,427	34,554	2.1%	1,629,873
Institutional support	5,110,675	16.8%	158,134	3.2%	4,952,541	1,517,373	44.2%	3,435,168
O & M of plant	2,096,649	6.9%	124,676	6.3%	1,971,973	442,908	29.0%	1,529,065
Scholarships & fellowships	3,911,130	12.9%	(389,327)	(9.1%)	4,300,457	911,515	26.9%	3,388,942
Auxiliary enterprises	2,366,394	7.8%	91,160	4.0%	2,275,234	194,906	9.4%	2,080,328
Depreciation & Amortization	2,518,008	8.3%	251,755	11.1%	2,266,253	(54,177)	(2.3%)	2,320,430
Total operating expenses	29,514,984	97.2%	(14,724)	0.0%	29,529,708	2,433,225	9.0%	27,096,483
Non-operating expenses	871,894	2.8%	(12,848)	(1.5%)	884,742	(16,417)	(1.8%)	901,159
Total expenses	30,386,878	100.0%	(27,572)	(0.1%)	30,414,450	2,416,808	8.6%	27,997,642
Changes in net position	5,513,435	11.0%	(282,336)	(4.9%)	5,795,771	2,508,032	76.3%	3,287,739
Beginning net position	44,412,153	89.0%	5,795,771	15.0%	38,616,382	3,287,739	9.3%	35,328,643
Ending net position	$ 49,925,588	100.0%	$ 5,513,435	12.4%	$44,412,153	$ 5,795,771	15.0%	$ 38,616,382

For the 2021-22 fiscal year, the operating revenues amounted to $6.5M and non-operating revenues $29.3M for a total of $35.9M. Major operating revenues include (net of discounts) $3.8M in tuition and fees, $1.1M in grants and contracts, and $1.2M in auxiliary enterprises. Major non-operating revenues include $6.2M in state appropriations, $11.8M in ad-valorem taxes, and $10.2M in federal revenues. Operating expenses totaled $29.5M and non-operating expenses were $871,894 for total expenses of $30.4M. The 2021-22 change in net position was an increase of $5.5M from the prior year. The increase in net position is primarily due to the increase in tax revenues based on a 12.8% increase in taxable property values related to higher real estate and mineral values, a 3.7% tax rate increase on all classes of property, an increase in royalty income due to higher oil and natural gas prices, and a reduction in operating expenses due to lower instruction costs. The change in net position for fiscal year 2021 was an increase of $5.8M from fiscal year 2020, mainly due to an increase in tax revenues, federal revenues, and investment income.

Instruction operating expense includes expenditures for all activities that are part of the College's instruction program. These activities include credit and noncredit courses for academic, vocational, developmental, and tutorial instruction. Public Service includes funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the College. Academic support expenses are used to provide support services for the College's primary missions of instruction, research, and public service. This includes library expenses, academic administration, computer services, and distance learning support. Student services include expenses for offices of records and admissions and student activities. Institutional support includes expenses related to the College's executive management, fiscal operations, personnel management, college development, administrative computing, and general institutional expenses. Operation and maintenance of plant are expenditures for the operation and maintenance of the physical plant. Scholarships and fellowships categorization includes scholarships and fellowships, as well as tuition remissions and exemptions. Auxiliary enterprises include expenditures for the college store, food services, residence halls, and athletic programs.

Condensed Statements of Cash Flows
as of August 31, 2022, 2021 and 2020

	2022	Increase (Decrease)	2021	Increase (Decrease)	2020
Cash provided by/(used) for:					
Operating activities	$ (19,740,034)	$ (1,480,598)	$ (18,259,436)	$ (1,987,858)	$ (16,271,578)
Noncapital financing activities	27,991,825	1,206,604	26,785,221	3,905,432	22,879,789
Capital and related financing activities	(4,194,153)	1,367,262	(5,561,415)	(2,268,738)	(3,292,677)
Investing activities	1,096,975	1,088,890	8,085	(255,953)	264,038
Net increase (decrease) in cash and cash equivalents	5,154,613	2,182,158	2,972,455	(607,117)	3,579,572
Cash and cash equivalents – beginning of year	30,466,338	2,972,455	27,493,883	3,579,572	23,914,311
Cash and cash equivalents – end of year	$ 35,620,951	$ 5,154,613	$ 30,466,338	$ 2,972,455	$ 27,493,883

Cash and cash equivalents at August 31, 2022 were $35.6M, which is an increase of $5.2M or 16.9% over the prior year.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION

Given the positive net position and the positive trend of continued productivity, the College's financial position has remained strong, with unrestricted net position representing six months or more of operating reserves, which is above the 3.6 months' minimum previously recommended by the State Auditor's Office.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The College's investment in capital assets as of August 31, 2022 amounts to $49,323,643 (net of accumulated depreciation) and represents an increase of 0.6% from the previous year. This investment includes land, library books, buildings and improvements, and furniture and equipment.

Capital Assets
(net of depreciation)
as of August 31, 2022, 2021 and 2020

	2022	Increase (Decrease)	% Change	2021	Increase (Decrease)	% Change	2020
Land	$ 2,226,413	$ 59,676	2.8%	$ 2,166,737	$ 24,478	1.1%	$ 2,142,259
Library Books	67,847	(15,193)	(18.3%)	83,040	(19,103)	(18.7%)	102,143
Buildings and Improvements	44,423,255	2,220,311	5.3%	42,202,944	(1,541,507)	(3.5%)	43,744,451
Construction in Progress	572,013	(2,592,485)	(81.9%)	3,164,498	2,853,328	917.0%	311,170
Furniture and Equipment	1,689,658	276,490	19.6%	1,413,168	(106,823)	(7.0%)	1,519,991
Right-to-Use Asset - Buildings	344,457	344,457	0.0%	-	-	-	-
Total	$ 49,323,643	$ 293,256	0.6%	$49,030,387	$ 1,210,373	2.5%	$ 47,820,014

Please refer to footnote "8—Capital Assets" for additional information.

Long-term Liabilities

In September 2013, the College issued 25-year general obligation bonds of $9,325,000. The principal balance at August 31, 2022 was $5,630,000. In September 2014, the College issued 25-year general obligation bonds of $25,155,000. The principal balance at August 31, 2022 was $18,700,000.

Long-term Liabilities
as of August 31, 2022, 2021 and 2020

	2022	Increase (Decrease)	% Change	2021	Increase (Decrease)	% Change	2020
General obligation bonds	$ 24,330,000	$ (1,095,000)	(4.3%)	$ 25,425,000	$ (1,045,000)	(3.9%)	$ 26,470,000
General obligation bonds premium	46,855	(63,058)	(57.4%)	109,913	(90,787)	(45.2%)	200,700
Revenue bonds payable	-	-	-	-	-	-	-
Total	$ 24,376,855	$ (1,158,058)	(4.5%)	$ 25,534,913	$ (1,135,787)	(4.3%)	$ 26,670,700

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

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

Calculation of Unrestricted Net Position, Exclusive of Plant and Plant-Related Debt (UNPEP) – Operational Resources

Unrestricted Net Position, Exclusive of Plant and Plant-Related Debt
as of August 31, 2022, 2021 and 2020

	2022	Increase (Decrease)	% Change	2021	Increase (Decrease)	% Change	2020
Unrestricted Net Position - Audited	$ 15,305,742	$ 4,999,059	48.5%	$ 10,306,683	$ 1,178,018	12.9%	$ 9,128,665
Compensable Absences (current)	146,095	8,560	6.2%	137,535	105	0.1%	137,430
Compensable Absences (non-current)	240,246	(3,201)	(1.3%)	243,447	(9,025)	(3.6%)	252,472
Net OPEB Liability (GASB 75)	14,685,463	1,252,009	9.3%	13,433,454	130,710	1.0%	13,302,744
Net Pension Liability (GASB 68)	1,940,498	(2,312,322)	(54.4%)	4,252,820	(81,400)	(1.9%)	4,334,220
Total UNPEP	$ 32,318,044	$ 3,944,105	13.9%	$ 28,373,939	$ 1,218,408	4.5%	$ 27,155,531

ECONOMIC FACTORS

Panola College is committed to excellence in instructional programs, student services, service to the community, and leadership in economic development and cultural enrichment of the area. The Board of Trustees and the citizens of the College district are committed to meeting the needs of our students today and in the future. The College plans for future building expansion that will provide facilities to meet the needs of these students for years to come. The College will continue to strive to meet its mission while providing an affordable education for its students. The outlook for Panola College remains positive due to its strong leadership, fiscal management and a resilient economy in its service area.

FUTURE PROJECTS

On June 7, 2022, the College entered into a contract with an architect to design a new Energy Building on the northeast section of the campus consisting of approximately 30,000 Gross Square Feet in one story of construction. If the building is approved for construction by the Board of Trustees, the College currently plans to pay for the project using cash funds from current revenues and cash currently available to finance this project, so no additional debt financing will be required to complete the project.

HIGHER EDUCATION EMERGENCY RELIEF FUNDS (HEERF I, II, and III)

Higher Education Emergency Relief Funds (HEERF I, II, and III) have been provided to the College in response to COVID-19. These funds were used to purchase personal protective equipment and various other technology items that allowed the College to provide instructions to students through online training, classroom instruction, or simulation activities. The College was therefore able to conduct operations both remotely and in-person. The coronavirus pandemic has created risks and uncertainties based on the nature of the College's operations. Examples include estimates of tuition and fees based on future student enrollment, estimates of future state appropriations and tax revenues, or current vulnerabilities due to the reliance on faculty and staff to continue to conduct their job duties to ensure the proper functioning of the College activities in the event of illness or other factors. As of the date that these August 31, 2022 financial statements were available to be issued, COVID-19 and other respiratory illnesses are continuing in the United States and in our community, but vaccines are readily available and treatment options have improved over time. We will continue to monitor this situation very closely and will adapt policies and procedures as necessary to keep our students, employees and campus safe and healthy. However, the potential impact on operations and enrollment continues to be difficult to fully assess due to the potential development of new respiratory illnesses.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, students, stakeholders and creditors with a general overview of the College's finances as well as demonstrate accountability for the funds the College receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Vice President of Fiscal Services, Panola College, 1109 West Panola, Carthage, Texas 75633.

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BASIC FINANCIAL STATEMENTS

PANOLA COLLEGE
EXHIBIT 1
STATEMENTS OF NET POSITION
August 31, 2022 and 2021

	2022 Primary Institution	2021 Primary Institution
ASSETS		
Current Assets		
Cash and cash equivalents	$ 35,620,951	$ 30,466,338
Accounts receivable (net)	3,149,822	3,190,169
Inventories	433,224	326,533
Other assets	1,141,014	1,022,670
Total Current Assets	40,345,011	35,005,710
Noncurrent Assets		
Endowment and other investments	10,039,576	10,875,111
Capital assets, net (See note)	49,323,643	49,030,387
Total Noncurrent Assets	59,363,219	59,905,498
Total Assets	99,708,230	94,911,208
Deferred Outflows of Resources		
Deferred outflows related to pensions	1,084,829	1,474,235
Deferred outflows related to OPEB	3,012,089	3,332,820
Total Deferred Outflows of Resources	4,096,918	4,807,055
LIABILITIES		
Current Liabilities		
Accounts payable	448,062	1,216,611
Accrued liabilities	315,173	301,779
Accrued compensable absences - current portion	146,095	137,535
Funds held for others	904,841	894,185
Unearned revenues	5,206,260	4,641,859
Lease Payable - current portion	64,793	-
Bonds payable - current portion	1,150,000	1,158,058
Total Current Liabilities	8,235,224	8,350,027
Noncurrent Liabilities		
Deposits	150	670
Accrued compensable absences	240,246	243,447
Leases payable	286,288	-
Bonds payable	23,226,855	24,376,855
Net pension liability	1,940,498	4,252,820
Net OPEB liability	14,685,463	13,433,454
Total Noncurrent Liabilities	40,379,500	42,307,246
Total Liabilities	48,614,724	50,657,273
Deferred Inflows of Resources		
Deferred inflows related to pensions	2,339,437	755,671
Deferred inflows related to leases	591,392	-
Deferred inflows related to OPEB	2,334,007	3,893,166
Total Deferred Inflows of Resources	5,264,836	4,648,837
NET POSITION		
Net investment in capital assets	24,595,706	23,495,474
Restricted for		
Nonexpendable		
Student Aid	5,258,394	6,281,997
Expendable		
Construction	2,481,323	2,481,322
Debt Service	900,059	1,027,034
Student Aid	1,384,364	819,643
Unrestricted	15,305,742	10,306,683
Total Net Position	$ 49,925,588	$ 44,412,153

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

PANOLA COLLEGE
EXHIBIT 1-A
AFFILIATED ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
August 31, 2022 and 2021

	2022 Panola College Foundation	2021 Panola College Foundation
Assets		
Cash and cash equivalents	$ 135,137	$ 245,411
Short-term certificates of deposit	118,189	125,050
Mutual fund investments	3,457,354	3,934,387
Annuity contracts	116,455	144,460
Total Assets	3,827,135	4,449,308
Liabilities		
Accounts payable	45,066	23,556
Total Liabilities	45,066	23,556
Net Assets		
Without donor restrictions	1,696,238	1,520,518
With donor restrictions	2,085,831	2,905,234
Total Net Assets	$ 3,782,069	$ 4,425,752

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

PANOLA COLLEGE
EXHIBIT 2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended August 31, 2022 and 2021

	2022 Primary Institution	2021 Primary Institution
Operating Revenues		
Tuition and fees (net of discounts of $4,732,674 for 2022 and $4,750,802 for 2021)	$ 3,823,655	$ 3,902,990
Federal grants and contracts	577,711	675,831
State grants and contracts	358,598	545,431
Non-governmental grants and contracts	122,925	93,556
Sales and services of educational activities	27,872	18,016
Auxiliary enterprises (net of discounts of $1,118,743 for 2022 and $1,098,887 for 2021)	1,215,860	1,156,664
Other operating revenues (net of discounts of $-0-)	376,663	323,649
Total Operating Revenues (Schedule A)	6,503,284	6,716,137
Operating Expenses		
Instruction	8,540,802	9,123,744
Public service	214,648	32,352
Academic support	2,874,368	2,942,727
Student services	1,882,310	1,664,427
Institutional support	5,110,675	4,952,541
Operation and maintenance of plant	2,096,649	1,971,973
Scholarships and fellowships	3,911,130	4,300,457
Auxiliary enterprises	2,366,394	2,275,234
Depreciation and amortization	2,518,008	2,266,253
Total Operating Expenses (Schedule B)	29,514,984	29,529,708
Operating Loss	(23,011,700)	(22,813,571)
Non-Operating Revenues (Expenses)		
State appropriations	6,248,414	6,186,614
Ad-valorem taxes - maintenance & operations	9,898,840	8,882,969
Ad-valorem taxes - debt service	1,883,973	2,204,860
Federal revenue, non-operating	10,185,646	10,274,825
Gifts	399,598	149,560
Insurance recoveries	-	138,184
Investment income (net of investment expenses)	(1,070,781)	1,304,772
Gain (loss) on disposal of capital assets	298,338	(66,702)
Royalty income	1,331,965	318,352
Interest on capital related debt	(871,894)	(884,742)
Net Non-Operating Revenues (Schedule C)	28,304,099	28,508,692
Income Before Other Revenues	5,292,399	5,695,121
Other Revenues		
Additions to Permanent Endowments	221,036	100,650
Total Other Revenues	221,036	100,650
Increase in Net Position	5,513,435	5,795,771
Net Position		
Net position - beginning of year	44,412,153	38,616,382
Net position - end of year	$ 49,925,588	$ 44,412,153

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

PANOLA COLLEGE
EXHIBIT 2-A
AFFILIATED ORGANIZATION
STATEMENTS OF ACTIVITIES
For the Years Ended August 31, 2022 and 2021

	2022 Panola College Foundation Without Donor Restrictions	2022 Panola College Foundation With Donor Restrictions	2022 Panola College Foundation Total
Revenue			
Investment income	$ 217	$ 123,711	$ 123,928
Unrealized investment loss	-	(842,323)	(842,323)
Realized investment loss	-	(389)	(389)
Gifts	244,740	-	244,740
Other	633	-	633
Net Assets released from restrictions	100,402	(100,402)	-
Total Revenue	345,992	(819,403)	(473,411)
Expenses			
Scholarships and support	170,272	-	170,272
Total Expenses	170,272	-	170,272
Increase (decrease) in Net Assets	175,720	(819,403)	(643,683)
Net assets - beginning of year	1,520,518	2,905,234	4,425,752
Net assets - end of year	$ 1,696,238	$ 2,085,831	$ 3,782,069

	2021 Panola College Foundation Without Donor Restrictions	2021 Panola College Foundation With Donor Restrictions	2021 Panola College Foundation Total
Revenue			
Investment income	$ 208	$ 109,453	$ 109,661
Unrealized investment income	-	678,721	678,721
Realized investment income	-	4,703	4,703
Gifts	124,823	1,000	125,823
Other	612	-	612
Net Assets released from restrictions	30,406	(30,406)	-
Total Revenue	156,049	763,471	919,520
Expenses			
Scholarships and support	56,249	-	56,249
Total Expenses	56,249	-	56,249
Increase (decrease) in Net Assets	99,800	763,471	863,271
Net assets - beginning of year	1,420,718	2,141,763	3,562,481
Net assets - end of year	$ 1,520,518	$ 2,905,234	$ 4,425,752

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

PANOLA COLLEGE
EXHIBIT 3
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2022 and 2021

	2022 Primary Institution	2021 Primary Institution
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 6,302,864	$ 5,304,074
Receipts from grants and contracts	1,059,079	1,321,906
Payments to or on behalf of employees	(12,580,410)	(12,662,931)
Payments to suppliers for goods or services	(10,610,437)	(7,922,028)
Payments of scholarships	(3,911,130)	(4,300,457)
Receipts from insurance reimbursements	-	138,184
Net cash used for operating activities	(19,740,034)	(18,121,252)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	5,315,530	4,862,959
Ad valorem tax revenues	11,692,720	11,161,479
Receipts from non-operating federal revenue	10,352,805	10,289,009
Gifts and grants (other than capital)	620,634	250,209
Student organization and other agency transactions	10,136	83,381
Net cash provided by noncapital financing activities	27,991,825	26,647,037
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	418,338	-
Purchases of capital assets	(2,517,916)	(3,543,328)
Interest expense paid	(937,308)	(973,087)
Payments on capital debt	(1,095,000)	(1,045,000)
Payments on lease obligations	(62,267)	-
Net cash used for capital and related financing activities	(4,194,153)	(5,561,415)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	3,841,674	3,763,500
Investment earnings	1,727,549	564,626
Purchases of investments	(4,472,248)	(4,320,041)
Net cash provided by (used for) investing activities	1,096,975	8,085
Increase (decrease) in cash and cash equivalents	5,154,613	2,972,455
Cash and cash equivalents - beginning of year	30,466,338	27,493,883
Cash and cash equivalents - end of year	$ 35,620,951	$ 30,466,338
Noncash investing, capital, and financing activities:		
Increase (decrease) in fair value of investments	$ (1,466,110)	$ 1,063,512
Lease Payable Proceeds	$ 413,348	$ -
Amortization of bond premium	$ 63,058	$ 90,787
Right-to-use Asset - Lease	$ 413,348	$ -
Donated Capital Assets	$ -	$ -

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

PANOLA COLLEGE
EXHIBIT 3 (Continued)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2022 and 2021

	2022 Primary Institution	2021 Primary Institution
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	$ (23,011,700)	$ (22,813,571)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation and Amortization expense	2,518,008	2,266,253
On-behalf state benefits (excluding pension and OPEB expense)	1,070,304	1,032,057
Pension expense	15,214	949,074
College's contributions to TRS made subsequent to the measurement date	(347,958)	(324,721)
OPEB expense	265,134	366,377
College's contributions to ERS made subsequent to the measurement date	(395,380)	(273,951)
Reclassification of Receipts from insurance reimbursements	-	138,184
Changes in assets and liabilities		
(Increase) decrease in Receivables, net	(36,974)	19,246
(Increase) in Inventories	(106,691)	(17,450)
(Increase) in Other assets	(118,344)	(362,218)
Increase in Unearned revenue	1,177,429	150,757
Increase (decrease) in Accounts payable	(768,549)	754,531
Increase in Accrued liabilities-payroll related	15,750	3,100
Increase (decrease) in Compensated absences	5,359	(8,920)
(Decrease) in Deferred Inflows Related to Leases	(21,636)	-
Total Adjustments	3,271,666	4,692,319
Net cash used for operating activities	$ (19,740,034)	$ (18,121,252)

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

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1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Tuition Discounting

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

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

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

Basis of Accounting

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

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the College's policy is to apply restricted resources first.

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

Budgetary Data

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

Cash and Cash Equivalents

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

Deferred Inflows and Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

For the year ended August 31, 2022 and 2021, the College has items that qualify for reporting as deferred outflows of resources and deferred inflows of resources. The College reports the deferred outflows and inflows related to the leases, TRS net pension liability and ERS net OPEB liability on the Statement of Net Position. Those items are detailed in Note 10, TRS Note 15 and ERS Note 19.

Investments

Investments are reported at fair value on a recurring basis. Fair values are based on quoted market prices (level 1 of the fair value hierarchy). Investments in common trust funds are valued using the net asset value per share in accordance with GASB Statement No. 72. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Investments in Lone Star Investment Pool are reported at amortized cost (which approximates fair value). (The governing board has designated public funds investment pools comprised of $29,073,738 and $24,376,672 at August 31, 2022 and 2021, respectively, to be short-term investments). Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of bookstore stock. Inventories for resale are valued at lower of cost under the "first-in, first-out" method, or market and are charged to expense as consumed.

Capital Assets

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

Buildings	**30 years**
Facilities and Other Improvements	**10-20 years**
Furniture, Machinery, Vehicles and Other Equipment	**5-10 years**
Telecommunications and Peripheral Equipment	**5 years**
Library Books	**10-15 years**
Right-to-Use Assets-Buildings	**6 years**

Collections

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

Unearned Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2022 and 2021 have been reported as unearned revenues.

Estimates

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

Operating Revenues and Expenses and Non-Operating Revenues and Expenses

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

Net Position

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

Lease Accounting

The College has implemented GASB 87. GASB 87 has adopted a single model that all leases represent financings and therefore provides for three accounting treatments: (1) short-term leases of 12 months or less, (2) contracts that transfer ownership, and (3) contracts that do not transfer ownership.

All leases that do not fall into the first two categories listed above are treated as "contracts that do not transfer ownership".

Lessee: For leases where the College is a lessee, a lease payable and a right-to-use asset are recognized. The lease liability is initially measured at the present value of fixed minimum lease payments that are expected to

be made during the lease term. The lease payable is subsequently reduced by the principal payments made. The College must recognize interest expense over time based on the current balance of the lease and the implicit interest rate. The right-to-use asset is classified as an intangible and is initially measured as the lease payable with adjustments for payments made at or before the lease commencement date and certain initial direct costs. The College is required to amortize the value of the right-to-use asset in a systematic manner over the shorter period of the lease term or the useful life of the asset. Right-to-use assets are reported with capital assets while lease payables are reported with long-term liabilities in the statement of net position.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- **The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.**

- **The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.**

Lessor: For leases where the College is the lessor, a lease receivable and deferred inflows of resources are recognized in the statement of net position. The lease receivable is initially measured at the present value of the lease payments that are expected to be received during the lease term. Principal payments received subsequent to the initial measure reduce the lease receivable. The initial amount of the deferred inflow of resources is equal to the lease receivable with adjustments made for lease payments received at or before the lease commencement date. The deferred inflow of resources is recognized as revenue in a systematic manner over the term of the lease.

Key estimates and judgments include how the College determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- **The College uses its estimated incremental borrowing rate as the discount rate for leases.**

- **The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.**

The College monitors changes in circumstances that would require a re-measurement of its leases, and will re-measure the components if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease payable.

<u>Pensions</u>

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, and liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

<u>Other Post-Employment Benefits (OPEB)</u>

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of

resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Implementation of New Standards

In the current fiscal year, the College implemented the following new standard. The applicable provisions of the new standard are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements. The August 31, 2021 financial statements were not restated because the cumulative effect of the change was immaterial. The effect of the changes at August 31, 2021 was an increase to assets of $406,930, an increase in liabilities of $413,348 and a decrease to net position of $6,418.

GASB Statement No. 87, Leases – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

3. COMPONENT UNIT (AFFILIATED ORGANIZATION)

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

Financial transactions in the form of support from the Foundation to the College for the years ended August 31, 2022 and 2021 amounted to approximately $170,272 and $56,249 respectively.

Deposits were fully covered by FDIC insurance at August 31, 2022 and 2021, and consisted of deposits in bank, certificates of deposit and money market funds. Investments in mutual funds and annuities are valued at fair value based on quoted market values (level 1 of the fair value hierarchy) obtained from the various investment brokers. The Foundation's investments in mutual funds are all rated "*" or better by Morningstar Rating Services. The investment in TPF Balanced Fund, a common trust fund, is unrated and valued using net asset value per share.**

4. AUTHORIZED INVESTMENTS

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

5. DEPOSITS AND INVESTMENTS

During the 2022 and 2021 fiscal years, deposits and investments were comprised of cash on hand, bank demand deposits, bank time deposits, investments with the Lone Star Investment Pool, mutual funds administered by American Funds Distributors and a common trust fund, TPF Balanced Fund, administered by Texas Presbyterian Foundation.

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

The College's temporary investments consist of balances held by Lone Star Investment Pool (Government Overnight Fund), Lincoln Financial Advisors and Texas Presbyterian Foundation. The Lone Star Investment Pool is a public fund investment pool created to provide a safe environment for the placement of local government funds in short-term investments. The Government Overnight Fund is regulated by the Securities and Exchange Act and seeks to maintain a net asset value of one dollar and a dollar weighted average maturity of 60 days or fewer. At August 31, 2022 and August 31, 2021, the weighted average maturity was 6 days and 45 days, respectively. Lone Star Investment Pool is administered by First Public. Lone Star Investment Pool was rated AAAm by Standard & Poor's as of August 31, 2022 and August 31, 2021. The fair value of the investment in Lone Star Investment Pool was the same as its carrying value of $29,073,738 and $24,376,672 for the years ended August 31, 2022 and 2021, respectively.

Lincoln Financial Advisors is the broker for the College's investment in eight mutual funds within the American Funds Family. Each of the eight funds were rated "*" or better by Morningstar Rating Services. The fair value of the mutual fund investments was the same as its carrying value of $468,936 and $550,865 for the years ended August 31, 2022 and 2021, respectively.**

Texas Presbyterian Foundation is the custodian of the College's investment in TPF Balanced Fund, a common trust fund (CTF). The CTF is not rated and is valued using the net asset value per share. The fair value of the CTF was the same as its carrying value, $5,784,523 and $6,502,531 for the years ended August 31, 2022 and 2021, respectively. The investment strategy of the CTF is to produce a total rate of return to provide a stable, predictable and growing source of income. There are no restrictions on redemption or sale of the CTF. The College can redeem shares at any time.

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

Composition of Cash, Deposits and Investments

	August 31, 2022	August 31, 2021
Cash and Deposits		
Cash in Banks:		
Demand Deposits	$ 6,544,823	$ 6,087,276
Time Deposits	3,786,117	3,821,715
Petty Cash on Hand	2,390	2,390
Total Cash and Deposits	10,333,330	9,911,381
Investments		
Short-Term Investments		
Lone Star Investment Pool		
Liquidity Plus Fund	29,073,738	24,376,672
Mutual Fund Investments	468,936	550,865
Common Trust Fund	5,784,523	6,502,531
Total Investments	35,327,197	31,430,068
Total Deposits and Investments	$ 45,660,527	$ 41,341,449

Classification in Statement of Net Position, Exhibit 1

	August 31, 2022	August 31, 2021
Cash and Cash Equivalents		
Cash in Banks:		
Demand Deposits	$ 6,544,823	$ 6,087,276
Short-Term Investments		
Lone Star Investment Pool		
Liquidity Plus Fund	29,073,738	24,376,672
Petty Cash on Hand	2,390	2,390
Total Cash and Cash Equivalents	35,620,951	30,466,338
Endowment and Other Investments		
Cash in Banks – Time Deposits	3,786,117	3,821,715
Mutual Fund Investments	468,936	550,865
Common Trust Fund	5,784,523	6,502,531
Total Investments	10,039,576	10,875,111
Total Cash, Deposits and Investments	$ 45,660,527	$ 41,341,449

Policies Governing Deposits and Investments

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

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

b. **Custodial Credit Risk – Deposits:** This is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's policy with respect to custodial credit risk complies with State law. At August 31, 2022 and 2021, the bank balances of the College's deposits were $10,255,992 and $10,287,409, respectively. Of these balances, the amounts covered by FDIC insurance were $4,031,803 and $4,123,878 at August 31, 2022 and 2021, respectively. The remaining balance at August 31, 2022 and 2021 of $6,224,189 and $6,163,531, respectively, were entirely covered by pledged collateral held by the pledging financial institution's agent bank in the College's name. Therefore, the College was not exposed to custodial credit risk at August 31, 2022 and 2021.

6. DERIVATIVES

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

7. ENDOWMENTS

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

Distributions from endowment investments are required to be spent for the purposes for which the endowment was established. Scholarship distributions are made pursuant to the investment policy. For the years ended August 31, 2022 and 2021, endowment interest, dividend earnings, and capital gains totaled $218,246 and $185,362 respectively. Gifts to endowments totaled $221,036 and $100,650 for the fiscal years ended August 31, 2022 and 2021, respectively. Realized and unrealized gains and losses for the years ended August 31, 2022 and 2021 totaled $1,463,183 loss and $1,064,577 gain, respectively. Endowment net position is classified as restricted nonexpendable student aid in the Statement of Net Position.

8. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2022 was as follows:

Description	Balance September 1, 2021	Increases	Decreases	Balance August 31, 2022
Capital assets not being depreciated:				
Land	$ 2,166,737	$ 179,676	$ 120,000	$ 2,226,413
Construction in Progress	3,164,498	1,408,918	4,001,403	572,013
Total capital assets not being depreciated	5,331,235	1,588,594	4,121,403	2,798,426
Capital assets being depreciated or amortized:				
Buildings and Improvements	61,242,491	4,103,822	-	65,346,313
Furniture, Fixtures, Machinery & Equipment and Other Equipment	7,370,213	818,404	27,483	8,161,134
Library Books	316,798	8,499	26,562	298,735
Right-to-Use Asset - Buildings	-	413,348	-	413,348
Total capital assets being depreciated or amortized	68,929,502	5,344,073	54,045	74,219,530
Less accumulated depreciation and amortization:				
Building and Improvements	(19,039,547)	(1,883,511)	-	(20,923,058)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(5,957,045)	(541,914)	(27,483)	(6,471,476)
Library Books	(233,758)	(23,692)	(26,562)	(230,888)
Right-to-Use Asset - Buildings	-	(68,891)	-	(68,891)
Total accumulated depreciation and amortization	(25,230,350)	(2,518,008)	(54,045)	(27,694,313)
Total capital assets being depreciated or amortized, net	43,699,152	(2,826,065)	-	45,525,217
Net Capital Assets	$ 49,030,387	$ (4,414,659)	$ 4,121,403	$ 49,323,643

Capital assets activity for the year ended August 31, 2021 was as follows:

Description	Balance September 1, 2020	Increases	Decreases	Balance August 31, 2021
Capital assets not being depreciated:				
Land	$ 2,142,259	$ 64,478	$ 40,000	$ 2,166,737
Construction in Progress	311,170	2,853,328	-	3,164,498
Total capital assets not being depreciated	2,453,429	2,917,806	40,000	5,331,235
Capital assets being depreciated:				
Buildings and Improvements	61,133,542	259,943	150,994	61,242,491
Furniture, Fixtures, Machinery & Equipment and Other Equipment	7,337,139	357,714	324,640	7,370,213
Library Books	336,337	7,865	27,404	316,798
Total capital assets being depreciated	68,807,018	625,522	503,038	68,929,502
Less accumulated depreciation for:				
Building and Improvements	(17,389,091)	(1,776,503)	(126,047)	(19,039,547)
Furniture, Fixtures, Machinery & Equipment and Other Equipment	(5,817,148)	(462,782)	(322,885)	(5,957,045)
Library Books	(234,194)	(26,968)	(27,404)	(233,758)
Total accumulated depreciation	(23,440,433)	(2,266,253)	(476,336)	(25,230,350)
Total capital assets being depreciated, net	45,366,585	(1,640,731)	26,702	43,699,152
Net Capital Assets	$ 47,820,014	$ 1,277,075	$ 66,702	$ 49,030,387

9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2022 was as follows:

	Balance September 1, 2021	Additions	Reductions	Balance August 31, 2022	Current Portion
Notes and Bonds					
Revenue Bonds Payable	$ -	$ -	$ -	$ -	$ -
General Obligation Bonds Payable	25,425,000	-	1,095,000	24,330,000	1,150,000
General Obligation Bond Premium	109,913	-	63,058	46,855	-
Other Long-Term Liabilities					
Accrued Compensable Absences	380,982	139,818	134,459	386,341	146,095
Leases Payable	-	413,348	62,267	351,081	64,793
Net Pension Liability	4,252,820	-	2,312,322	1,940,498	-
Net OPEB Liability	13,433,454	2,661,469	1,409,460	14,685,463	-
Total Long-Term Liabilities	$ 43,602,169	$ 3,214,635	$ 5,076,566	$ 41,740,238	$ 1,360,888

Long-term liability activity for the year ended August 31, 2021 was as follows:

	Balance September 1, 2020	Additions	Reductions	Balance August 31, 2021	Current Portion
Notes and Bonds					
Revenue Bonds Payable	$ -	$ -	$ -	$ -	$ -
General Obligation Bonds Payable	26,470,000	-	1,045,000	25,425,000	1,095,000
General Obligation Bond Premium	200,700	-	90,787	109,913	63,058
Other Long-Term Liabilities					
Accrued Compensable Absences	389,902	116,874	125,794	380,982	137,535
Net Pension Liability	4,334,220	246,231	327,631	4,252,280	-
Net OPEB Liability	13,302,744	1,782,668	1,651,958	13,433,454	-
Total Long-Term Liabilities	$ 44,697,566	$ 2,145,773	$ 3,241,170	$ 43,602,169	$ 1,295,593

General Obligation Bonds Payable

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

On September 26, 2013 the College issued $9,325,000 in general obligation bonds approved by the voters in the May 2013 $35 million bond election to finance construction and equipping of buildings and the renovation of current buildings. On September 25, 2014 the College issued the remaining $25,155,000 in general obligation bonds approved by the voters in the May 2013 $35 million bond election. The bonds were sold in $5,000 increments with interest rates varying from 2% to 5% and maturity dates from February 15, 2014 to February 15, 2038. A call option can be exercised for maturities after February 15, 2024. The bonds are issued pursuant to the provisions of the Constitution and the laws of the State of Texas.

The remaining principal and interest to be paid is $32,262,449 and $34,278,411 at August 31, 2022 and 2021, respectively. Principal and interest paid during the years ended August 31, 2022 and 2021 was $2,015,962 and $2,017,088, respectively.

Bonds currently outstanding are as follows:

Issue	Purpose	Interest Rates	Amount
Series 2013	Construction, renovation	2.00-5.00%	$ 5,630,000
Series 2014	Construction, renovation	2.00-5.00%	18,700,000
Total outstanding general obligation bonds			$24,330,000

Interest expense on the bonds amounted to $918,607 and $975,529 for the year ended August 31, 2022 and 2021, respectively. Accrued interest on the bonds at August 31, 2022 and 2021 amounted to approximately $40,265 and $42,621 respectively, and is included in the financial statements.

The original premiums associated with the bonds were $944,171 and $367,808 for the Series 2014 and Series 2013, respectively. Amortization amounted to $63,058 and $90,787 for the years ended August 31, 2022 and 2021.

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

Year Ending August 31,	2022 Interest	2022 Principal	2022 Total Requirement	2021 Interest	2021 Principal	2021 Total Requirement
2022	$ -	$ -	$ -	$ 920,962	$ 1,095,000	$ 2,015,962
2023	867,288	1,150,000	2,017,288	867,288	1,150,000	2,017,288
2024	815,787	1,200,000	2,015,787	815,787	1,200,000	2,015,787
2025	771,062	1,245,000	2,016,062	771,062	1,245,000	2,016,062
2026	731,037	1,285,000	2,016,037	731,037	1,285,000	2,016,037
2027	688,913	1,330,000	2,018,913	688,913	1,330,000	2,018,913
2028-2032	2,744,053	7,335,000	10,079,053	2,744,053	7,335,000	10,079,053
2033-2037	1,275,053	8,805,000	10,080,053	1,275,053	8,805,000	10,080,053
2038	39,256	1,980,000	2,019,256	39,256	1,980,000	2,019,256
Total	$ 7,932,449	$ 24,330,000	$ 32,262,449	$ 8,853,411	$ 25,425,000	$ 34,278,411

10. LEASES

Lease Receivable and Deferred Inflows Related to Leases

In prior years, the College entered into a lease with American Tower, L.P. for use of land. The lease term is thirty years and the total amount of the lease was received up front; therefore, there is no lease receivable. The revenue from the lease is recognized over the term of the lease. At August 31, 2021, the amount of the payment remaining was reported as unearned revenue. Due to the implementation of GASB 87, that balance, $613,028, was reclassified from unearned revenue to deferred inflows of resources. During the year ended August 31, 2022, the College recognized $21,636 in lease revenue. The balance in the deferred inflows of resources at August 31, 2022 was $591,392.

The College is also the lessor of approximately 1,590 square feet of the WSB Building to Hope Community Medicine for four years at $207 per month. This lease was evaluated and was determined to be of minimal value and is not considered material to the financial statements. This lease has not been recorded in the financial statements.

Lease Payable

The College is the lessee of approximately 9,613 square feet in the Marshall Mall. The College has recognized a right-to–use asset and the related lease liability for that lease. Upon implementation of GASB 87, a lease payable of $413,348 was recorded. As of August 31, 2022, the balance of the lease payable is $351,081. Monthly lease payments of $6,468 are required. The interest rate used for the lease was 4% which is the incremental borrowing rate of the College. The lease term at the date of implementation was six years. The College has also recognized a right-to-use asset that is amortized over six years. The information regarding the right-to-use asset can be found in Note 8.

The College is also the lessee for a Mail Machine lease. That lease has been evaluated and the cost has been determined to be of minimal value and is not considered material to the financial statements; therefore, that lease has not been recorded in the financial statements.

The future principal and interest lease payments as of August 31, 2022, were as follows:

August 31,	Principal	Interest	Total
2023	$ 64,793	$ 12,819	$ 77,612
2024	67,422	10,190	77,612
2025	70,159	7,453	77,612
2026	73,008	4,604	77,612
2027	75,699	1,913	77,612
TOTAL	$ 351,081	$ 36,979	$ 388,060

11. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, 2022 and 2021 were as follows:

	2022			2021		
	Total Receivable	Less Allowance For Uncollectibles	Net Receivable	Total Receivable	Less Allowance For Uncollectibles	Net Receivable
Student Receivables	$ 1,402,949	$ 560,529	$ 842,420	$ 1,249,968	$ 510,529	$ 739,439
Taxes Receivable	819,944	371,846	448,098	763,147	405,142	358,005
Federal Receivables	1,823,414	-	1,823,414	1,990,573	-	1,990,573
State Receivables	23,860	-	23,860	23,705	-	23,705
Interest Receivable	2,821	-	2,821	3,076	-	3,076
Other Receivables	9,209	-	9,209	75,371	-	75,371
TOTAL	$ 4,082,197	$ 932,375	$ 3,149,822	$ 4,105,840	$ 915,671	$ 3,190,169

Payables

Payables at August 31, 2022 and 2021 were as follows:

	2022	2021
Vendors Payable	$ 448,062	$ 1,216,611
Salaries and Benefits Payable	661,249	640,140
Students Payable	257,198	217,119
Accrued Interest	40,265	42,621
Other Payables	647,643	677,066
TOTAL	$ 2,054,417	$ 2,793,557

12. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA audit and accounting guide "State and Local Governments". Contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. 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.

13. 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 College's 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 uncollectibles. The allowance is based upon historical experience in collecting property taxes.

Taxes levied for current year operations are summarized below:

		2022		2021
Original tax levy	$	11,472,121	$	10,652,716
Supplemental levy and adjustments		589,473		822,777
Adjusted levy		12,061,594		11,475,493
Penalty and interest assessments		(102,752)		(118,652)
Total Levy	$	11,958,842	$	11,356,842

Tax collections for the years ended August 31, 2022 and 2021, including delinquent collections, exceeded 96% of the levy for both years.

A summary of tax data is presented as follows:

		2022		2021
Assessed valuation of the District	$	5,356,894,792	$	4,861,548,429
Less: Exemptions		(274,451,554)		(268,529,548)
Less: Special Valuations		(952,066,640)		(929,648,064)
Net Assessed Valuation of the District	$	4,130,376,598	$	3,663,370,817
Tax Rate Per $100 authorized:				
Current Operations	$	0.35000	$	0.35000
Debt Service		0.50000		0.50000
Total	$	0.85000	$	0.85000
Tax Rate Per $100 assessed				
Current Operations	$	0.23308	$	0.23284
Debt Service		0.04467		0.05795
Total	$	0.27775	$	0.29079
Gross Taxes Collected (Current Operations)	$	11,915,805	$	11,001,132
Discounts Allowed		(215,970)		(209,515)
Delinquent Taxes Collected		265,835		317,948
Refunds		(168,850)		(118,076)
Penalties and Interest Collected		119,700		115,379
Other Collections		75,710		187,943
Provisions for Bad Debts		(22,195)		(49,860)
Collection Fees		(187,222)		(157,122)
Total Collections	$	11,782,813	$	11,087,829

14. UNEARNED REVENUES

Revenues, primarily consisting of tuition, fees and housing charges, related to academic terms in the next fiscal year are recorded in the statement of net position as unearned revenues in the current fiscal year.

A summary of unearned revenues follows:

	2022	2021
Tuition and Fees	$ 3,363,272	$ 3,282,016
Housing and Residential Life	669,159	591,235
Long Term Lease	-	613,028
Other	1,173,829	155,580
Total	$ 5,206,260	$ 4,641,859

The long term lease was reclassified to deferred inflows of resources as a result of the implementation of GASB 87 at September 1, 2021.

15. EMPLOYEE RETIREMENT PLANS

The State of Texas has joint contributory retirement plans for almost all its employees.

Teacher Retirement System of Texas (TRS)

Plan Description. **Panola College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The TRS pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.**

Pension Plan Fiduciary Net Position. **Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/pages/about_publications.aspx or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.**

Benefits Provided. **TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' 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. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

Contributions. **Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas 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 paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 through 2025.**

Contribution Rates

	2020	2021	2022
Member	7.7%	7.7%	8.0%
Non-Employer Contributing Entity (NECE-State)	7.5%	7.5%	7.75%
Employers	7.5%	7.5%	7.75%
College's Employer Contributions (fiscal year)	$327,417	$324,721	$347,958
College's Member Contributions (fiscal year)	$613,330	$609,460	$644,516
NECE On-behalf Contributions (measurement year)	$233,388	$268,808	$268,499

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- **On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.**
- **During a new member's first 90 days of employment.**
- **When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.**
- **When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.**

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- **All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.**
- **When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.**

Actuarial Assumptions. **The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:**

• Valuation Date	August 31, 2020 rolled forward to August 31, 2021
• Actuarial Cost Method	Individual Entry Age Normal
• Asset Valuation Method	Market Value
• Single Discount Rate	7.25%
• Long-term expected Investment Rate of Return	7.25%
• Inflation	2.30%
• Salary Increases including Inflation	3.05% to 9.05%
• Ad Hoc Post-Employment Benefit Changes	None
• Benefit Changes during the year	None
• Last year ending August 31 in Projection Period	2120

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

Discount Rate. **A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in the fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021, are summarized below:**

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2021

	Target Allocation *	Long-Term Expected Geometric Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.50%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	(0.20)%	0.01%
Absolute Return	-	1.10%	-
Stable Value Hedge Funds	5.00%	2.20%	0.12%

Real Return			
Real Estate	**15.00%**	**4.50%**	**1.00%**
Energy & Natural Resources & Infrastructure	**6.00%**	**4.70%**	**0.35%**
Commodities	**-**	**1.70%**	**-**
Risk Parity			
Risk Parity	**8.0%**	**2.80%**	**0.28%**
Leverage			
Cash	**2.00%**	**(0.70)%**	**(0.01)%**
Asset Allocation Leverage	**(6.00)%**	**(0.50)%**	**0.03%**
Inflation Expectation			**2.20%**
Volatility Drag ***			**(0.95)%**
Total	**100.00%**		**6.90%**

***   Target allocations are based on the FY2021 policy model.**
****   Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)**
***** The volatility drag results from the conversion between arithmetic and geometric mean returns.**

Discount Rate Sensitivity Analysis. **The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (7.25) in measuring the Net Pension Liability.**

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Panola College's proportionate share of the net pension liability:	**$4,240,294**	**$1,940,498**	**$74,664**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. **At August 31, 2022, Panola College reported a liability of $1,940,498 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to Panola College. The amount recognized by Panola College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Panola College were as follows:**

Panola College's proportionate share of the collective net pension liability	**$1,940,498**
State's proportionate share that is associated with Panola College	**1,602,287**
Total	**$3,542,785**

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0076198%, which was an increase (decrease) of (0.0003208)% from its proportion measured as of August 31, 2020.

***Changes Since the Prior Actuarial Valuation*. There were no changes in assumptions since the prior measurement date.**

For the year ended August 31, 2022, Panola College recognized pension expense of $6,406 and revenue of $6,406 for support provided by the State. The College also recognized their proportionate share of pension expense of $8,808.

At August 31, 2022, Panola College reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows Of Resources		Deferred Inflows Of Resources
Differences between expected and actual economic experience	$	3,247	$	136,613
Change in actuarial assumptions	$	685,928	$	299,006
Difference between projected and actual investment earnings	$	-	$	1,627,081
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	$	47,696	$	276,737
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	$	347,958	$	-
Total	$	1,084,829	$	2,339,437

At August 31, 2021, Panola College reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows Of Resources		Deferred Inflows Of Resources
Differences between expected and actual economic experience	$	7,765	$	118,685
Change in actuarial assumptions	$	986,805	$	419,583
Difference between projected and actual investment earnings	$	86,094	$	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	$	68,850	$	217,403
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	$	324,721	$	-
Total	$	1,474,235	$	755,671

The net amounts of the College's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year ended August 31	Pension Expense Amount
2022	$(286,957)
2023	$(288,855)
2024	$(433,287)
2025	$(537,448)
2026	$(44,963)
Thereafter	$(11,055)

Optional Retirement Program

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

Funding Policy. **Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries contributed by the state and each participant are 3.30 and 6.65, respectively. The College contributed 5.20 percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual contracts, the state has no additional or unfunded liability for the program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.**

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

Year Ended August 31,	On Behalf State Contribution	Panola College Contribution	Participant Contributions	Total Contributions	Covered Payroll
2022	$38,473	$49,277	$77,529	$165,278	$1,165,843
2021	44,485	58,053	89,645	192,183	1,348,039
2020	48,714	62,340	98,166	209,220	1,476,181

16. 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, 2022 and 2021, the College had twenty-four, employees participating in the tax sheltered annuity program. A total of $87,614 and $109,085 in payroll deductions was invested in approved plans during the years ending August 31, 2022 and 2021, respectively.

17. COMPENSATED ABSENCES

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

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

Total accrued compensated absences representing unused vacation leave amounted to $386,341 at August 31, 2022 and $380,982 at August 31, 2021. The liability is shown in the statement of net position split between current and noncurrent in the amounts of $146,095 and $240,246 respectively for August 31, 2022 and $137,535 and $243,447 respectively for August 31, 2021.

18. HEALTH CARE AND LIFE INSURANCE COVERAGE

Employees of Panola College were covered by a health and life insurance plan (the Plan). The Plan is funded by the State. Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. SB 1812, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district. The State paid premiums of $625 and $625 per month per employee to the Plan for the years ending August 31, 2022 and 2021, respectively. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51.2, Texas Insurance Code.

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

Fiscal Year Ended August 31,	Average Number Employees Covered	Board Members Covered	On Behalf State Contributions	College Contributions
2022	150	3	$ 642,226	$ 1,043,142
2021	150	3	987,571	986,549
2020	152	4	638,176	979,461

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

19. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description. The College participates in a cost-sharing, multiple-employer, other postemployment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they meet certain age and service conditions. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

***OPEB Plan Fiduciary Net Position*. Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report (ACFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at https://ers.texas.gov/About_ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.**

***Benefits Provided*. Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.**

***Contributions*. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.**

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium

Retiree only	**$ 625**
Retiree & Spouse	**$ 1,341**
Retiree & Children	**$ 1,104**
Retiree & Family	**$ 1,820**

Contributions to the GBP plan by source is summarized in the following table.

Measurement (Fiscal) Year

	2021(2022)	**2020(2021)**
Employer Contribution	**$ 395,380**	**$ 273,951**
Nonemployer Contributing Entity (State of Texas)	**$ 389,606**	**$ 395,867**

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation Date	**August 31, 2021**
Actuarial cost method	**Entry age**
Amortization method	**Level percent of payroll, open**
Remaining amortization period	**30 years**
Asset valuation method	**N/A**
Projected annual salary increase (includes inflation)	**2.30% to 9.50%**
Annual healthcare trend rate (HealthSelect)	**5.25% for FY23, 5.15% for FY24, 5.00% for FY25, 4.75% for FY26, 4.60% for FY27, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY30 and later years**
Medical (HealthSelect Medicare Advantage)	**0.00% for FY23, 66.67% for FY 24, 24.00% for FY25, 4.75% for FY26, 4.60 for FY27, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY30 and later years**
Pharmacy	**10.00% for FY23, 10.00% for FY24, decreasing 100 basis points per year to 5.00% for FY29 and 4.30% for FY30 and later years**
Inflation assumption rate	**2.30%**
Ad hoc postemployment benefit changes	**None**
Mortality assumptions:	
Service retirees, survivors and other inactive members	**Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018**
Disability retirees	**Tables based on TRS experience with Ultimate MP Projection Scale from Year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members**
Active members	**Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014**

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuaries for the period September 1, 2010 to August 31, 2017 for higher education members.

***Investment Policy*. The GPB Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.**

***Discount Rate*. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.20%. The**

discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.14%, which amounted to a decrease of 0.06%. The source of the municipal bond rate was the Bond Buyer

Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero.

***Discount Rate Sensitivity Analysis*. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used in measuring the net OPEB Liability.**

	1% Decrease in Discount Rate 1.14%	Discount Rate 2.14%	1% Increase in Discount Rate 3.14%
Panola College's proportionate share of the net OPEB liability:	$17,490,944	$14,685,463	$12,490,594

***Healthcare Trend Rate Sensitivity Analysis*. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used in measuring the net OPEB liability.**

	1% Decrease in (HealthSelect: 4.25% decreasing to 3.30%: HealthSelect Medicare Advantage:-1.00% to 3.30%; Pharmacy: 9.00% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (HealthSelect:5.25% decreasing to 4.30%; HealthSelect Medicare Advantage: 0.00 to 4.30%; Pharmacy: 10.00% decreasing to 4.30%)	1% Increase (HealthSelect: 6.25% decreasing to 5.30%; HealthSelect Medicare Advantage 1.00% to 5.30%; Pharmacy 11.00% decreasing to 5.30%)
Panola College's proportionate share of the net OPEB liability:	$12,297,347	$14,685,463	$17,814,321

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*. At August 31, 2022, the College reported a liability of $14,685,463 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:**

Panola College's Proportionate share of the collective net OPEB liability	$ 14,685,463
State's proportionate share that is associated with the College	11,788,274
Total	$ 26,473,737

The net OPEB liability was measured as of August 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative

to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021. At the measurement date of August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.04093451%, which is an increase of 0.00028205% from the proportion measured as of August 31, 2020. For the year ended August 31, 2021, the College recognized OPEB expense of $(143,827) and revenue of $(143,827) for support provided by the State. The College also recognized their proportionate share of OPEB expense of $408,961.

The following assumptions have been changed since the previous valuation:

Demographic Assumptions

The following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.

Proportion of future retirees assumed to be married and electing coverage for their spouse.

Proportion of future retirees assumed to cover dependent children.

Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.

Economic Assumptions

Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.

Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.

Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2022, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 360,218
Changes in actuarial assumptions	1,005,424	1,635,632
Difference between projected and actual investment earnings	2,601	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,608,684	338,157
Contributions paid to ERS subsequent to the measurement date	395,380	-
Total	$ 3,012,089	$ 2,334,007

At August 31, 2021, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 525,389
Changes in actuarial assumptions	777,703	2,894,357
Difference between projected and actual investment earnings	4,009	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,2277,157	473,420
Contributions paid to ERS subsequent to the measurement date	273,951	-
Total	$ 3,332,820	$ 3,893,166

Measurement Year Ended August 31:	OPEB Expense Amount
2022	$ (98,726)
2023	$ 167,194
2024	$ 67,278
2025	$ 75,508
2026	$ 71,449
Thereafter	-

20. RELATED PARTIES

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

21. FUNDS HELD IN TRUST BY OTHERS

The balances and transactions of funds held in trust by others on behalf of Panola College are not reflected in the financial statements. At August 31, 2021 there were four such funds while at August 31, 2022, there was only one fund held for the benefit of the College. At August 31, 2021, the Lawrence R. and Debbie H. Sharp Endowment Scholarship Trust, the Quintin M. Martin Trust No. 2, the Daniel Scholarship Fund Trust, and the Jacke Daniel Davis Memorial Scholarship Fund Trust were held in trust by First State Bank and Trust Company of Carthage, Texas. Only the Lawrence R. and Debbie H. Sharp Endowment Scholarship Trust was held at August 31, 2022. Funds held in trust in these amounted to $378,827 at August 31, 2021 and $105,054 at August 31, 2022.

22. RISK MANAGEMENT

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

23. NON-MONETARY TRANSACTIONS

The College receives the benefit from the use of certain facilities at its off campus sites at no cost or costs below prevailing market rates that the College would have to pay in an exchange transaction. Included in operating revenues is approximately $260,160 and $260,160 in non-monetary transactions representing the value of the use of the facilities for the years ended August 31, 2022 and 2021, respectively. A corresponding amount is also included in operating expenses.

24. PENDING CLAIMS

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

25. OTHER DISCLOSURES

The College has remaining commitments to Jacobe Brothers Construction of $28,511 for the driveway restoration project and to Corgan Associates, Inc. for the energy building project of $280,358. In June 2022 the College signed an agreement with Paragon Sports to build a synthetic turf baseball field with an

estimated cost of $1,599,764. The work was started in September 2022 and is estimated to be completed before the end of December 2022.

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

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2022 or 2021.

26. RISKS AND UNCERTAINTIES

Risk and uncertainties are a reality that organizations must consider on a regular basis. They often reflect unpredictable changes in the business environment as well as the decisions made by employees and policy makers in state and federal governments. Obvious risks and business uncertainties that could impact College operations include the economy, safety and security concerns, construction-cost inflation, costs associated with supply chain delays, additional state and federal government regulations, and new COVID, flu, or other respiratory illnesses. The College will continue to focus on the risk factors they can control and update their crisis management plan for unforeseen events that may or may not happen, including setting aside a cash reserve for such events. The current business environment is becoming increasingly complex and the College continues to be challenged with an uncertain future. Some recent events have occurred that many organizations never considered, such as the coronavirus pandemic and an inflation spike that has proven to be more than transitory. The College will continue to monitor the COVID-19 situation and other potential risks very closely.

27. ADOPTION OF NEW STANDARD

The College has adopted GASB Statement No. 87, effective September 1, 2021, which is described in Note 2. Prior to the implementation of this statement, the District's leases were evaluated and treated as capital leases or operating leases. After the implementation of this statement, lease liabilities and intangible right-to-use assets are recorded for leases with terms that exceed twelve months. The College has leases where it is the lessee as well as the lessor.

Lessee: As a result, the College recognized $413,348 of right-to-use assets and lease payables as of September 1, 2021 for the lease associated with space in the Marshall Mall.

Lessor: The College reclassified the unearned revenue associated with the lease with American Tower to deferred inflows. There was no lease receivable recognized because the full amount of the lease was paid at the beginning of the lease.

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PANOLA COLLEGE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION

PANOLA COLLEGE
Schedule of College's Proportionate Share of Net Pension Liability
Teacher Retirement System of Texas
Last Ten Fiscal Years

Fiscal year ending August 31,	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability (asset)	0.0076198%	0.0079406%	0.0083377%	0.0082265%	0.0083847%	0.0081012%	0.0083059%	0.0088069%
College's proportionate share of the net pension liability (asset)	$1,940,497	$4,252,820	$4,334,220	$4,528,049	$2,680,991	$3,061,315	$2,936,025	$2,352,444
State's proportionate share of the net pension liability (asset) associated with the College	$1,602,287	$3,489,271	$3,466,382	$3,604,606	$2,025,285	$2,412,436	$2,264,490	$1,923,725
Total	$3,542,784	$7,742,091	$7,800,602	$8,132,655	$4,706,276	$5,473,751	$5,200,515	$4,276,169
College's covered payroll	$7,915,067	$7,965,357	$7,821,633	$7,361,886	$7,089,656	$6,731,871	$6,390,034	$5,935,288
College's proportionate share of the net pension liability (asset) as a percentage of its payroll	24.52%	53.39%	55.41%	61.51%	37.82%	45.47%	45.95%	39.63%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

Note: Only eight years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditor's report on required supplementary information.

PANOLA COLLEGE
Schedule of College's Contributions
Teacher Retirement System of Texas
Last Ten Fiscal Years

Fiscal year ending August 31,	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$347,958	$324,721	$327,417	$291,895	$282,747	$274,803	$257,395	$245,917
Contributions in relation to the contractually required contribution	(347,958)	(324,721)	(327,417)	(291,895)	(282,747)	(274,803)	(257,395)	(245,917)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$8,055,810	$7,915,067	$7,965,357	$7,821,633	$7,361,886	$7,089,656	$6,760,871	$6,390,034
Contributions as a percentage of covered payroll	4.32%	4.10%	4.11%	3.73%	3.84%	3.88%	3.81%	3.85%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2020 - August 31, 2021.

Note: Only eight years of data are presented in accordance with GASB #68, paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditor's report on required supplementary information.

PANOLA COLLEGE
Schedule of College's Proportionate Share of Net OPEB Liability
Employees Retirement System of Texas
Last Ten Fiscal Years

Fiscal year ending August 31,	2022	2021	2020	2019	2018
College's proportion of the collective net OPEB liability (asset)	0.0409345%	0.0406525%	0.0384888%	0.0402991%	0.0032235%
College's proportionate share of the net OPEB liability (asset)	$14,685,463	$13,433,454	$13,302,744	$11,943,726	$10,983,393
State's proportionate share of the net OPEB liability (asset) associated with the College	$11,788,274	$10,855,657	$12,198,622	$9,962,553	$10,714,106
Total	$26,473,737	$24,289,111	$25,501,366	$21,906,282	$21,697,499
College's covered employee payroll	$8,777,359	$8,845,636	$9,010,488	$8,591,208	$8,387,054
College's proportionate share of the net (asset) as a percentage of its covered employee payroll	167.31%	151.87%	147.64%	139.02%	130.96%
Plan fiduciary net position as a percentage of the total net OPEB liability	0.38%	0.32%	1.70%	1.27%	2.04%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

Note: Only five years of data are presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

See independent auditor's report on required supplementary information.

PANOLA COLLEGE
Schedule of College’s Contributions
Employees Retirement System of Texas
Last Ten Fiscal Years

Fiscal year ending August 31,	2022	2021	2020	2019	2018
Contractually required contribution	$395,380	$273,951	$348,374	$330,907	$327,217
Contributions in relation to the contractually required contribution	(395,380)	(273,951)	(348,374)	(330,907)	(327,217)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered employee payroll	$8,695,033	$8,777,359	$8,845,636	$9,010,488	$8,591,208
Contributions as a percentage of covered payroll	4.55%	3.12%	3.94%	3.67%	3.81%

Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2020 - August 31, 2021

Note: Only five years of data are presented in accordance with GASB #75, paragraph 245. The information for all periods for the 10-year schedules required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See independent auditor's report on required supplementary information.

<u>Defined Benefit Pension Plan</u>

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in Assumptions

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

<u>Defined Benefit OPEB Plan</u>

Changes in Assumptions

<u>Demographic Assumptions</u>

The following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.

Proportion of future retirees assumed to be married and electing coverage for their spouse.

Proportion of future retirees assumed to cover dependent children.

Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.

<u>Economic Assumptions</u>

Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.

Annual rate of increase in the Patient-Centered Outcome Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and it's effects on our short-term expectations.

Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.

Changes of benefit terms

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

See independent auditor's report on required supplementary information.

SUPPLEMENTARY SCHEDULES

PANOLA COLLEGE
SCHEDULE A
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2022 (With Memorandum Totals for the Year Ended August 31, 2021)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2022 Total	2021 Total
Tuition						
State funded courses						
In-district resident tuition	$ 363,868	$ -	$ 363,868	$ -	$ 363,868	$ 363,298
Out-of-district resident tuition	1,091,775	-	1,091,775	-	1,091,775	1,115,895
TPEG (set aside)*	118,742	-	118,742	-	118,742	121,583
Non-resident tuition	192,918	-	192,918	-	192,918	182,071
State funded continuing education	475,577	-	475,577	-	475,577	606,438
Non-state funded continuing education	26,752	-	26,752	-	26,752	21,816
Total tuition	2,269,632	-	2,269,632	-	2,269,632	2,411,101
Fees						
General fee	2,832,920	-	2,832,920	-	2,832,920	2,785,151
Out-of-district fees	2,322,410	-	2,322,410	-	2,322,410	2,300,590
Laboratory fee	359,481	-	359,481	-	359,481	381,198
Other fees	771,886	-	771,886	-	771,886	775,752
Total fees	6,286,697	-	6,286,697	-	6,286,697	6,242,691
Scholarship allowances and discounts						
Institutional scholarships	(830,952)	-	(830,952)	-	(830,952)	(664,405)
Remissions and exemptions-state	(102,803)	-	(102,803)	-	(102,803)	(134,675)
Remissions and exemptions-local	(1,133,201)	-	(1,133,201)		(1,133,201)	(1,145,573)
Title IV federal grants	(2,312,457)	-	(2,312,457)		(2,312,457)	(2,347,267)
TPEG allowances	(149,523)	-	(149,523)	-	(149,523)	(71,604)
State grants to students	(203,738)	-	(203,738)	-	(203,738)	(387,278)
Total scholarship allowances	(4,732,674)	-	(4,732,674)	-	(4,732,674)	(4,750,802)
Total net tuition and fees	3,823,655	-	3,823,655	-	3,823,655	3,902,990
Additional operating revenues						
Federal grants and contracts	-	577,711	577,711	-	577,711	675,831
State grants and contracts	-	358,598	358,598	-	358,598	545,431
Nongovernmental grants and contracts	-	122,925	122,925	-	122,925	93,556
Sales and services of educational activities	27,872	-	27,872	-	27,872	18,016
General operating revenues	376,663	-	376,663	-	376,663	323,649
Total other operating revenues	404,535	1,059,234	1,463,769	-	1,463,769	1,656,483
Auxiliary enterprises						
Bookstore	-	-	-	1,217,725	1,217,725	1,144,892
Less allowances and discounts	-	-	-	(706,360)	(706,360)	(400,058)
Residential life	-	-	-	1,116,878	1,116,878	1,110,659
Less allowances and discounts	-	-	-	(412,383)	(412,383)	(698,829)
Total net auxiliary enterprises	-	-	-	1,215,860	1,215,860	1,156,664
Total Operating Revenues	$ 4,228,190	$ 1,059,234	$ 5,287,424	$ 1,215,860	$ 6,503,284	$ 6,716,137
					(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, $118,742 and $121,583 of tuition was set aside for Texas Public Education Grants (TPEG).

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2022 (With Memorandum Totals for the Year Ended August 31, 2021)

		Benefits				
	Salaries And Wages	State Benefits	Local Benefits	Other Expenses	2022 Total	2021 Total
Unrestricted Educational Activities						
Instruction	$ 5,099,892	$ -	$ 886,788	$ 890,452	$ 6,877,132	$ 7,545,735
Academic Support	1,843,545	-	357,985	475,942	2,677,472	2,698,709
Student Services	1,111,112	-	274,228	383,138	1,768,478	1,539,716
Institutional Support	1,179,555	-	360,913	1,280,857	2,821,325	2,662,517
Operation and Maintenance of Plant	220,520		80,240	1,795,889	2,096,649	1,971,973
Scholarship and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	9,454,624	-	1,960,154	4,826,278	16,241,056	16,418,650
Restricted Educational Activities						
Instruction	360,361	490,432	67,163	745,714	1,663,670	1,578,009
Public Service	-	-	-	214,648	214,648	32,352
Academic Support	-	196,896	-	-	196,896	244,018
Student Services	-	113,832	-		113,832	124,711
Institutional Support	-	131,723	-	2,157,627	2,289,350	2,290,024
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship and Fellowships	-	-	-	3,911,130	3,911,130	4,300,457
Total Restricted Educational Activities	360,361	932,883	67,163	7,029,119	8,389,526	8,569,571
Auxiliary Enterprises	328,375	-	105,273	1,932,746	2,366,394	2,275,234
Depreciation Expense-Buildings & other improvements	-	-	-	1,883,511	1,883,511	1,776,503
Amortization Expense-Leases	-	-	-	68,891	68,891	-
Depreciation Expense-Equipment & fixtures	-	-	-	541,914	541,914	462,782
Depreciation Expense-Library books	-	-	-	23,692	23,692	26,968
Total	$ 10,143,360	$ 932,883	$ 2,132,590	$ 16,306,151	$ 29,514,984	$ 29,529,708
					(Exhibit 2)	(Exhibit 2)

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE C
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2022 (With Memorandum Totals for the Year Ended August 31, 2021)

	Unrestricted	Restricted	Auxiliary Enterprises	2022 Total	2021 Total
NON-OPERATING REVENUES					
State Appropriations					
Education and General State Support	$ 5,315,530	$ -	$ -	$ 5,315,530	$ 4,862,959
State Group Insurance	-	888,005	-	888,005	859,488
State Retirement Matching	-	44,879	-	44,879	464,167
Total State Appropriations	5,315,530	932,884	-	6,248,414	6,186,614
Ad-Valorem Taxes - Maintenance & Operations	9,898,840	-	-	9,898,840	8,882,969
Ad-Valorem Taxes - Debt Service	1,883,973			1,883,973	2,204,860
Federal Revenue, Non Operating	-	10,185,646	-	10,185,646	10,274,825
Gifts	389,789	-	9,809	399,598	149,560
Insurance Recoveries	-	-	-	-	138,184
Investment Income	168,640	(1,240,016)	595	(1,070,781)	1,304,772
Gain (Loss) on Disposal of Asset	298,338	-	-	298,338	(66,702)
Royalty Income	-	1,331,965	-	1,331,965	318,352
Total Non-Operating Revenues	12,639,580	10,277,595	10,404	22,927,579	23,206,820
NON-OPERATING EXPENSES					
Interest on Long Term Liabilities	871,894	-	-	871,894	884,742
Total Non-Operating Expenses	871,894	-	-	871,894	884,742
Net Non-Operating Revenues	$ 17,083,216	$ 11,210,479	$ 10,404	$ 28,304,099	$ 28,508,692
				Exhibit 2	Exhibit 2

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE D
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2022
With Memorandum Totals for the Year Ended August 31, 2021

	Detail By Source	Restricted				Available for Current Operations	
	Unrestricted	Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current							
Unrestricted	$ 14,747,977	$ -	$ -	$ -	$ 14,747,977	$ 14,747,977	$ -
Restricted	-	1,384,364	-	-	1,384,364		1,384,364
Auxiliary enterprises	168,323	-	-	-	168,323	168,323	-
Endowment							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	5,258,394		5,258,394		5,258,394
Plant							
Unexpended	389,442	2,481,323	-	-	2,870,765	-	2,870,765
Debt Service		900,059			900,059		900,059
Investment in Plant	-	-	-	24,595,706	24,595,706	-	24,595,706
Total Net Position, August 31, 2022	15,305,742	4,765,746	5,258,394	24,595,706	49,925,588	14,916,300	35,009,288
					(Exhibit 1)		
Total Net Position, August 31, 2021	10,306,683	4,327,999	6,281,997	23,495,474	44,412,153	9,218,742	35,193,411
					(Exhibit 1)		
Net Increase (Decrease) in Net Position	$ 4,999,059	$ 437,747	$ (1,023,603)	$ 1,100,232	$ 5,513,435	$ 5,697,558	$ (184,123)
					(Exhibit 2)		

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE E
AFFILIATED ORGANIZATION
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2022 and 2021

	2022 Panola College Foundation	2021 Panola College Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors	$ 244,740	$ 125,823
Payments for scholarships and support	(148,762)	(108,575)
Other income	633	612
Investment receipts	123,928	109,661
Net cash provided by (used in) operating activities	220,539	127,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities and liquidation of investments	193,011	157,193
Purchase of investments and annuities	(523,824)	(260,140)
Net cash (used in) investing activities	(330,813)	(102,947)
Increase (decrease) in cash and cash equivalents	(110,274)	24,574
Cash and cash equivalents-beginning	245,411	220,837
Cash and cash equivalents-ending	$ 135,137	$ 245,411
Reconciliation of change in net position to net cash provided by operating activities		
Change in net position	$ (643,683)	$ 863,271
Adjustments to reconcile change in net position to net cash provided by for operating activities		
(Increase) decrease in fair value of investments	842,323	(678,721)
Realized (gain)/loss on investments	389	(4,703)
Changes in assets and liabilities		
Increase (decrease) in accounts payable	21,510	(52,326)
Total Adjustments	864,222	(735,750)
Net cash provided by (used in) operating activities	$ 220,539	$ 127,521

See Accompanying Independent Auditor's Report on Supplementary Information.

PANOLA COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2022

Federal Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Amounts Passed-Through to Subrecipients	Expenditures and Pass-Through Disbursements
U.S. Department of the Treasury:				
Passed Through From:				
Texas Higher Education Coordinating Board				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	27284		$ 450
Total U.S. Department of the Treasury				450
U. S. Department of Education				
Direct:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grant	84.007			35,955
Federal Workstudy Program	84.033			34,425
Federal Pell Grant Program	84.063			3,701,073
Federal Direct Student Loans	84.268			1,587,406
Total Student Financial Aid Cluster				5,358,859
Direct:				
COVID-19 - Education Stabilization Fund	84.425E			1,572,909
COVID-19 - Education Stabilization Fund	84.425F			2,494,218
COVID-19 - Education Stabilization Fund	84.425M			227,542
Passed through from:				
Texas Higher Education Coordinating Board				
COVID-19 - Education Stabilization Fund	84.425C	25911		47,066
COVID-19 - Education Stabilization Fund	84.425C	24104		87,858
COVID-19 - Education Stabilization Fund	84.425C	25763		97,432
COVID-19 - Education Stabilization Fund	84.425C	27329		2,083
COVID-19 - Education Stabilization Fund	84.425C	26081		297,231
Total COVID-19 - Education Stabilization Fund				4,826,339
Passed Through From:				
Literacy Council of Tyler				
Adult Education - Basic Grants to States	84.002	0818ALAD00		52,616
Adult Education - Basic Grants to States	84.002	0818ALAE00		23,960
Angelina College				
Adult Education - Basic Grants to States	84.002	1718ALD00		119,163
Adult Education - Basic Grants to States	84.002	1718ALE00		9,384
Subtotal Adult Education - Basic Grants to States				205,123
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	25011		328,597
Total U. S. Department of Education				10,718,918
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families Cluster				
Passed Through From:				
East Texas Council of Governments				
Temporary Assistance for Needy Families	93.558	PC-TANF-PY21-01		23,223
Literacy Council of Tyler				
Adult Education - Temporary Assistance for Needy Families	93.558	0818ALAD00		20,169
Adult Education - Temporary Assistance for Needy Families	93.558	0818ALAE00		597
Subtotal Temporary Assistance for Needy Families Cluster				43,989
Total U.S. Department of Health and Human Services				43,989
Total Federal Awards			$ -	$ 10,763,357

See accompanying independent auditor's report on supplementary information and notes to schedule of expenditures of federal awards.

PANOLA COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2022

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the College. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the College. Therefore, some amounts may differ from the amounts presented in, or used in the preparation of the financial statements.

Significant Accounting Policies Used in Preparing the Schedule

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. The expenditures reported on Schedule F represent funds which have been expended by the College for the purposes of the award. The expenditures reported in the schedule may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Relationship to Federal Financial Reports

Amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedule of expenditures of federal awards may be different because of program year ends and accruals that will be reflected in the next report filed with the agencies.

Indirect Cost Rate

If the College had need, Panola College elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance; the use of this rate was not necessary during the reported fiscal year.

Federal Awards Reconciliation:

Federal Grants and Contracts – Schedule A	**$ 577,711**
Add: Federal Revenue, Non-Operating – Schedule C	**10,185,646**
Total Federal Awards – Schedule F	**$ 10,763,357**

PANOLA COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2022

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission		
Skills Development Fund COVID-19 Special Initiative		$ 1,561
Passed Through From:		
Adult Education GR-Adult Education		
Literacy Council of Tyler		
Adult Education - Basic Grants to States		137,457
Subtotal Texas Workforce Commission		139,018
Texas Higher Education Coordinating Board		
Texas Educational Opportunity Grant		177,476
60x30 Texas College Readiness		5,477
COVID-19 Nursing Innovation Grant Program		20,053
Nursing Shortage Reduction Under 70 Program		12,331
Subtotal Texas Higher Education Coordinating Board		215,337
Texas Veterans Commission		
Hazelwood Legacy Program		4,243
Subtotal Texas Veterans Commission		4,243
Total State Awards		$ 358,598
State Grants and Revenues -Per Schedule A		$ 358,598

See accompanying independent auditor's report on supplementary information and notes to schedule of expenditures of state awards.

PANOLA COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED AUGUST 31, 2022

Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of the College. The information in this schedule is presented in accordance with the requirements of the Uniform Grant Management Standards (UGMS). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the College. Therefore, some amounts may differ from the amounts presented in, or used in the preparation of the financial statements.

Significant Accounting Policies Used in Preparing the Schedule

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the UGMS. The expenditures reported on Schedule G represent funds which have been expended by the College for the purposes of the award. The expenditures reported in the schedule may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Relationship to State Financial Reports

Amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedule of expenditures of state awards may be different because of program year ends and accruals that will be reflected in the next report filed with the agencies.

PANOLA COLLEGE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SINGLE AUDIT SECTION

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
Brenda A. Johnson

ALEXANDER LANKFORD & HIERS, INC.
Certified Public Accountants, A Professional Corporation

4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Panola College
Carthage, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Panola College (College) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Panola College's basic financial statements and have issued our report thereon dated December 1, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* - CONTINUED

Report on Compliance and Other Matters

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

Public Funds Investment Act

We have performed tests designed to verify the College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2022, no instances of noncompliance were found.

Purpose of this Report

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

Alexander, Lankford + Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
December 1, 2022

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
Brenda A. Johnson

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Panola College
Carthage, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Panola College's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Panola College's major federal programs for the year ended August 31, 2022. 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.

In our opinion, Panola College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Panola College's compliance with the compliance requirements referred to above.

Report on Compliance for Each Major Federal Program - Continued

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Panola College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Panola College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Alexander, Lankford + Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
December 1, 2022

PANOLA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2022

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	**UNMODIFIED**	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	**UNMODIFIED**	
Version of compliance supplement used	April 2022	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	____ Yes	X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program
	Federal:
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B federal programs:	$750,000	
Auditee qualified as low-risk auditee for federal awards	X Yes	____ No

B. Financial Statements Findings

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

None

C. Federal Awards Findings and Questioned Costs

Required to be reported in accordance with 2 CFR section 200.516(a).

None

PANOLA COLLEGE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

STATISTICAL SUPPLEMENTS
(UNAUDITED)

PANOLA COLLEGE
STATISTICAL SECTION OBJECTIVES
(UNAUDITED)

This part of Panola College's (the College's) annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

The information contained within this section is being presented to provide the reader with a better understanding of five objectives:

- Financial Trends – Showing how the College's financial position has changed over time.
- Revenue Capacity – Assessing the College's ability to generate revenue by examining its major revenue sources.
- Debt Capacity – Assessing the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.
- Demographic and Economic Information – Providing demographic and economic indicators to help in understanding the environment within which the College's financial activities take place.
- Operating Information – Providing information about how the College's financial report relates to the services it provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports or from employment, enrollment, and capital asset information of the College for the relevant year.

Panola College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2013 to 2022
(unaudited)
(amounts expressed in thousands)

	For the Fiscal Year Ended August 31,									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Net Investment in capital assets	$ 24,596	$ 23,495	$ 21,149	$ 21,180	$ 21,560	$ 21,198	$ 20,680	$ 13,643	$ 12,311	$ 10,086
Restricted - expendable	4,766	4,328	3,408	3,249	1,827	1,376	577	2,201	5,140	-
Restricted - nonexpendable	5,258	6,282	4,930	4,062	3,791	3,271	3,153	3,131	3,104	2,956
Unrestricted	15,306	10,307	9,129	6,838	5,790	15,652	13,831	15,247	10,833	13,041
Total	49,926	44,412	38,616	35,329	32,968	41,497	38,241	34,222	31,388	26,083
Net position, beginning of year*	44,412	38,616	35,329	32,968	41,497	38,241	34,222	31,388	26,083	23,770
Cumulative effect of change in accounting principle (Note 2)	N/A	N/A	N/A	N/A	(12,821)	N/A	N/A	(2,665)	N/A	N/A
Net position, beginning of year, as restated (Note 2)	N/A	N/A	N/A	N/A	28,676	N/A	N/A	28,723	N/A	N/A
(Increase) decrease in net position	$ (5,514)	$ (5,796)	$ (3,287)	$ (2,361)	$ (4,292)	$ (3,256)	$ (4,019)	$ (2,834)	$ (5,305)	$ (2,313)

*In fiscal year 2015, net position as of the beginning of the year was restated (reduced) by $2,665,332 for the cumulative effect of applying GASB Statement, No. 68.
*In fiscal year 2018, net position as of the beginning of the year was restated (reduced) by $12,820,836 for the cumulative effect of applying GASB Statement, No. 75.

Panola College
Statistical Supplement 2
Revenues by Source
Fiscal years 2013 to 2022
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Tuition and Fees (Net of Discounts)	$3,824	$3,903	$3,758	$3,794	$3,828	$3,264	$3,180	$2,974	$3,410	$2,764
Governmental Grants and Contracts										
Federal Grants and Contracts	578	675	770	715	580	566	523	486	402	401
State Grants and Contracts	358	545	395	504	658	937	188	737	307	231
Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	123	94	2	3	2	6	4	16	2	2
Sales and services of educational activities	28	18	2	56	73	93	84	99	98	140
Auxiliary enterprises	1,216	1,157	1,003	1,257	1,095	1,080	1,085	1,189	1,118	886
Other Operating Revenues	376	324	305	317	366	257	292	260	257	250
Total Operating Revenues	6,503	6,716	6,235	6,646	6,602	6,203	5,356	5,761	5,594	4,674
State Appropriations	6,249	6,186	6,108	6,096	6,512	5,916	5,968	5,355	5,305	4,456
Ad Valorem Taxes	11,783	11,088	10,049	8,972	8,602	8,451	8,939	9,623	9,011	5,962
Federal Revenue, Non Operating	10,186	10,275	7,162	6,989	8,933	9,414	8,893	8,876	9,100	8,959
Gifts	399	150	501	280	1,187	345	609	545	165	241
Insurance Recoveries	-	138	-	-	-	-	-	-	-	-
Transfer to Panola College Foundation	-	-	-	-	-	-	(57)	-	-	-
Investment income	(1,071)	1,305	935	684	533	201	188	153	187	213
Gain(Loss) on Disposal of Capital Assets	298	(67)	(91)	-	(309)	-	(177)	11	(50)	1
Other non-operating revenues	1,332	318	145	196	292	44	92	85	32	31
Total Non-Operating Revenues	29,176	29,393	24,809	23,217	25,750	24,371	24,455	24,648	23,750	19,863
Additions to Permanent Endowments	221	101	241	158	330	79	55	-	-	-
Total Revenues	$ 35,900	$ 36,210	$ 31,285	$ 30,021	$ 32,682	$ 30,653	$ 29,866	$ 30,409	$ 29,344	$ 24,537

	For the Year Ended August 31,									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Tuition and fees (net of discounts)	10.65%	10.78%	12.01%	12.64%	11.71%	10.65%	10.65%	9.78%	11.62%	11.26%
Governmental grants and contracts										
Federal grants and contracts	1.61%	1.86%	2.46%	2.38%	1.78%	1.85%	1.75%	1.60%	1.37%	1.63%
State grants and contracts	1.00%	1.51%	1.26%	1.68%	2.01%	3.06%	0.63%	2.42%	1.05%	0.94%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	#VALUE!
Non-governmental grants and contracts	0.34%	0.26%	0.01%	0.01%	0.01%	0.02%	0.01%	0.05%	0.01%	0.01%
Sales and services of educational activities	0.08%	0.05%	0.01%	0.19%	0.22%	0.30%	0.28%	0.33%	0.33%	0.57%
Auxiliary enterprises	3.39%	3.20%	3.21%	4.19%	3.35%	3.52%	3.63%	3.91%	3.81%	3.61%
Other operating revenues	1.04%	0.89%	0.98%	1.06%	1.12%	0.84%	0.98%	0.86%	0.88%	1.02%
Total Operating Revenues	18.10%	18.54%	19.93%	22.14%	20.20%	20.24%	17.93%	18.95%	19.06%	#VALUE!
State appropriations	17.42%	17.09%	19.52%	20.31%	19.93%	19.30%	19.98%	17.61%	18.08%	18.16%
Ad valorem taxes	32.82%	30.62%	32.12%	29.89%	26.32%	27.57%	29.93%	31.65%	30.71%	24.30%
Non-Governmental Grants and Contracts	28.37%	28.38%	22.89%	23.28%	27.33%	30.71%	29.78%	29.19%	31.01%	36.51%
Gifts	1.11%	0.41%	1.60%	0.93%	3.63%	1.13%	2.04%	1.79%	0.56%	0.98%
	0.00%	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transfer to Panola College Foundation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.19%	0.00%	0.00%	0.00%
Investment income	-2.98%	3.60%	2.99%	2.28%	1.63%	0.66%	0.63%	0.50%	0.64%	0.87%
Gain on Disposal of Capital Assets	0.83%	-0.19%	-0.29%	0.00%	-0.95%	0.00%	-0.59%	0.04%	-0.17%	0.00%
Other non-operating revenues	3.71%	0.88%	0.46%	0.65%	0.89%	0.14%	0.31%	0.28%	0.11%	0.13%
Total Non-Operating Revenues	81.27%	81.17%	79.31%	77.34%	78.79%	79.51%	81.88%	81.05%	80.94%	80.95%
Additions to Permanent Endowments	0.62%	0.28%	0.77%	0.53%	1.01%	0.26%	0.18%	0.00%	0.00%	0.00%
Total Revenues	100.00%	100.00%	100.00%	99.47%	98.99%	99.74%	99.82%	100.00%	100.00%	#VALUE!

Panola College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2013 to 2022
(unaudited)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	$8,541	$9,124	$9,290	$8,907	$8,883	$8,383	$8,365	$8,137	$7,959	$7,119
Research	-	-	-	-	-	-	-	-	-	-
Public service	215	32	376	419	365	401	206	305	291	369
Academic support	2,874	2,943	3,047	3,035	2,880	2,608	2,604	2,317	2,223	2,012
Student services	1,882	1,664	1,630	1,651	1,597	1,371	1,561	1,441	1,302	1,286
Institutional support	5,111	4,953	3,435	2,948	2,760	2,522	2,532	2,362	2,162	2,498
Operation and maintenance of plant	2,097	1,972	1,529	1,693	1,794	1,771	1,711	1,507	1,725	1,385
Scholarships and fellowships	3,911	4,300	3,389	3,242	4,292	4,470	3,771	4,049	4,293	4,277
Auxiliary enterprises	2,366	2,275	2,080	2,487	2,579	2,671	2,903	2,806	2,712	2,347
Depreciation	2,518	2,266	2,321	2,347	2,277	2,202	2,025	926	868	777
Total Operating Expenses	29,515	29,529	27,097	26,729	27,427	26,399	25,678	23,850	23,535	22,070
Interest on capital related debt	872	885	901	931	963	998	170	461	341	154
Bond issuance costs	-	-	-	-	-	-	-	599	163	-
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	872	885	901	931	963	998	170	1,060	504	154
Total Expenses	$ 30,387	$ 30,414	$ 27,998	$ 27,660	$ 28,390	$ 27,397	$ 25,848	$ 24,910	$ 24,039	$ 22,224

For the Year Ended August 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	28.11%	30.00%	33.18%	32.20%	31.29%	30.60%	32.36%	32.67%	33.11%	32.03%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	0.71%	0.11%	1.34%	1.51%	1.29%	1.46%	0.80%	1.22%	1.21%	1.66%
Academic support	9.46%	9.68%	10.88%	10.97%	10.14%	9.52%	10.07%	9.30%	9.25%	9.05%
Student services	6.19%	5.47%	5.82%	5.97%	5.63%	5.00%	6.04%	5.78%	5.42%	5.79%
Institutional support	16.82%	16.29%	12.27%	10.66%	9.72%	9.21%	9.80%	9.48%	8.99%	11.24%
Operation and maintenance of plant	6.90%	6.48%	5.46%	6.12%	6.32%	6.46%	6.62%	6.05%	7.18%	6.23%
Scholarships and fellowships	12.87%	14.14%	12.10%	11.72%	15.12%	16.32%	14.59%	16.25%	17.86%	19.24%
Auxiliary enterprises	7.79%	7.48%	7.43%	8.99%	9.08%	9.75%	11.23%	11.26%	11.28%	10.56%
Depreciation	8.29%	7.45%	8.29%	8.49%	8.02%	8.04%	7.83%	3.72%	3.61%	3.50%
Total Operating Expenses	97.13%	97.09%	96.78%	96.63%	96.61%	96.36%	99.34%	95.74%	97.90%	99.31%
Interest on capital related debt	2.87%	2.91%	3.22%	3.37%	3.39%	3.64%	0.66%	1.85%	1.42%	0.69%
Bond issuance costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.40%	0.68%	0.00%
Loss on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	2.87%	2.91%	3.22%	3.37%	3.39%	3.64%	0.66%	4.26%	2.10%	0.69%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Change in Net Position	$ 5,513	$ 5,796	$ 3,287	$ 2,361	$ 4,292	$ 3,256	$ 4,018	$ 5,499	$ 5,305	$ 2,313

Panola College
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)

Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	General Fees	Out-of-District Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2021	$ 0	$ 33	$ 33	$ 0	$ 55	$ 65	$ 1,056	$ 1,836	2.33%	2.68%
2020	0	33	33	0	53	63	1,032	1,788	2.38%	4.20%
2019	0	33	33	0	51	59	1,008	1,716	5.00%	5.15%
2018	0	29	29	0	51	56	960	1,632	2.56%	4.62%
2017	0	27	27	0	51	52	936	1,560	2.63%	3.17%
2016	0	25	25	0	51	50	912	1,512	4.11%	4.13%
2015	0	25	25	0	48	48	876	1,452	4.29%	2.54%
2014	0	25	25	0	45	48	840	1,416	0.00%	4.42%
2013	0	25	25	0	45	43	840	1,356	4.48%	5.61%
2012	0	25	25	0	42	40	804	1,284	0.00%	0.00%

Non-Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	General Fees	Out-of-State/International Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2021	$ 0	$ 33	$ 33	$ 0	$ 55	$ 107	$ 2,340	$ 2,340	2.63%	2.63%
2020	0	33	33	0	53	104	2,280	2,280	4.40%	4.40%
2019	0	33	33	0	51	98	2,184	2,184	5.20%	5.20%
2018	0	29	29	0	51	93	2,076	2,076	4.85%	4.85%
2017	0	27	27	0	51	87	1,980	1,980	3.77%	3.77%
2016	0	25	25	0	51	83	1,908	1,908	4.61%	4.61%
2015	0	25	25	0	48	79	1,824	1,824	2.01%	2.01%
2014	0	25	25	0	45	79	1,788	1,788	4.20%	4.20%
2013	0	25	25	0	45	73	1,716	1,716	5.93%	5.93%
2012	0	25	25	0	42	68	1,620	1,620	0.00%	0.00%

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees.

Panola College
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

	(amounts expressed in thousands)							Direct Rate		
Fiscal Year	Residential Property	Commercial Property	Personal Property	Mineral	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2021-22	$ 1,675,714	$ 546,115	$ 90,806	$ 3,044,259	$ 1,226,518	$ 4,130,376	77.10%	0.233080	0.044670	0.277750
2020-21	1,615,037	519,825	91,391	2,635,295	1,198,178	3,663,370	75.35%	0.232840	0.057950	0.290790
2019-20	1,568,805	516,962	91,250	2,987,039	1,188,113	3,975,943	76.99%	0.198760	0.052360	0.251120
2018-19	1,498,995	497,673	96,402	2,463,566	1,214,265	3,342,371	73.35%	0.205640	0.064750	0.270390
2017-18	1,673,397	325,928	75,199	2,456,134	1,156,295	3,374,363	74.48%	0.193870	0.063130	0.257000
2016-17	1,646,277	316,633	83,286	2,626,783	1,138,531	3,534,448	75.64%	0.183950	0.059390	0.243340
2015-16	1,638,659	310,743	84,940	3,550,968	1,145,162	4,440,148	79.50%	0.161050	0.046820	0.207870
2014-15	1,628,304	304,379	77,740	3,603,137	1,136,346	4,477,214	79.76%	0.154830	0.060000	0.214830
2013-14	1,621,302	300,582	76,670	3,090,417	1,138,763	3,950,208	77.62%	0.154830	0.060000	0.214830
2012-13	1,589,713	303,647	68,638	3,223,946	1,073,371	4,112,573	79.30%	0.145190	0.000000	0.145190

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

Panola College
Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(unaudited)

Statistical Supplement 6a

General Appropriations Act Before Contact Hour Adjustment (1)

	For the Fiscal Year Ended August 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
State Appropriation Contact Hour Funding (CH)	$ 3,504,037	$ 3,734,086	$ 3,734,384	$ 4,053,504	$ 4,053,505	$ 3,868,996	$ 3,861,990	$ 3,508,821	$ 3,508,821	$ 3,722,735
State Appropriation Student Success Points (SSP)	631,087	448,467	448,467	341,250	341,250	313,989	313,989	306,905	306,905	-
State Appropriation Core Operations (CO)	680,406	680,406	680,406	680,406	341,251	500,000	500,000	500,000	500,000	-
State Appropriation Bachelor of Applied Technology (BAT)	-	-	-	-	-	-	-	-	-	-
State Appropriation Non-Formula Items	500,000	-	-	-	-	-	-	-	-	-
Total	5,315,530	4,862,959	4,863,257	5,075,160	4,736,006	4,682,985	4,675,979	4,315,726	4,315,726	3,722,735

(1) General Appropriations Act, SB 1, 85th Texas Legislature, Section 1 (page III-209) - Informational Listing of Appropriated Funds.

* FY Formula Funding Changed Methodology

Source: THE CB - Ten Pay Schedule

Statistical Supplement 6b

State Appropriation per FTSE			
Fiscal Year	Appropriation	(1)	Appropriation
2021-22	$5,315,530	1,675	$3,173
2020-21	$4,862,959	1,698	$2,864
2019-20	$4,863,257	1,703	$2,856
2018-19	$5,075,160	1,855	$2,736
2017-18	$5,075,262	1,986	$2,556
2016-17	$4,682,985	1,944	$2,409
2015-16	$4,675,980	1,954	$2,393
2014-15	$4,315,726	1,911	$2,258
2013-14	$4,315,726	1,932	$2,234
2012-13	$3,722,735	1,860	$2,001

(1) Fiscal Year (FY) FTSE is equal to The sum of State Funded (Fall SCH + Spring SCH + Summer SCH for the Current FY/30SCH) plus State Funded Continuing Education (Fall CH + Spring CH + Summer CH for the Current FY/900 CH).

* FY Year Formula Funding Changed Methodology

Source: CBM004 and CMB00C.

Statistical Supplement 6c

State Appropriation per Funded Contact Hour Contact Hour (CH) portion only of State Appropriation						
Fiscal Year	CH-State Appropriation (Unrestricted) (1)	Academic Contact Hours	Voc/Tech Contact Hours	Continuing Education Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2021-22	$5,315,530	679,728	426,368	43,753	1,149,849	$4.62
2020-21	$4,862,959	689,872	411,840	44,347	1,146,059	$4.24
2019-20	$4,863,257	698,640	413,888	47,333	1,159,861	$4.19
2018-19	$4,053,504	753,296	454,624	49,219	1,257,139	$3.22
2017-18	$4,053,505	848,884	471,504	61,406	1,381,794	$2.93
2016-17	$3,868,996	838,592	500,464	34,553	1,373,609	$2.82
2015-16	$3,861,990	766,160	530,128	44,764	1,341,052	$2.88
2014-15	$3,508,821	711,584	569,536	48,575	1,329,695	$2.64
2013-14	$3,508,821	732,752	543,152	45,134	1,321,038	$2.66
2012-13	$3,722,735	700,368	511,840	47,443	1,259,651	$2.96

CH = State funded Academic, Technical and Continuing Education Contact hours for Fall, Spring and Summer of the Current FY - Source: CBM004 and CBM00C.

(1) State Funded Contact Hour Appropriations as it appears in schedule 6a.

* FY Formula Funding Changed Methodology

Panola College

Statistical Supplement 6

State Appropriation per FTSE and Contact Hour

Last Ten Fiscal Years

(unaudited)

Statistical Supplement 6d

State Appropriation per Student Success Point - Annualized			
Fiscal Year	SSP -State Appropriation (Unrestricted) (1)	Average Student Success Points (2)	State Appropriation per FTSE
2021-22	$631,087	N/A**	N/A**
2020-21	$448,467	N/A**	N/A**
2019-20	$448,467	4,383	$102
2018-19	$341,250	4,561	$75
2017-18	$341,250	4,311	$79
2016-17	$313,989	4,432	$71
2015-16	$313,989	4,251	$74
2014-15	$306,905	3,316	$93
2013-14	$306,905	3,457	$89

(1) State Funded Success Point Appropriations as it appears in schedule 6a.

(2) As Source from the Coordinating Board Biennium 10-Pay Schedule.

* FY Year Formula Funding Changed Methology

** Information not currently available

Statistical Supplement 6e

Student Success Points (SSP)						
Success Point Elements (1)	2022	2021	2020	2019	2018	2017
Math Readiness	N/A**	N/A**	160	196	207	230
Read Readiness	N/A**	N/A**	91	106	138	136
Write Readiness	N/A**	N/A**	46	55	85	129
Students Who Pass FCL Math Course	N/A**	N/A**	412	421	345	356
Students Who Pass FCL Read Course	N/A**	N/A**	771	816	715	724
Students Who Pass FCL Write Course	N/A**	N/A**	556	595	544	531
Students Who Complete 15 SCH	N/A**	N/A**	913	865	878	902
Students Who Complete 30 SCH	N/A**	N/A**	552	598	610	587
Student Transfers to a 4-Yr Inst	N/A**	N/A**	279	282	244	250
Degrees, CCCs, or Certs (Undup)	N/A**	N/A**	368	393	315	284
Degrees or Certs in Critical Fields	N/A**	N/A**	235	234	230	303
Annual Success Points - Total	N/A**	N/A**	4383	4561	4311	4432

(1) These are annual SSP, not 3 year rolling average.

* FY Year Formula Funding Changed Methodology

Source: THE CB - Ten Pay Schedule

** Information not currently available

Panola College

Statistical Supplement 7

Principal Taxpayers

Last Ten Tax Years

(unaudited)

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

Taxpayer	Type of Business	2021	2020	2019	2018	2017	2016	2015	2014
Rockcliff Energy OP	Petroleum	$ 904,487	$ 485,927	$ 248,974	$ -	$ -	$ -	$ -	$ -
Sabine Oil & Gas	Petroleum	335,005	160,387	129,703	-	-	-	-	-
R. Lacy Operations Ltd.	Petroleum	317,035	92,344	-	-	-	-	-	-
TGNR East Texas LLC	Petroleum	193,387	104,633	-	-	-	-	-	-
Sheridan Production Company	Petroleum	142,004	80,686	85,189	126,923	78,370	-	-	-
BTA ETG Gathering LLC	Petroleum	126,755	109,069	-	-	-	-	-	-
Gemini Carthage Pipeline LLC	Petroleum	117,857	85,084	-	-	-	-	-	-
Teco Gas Processing	Petroleum	109,761	96,196	100,071	-	-	-	-	-
MarkWest Eastern TX Gas Co LP	Petroleum	101,848	107,896	131,016	141,237	152,344	174,735	171,043	158,252
Comstock	Petroleum	83,650	-	-	-	-	-	-	-
MarkWest Carthage Plant & East	Petroleum	-	73,101	81,334	112,001	113,339	123,431	121,464	81,656
CCI East Tx Upstream	Petroleum	-	-	192,962	342,040	351,247	-	-	-
DCP East Tx Gathering LP-Plant	Petroleum	-	-	71,201	134,375	168,711	172,494	206,667	-
Midcoast P/L ETX G&P-Beckville	Petroleum	-	-	60,898	-	-	-	-	-
ETC Tiger Pipeline	Petroleum	-	-	59,832	53,161	51,878	55,280	-	-
Anadarko E&P Company LP (MIN)	Petroleum	-	-	-	-	-	302,668	459,711	504,403
Anadarko E&P Company LP (MI)	Petroleum	-	-	-	-	-	156,681	182,003	-
Devon Energy (Pennzenergy)	Petroleum	-	-	-	-	-	101,146	238,005	315,366
Samson Lone Star LP	Petroleum	-	-	-	-	-	60,030	107,198	97,163
XTO Energy (Min)	Petroleum	-	-	-	-	-	50,448	98,537	101,024
Luminant	Coal Mining	-	-	-	-	-	-	75,064	76,199
Memorial Production	Petroleum	-	-	-	-	-	-	65,480	77,401
Chevron USA Inc.	Petroleum	-	-	-	-	-	-	-	-
Exxon Mobile Corp.	Petroleum	-	-	-	-	-	-	-	-
XTO Energy (Hunt Pet)	Petroleum	-	-	-	-	-	-	-	78,896
DCP Midstream LP	Petroleum	-	-	-	-	-	-	-	194,905
Enbridge	Petroleum	-	-	-	61,472	65,498	70,128	-	-
Enable Gas Transmission	Petroleum	-	-	-	45,098	45,255	-	-	-
Amplify Energy Operating	Petroleum	-	-	-	41,270	43,375	-	-	-
Louisiana Pacific	Timber	-	-	-	32,490	-	-	-	-
Red River Nacogdoches I GP	Petroleum	-	-	-		74,236	-	-	-
	Totals	$ 2,431,789	$ 1,395,323	$ 1,161,180	$ 1,090,067	$ 1,144,253	$ 1,267,041	$ 1,725,172	$ 1,685,265
	Total Taxable Assessed Value	$ 11,472,121	$ 10,652,716	$ 9,984,389	$ 9,037,439	$ 8,686,796	$ 8,600,726	$ 9,229,735	$ 9,618,399

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2021	2020	2019	2018	2017	2016	2015	2014
Rockcliff Energy OP	Petroleum	7.88%	4.56%	2.49%	0.00%	0.00%	0.00%	0.00%	0.00%
Sabine Oil & Gas	Petroleum	2.92%	1.51%	1.30%	0.00%	0.00%	0.00%	0.00%	0.00%
R. Lacy Operations Ltd.	Petroleum	2.76%	0.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TGNR East Texas LLC	Petroleum	1.69%	0.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sheridan Production Company	Petroleum	1.24%	0.76%	0.85%	1.40%	0.90%	0.00%	0.00%	0.00%
BTA ETG Gathering LLC	Petroleum	1.10%	1.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gemini Carthage Pipeline LLC	Petroleum	1.03%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Teco Gas Processing	Petroleum	0.96%	0.90%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MarkWest Eastern TX Gas Co LP	Petroleum	0.89%	1.01%	1.31%	1.56%	1.75%	2.03%	1.85%	1.65%
Comstock	Petroleum	0.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MarkWest Carthage Plant & East	Petroleum	0.00%	0.69%	0.81%	1.24%	1.30%	1.44%	1.32%	0.85%
CCI East Tx Upstream	Petroleum	0.00%	0.00%	1.93%	3.78%	4.04%	0.00%	0.00%	0.00%
DCP East Tx Gathering LP-Plant	Petroleum	0.00%	0.00%	0.71%	1.49%	1.94%	2.01%	2.24%	0.00%
Midcoast P/L ETX G&P-Beckville	Petroleum	0.00%	0.00%	0.61%	0.00%	0.00%	0.00%	0.00%	0.00%
ETC Tiger Pipeline	Petroleum	0.00%	0.00%	0.60%	0.59%	0.60%	0.64%	0.00%	0.00%
Anadarko E&P Company LP (MIN)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	3.52%	4.98%	5.24%
Anadarko E&P Company LP (MI)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	1.82%	1.97%	0.00%
Devon Energy (Pennzenergy)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	1.18%	2.58%	3.28%
Samson Lone Star LP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.70%	1.16%	1.01%
XTO Energy (Min)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.59%	1.07%	1.05%
Luminant	Coal Mining	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.81%	0.79%
Memorial Production	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.71%	0.80%
Chevron USA Inc.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Exxon Mobile Corp.	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
XTO Energy (Hunt Pet)	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.82%
DCP Midstream LP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.03%
Enbridge	Petroleum	0.00%	0.00%	0.00%	0.68%	0.75%	0.82%	0.00%	0.00%
Enable Gas Transmission	Petroleum	0.00%	0.00%	0.00%	0.50%	0.52%	0.00%	0.00%	0.00%
Amplify Energy Operating	Petroleum	0.00%	0.00%	0.00%	0.46%	0.50%	0.00%	0.00%	0.00%
Louisiana Pacific	Timber	0.00%	0.00%	0.00%	0.36%	0.00%	0.00%	0.00%	0.00%
Red River Nacogdoches I GP	Petroleum	0.00%	0.00%	0.00%	0.00%	0.85%	0.00%	0.00%	0.00%
	Totals	21.20%	13.10%	11.63%	12.06%	13.17%	14.73%	18.69%	17.52%

Source: Local County Appraisal District

2013		2012	
$	-	$	-
	-		-
	66,241		71,399
	-		-
	-		-
	-		-
	-		-
	-		-
	153,956		146,575
	-		-
	78,246		-
	-		-
	-		-
	-		-
	77,288		82,904
	256,522		253,302
	-		-
	328,213		379,823
	-		-
	112,289		110,701
	-		61,504
	-		-
	69,830		84,022
	62,964		72,677
	-		-
	136,948		144,307
	-		-
	-		-
	-		-
	-		-
	-		-
$	1,342,497	$	1,407,214
$	8,486,233	$	5,971,045

2013	2012
0.00%	0.00%
0.00%	0.00%
0.78%	1.20%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
1.81%	2.45%
0.00%	0.00%
0.92%	0.00%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
0.91%	1.39%
3.02%	4.24%
0.00%	0.00%
3.87%	6.36%
0.00%	0.00%
1.32%	1.85%
0.00%	1.03%
0.00%	0.00%
0.82%	1.41%
0.74%	1.22%
0.00%	0.00%
1.61%	2.42%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
0.00%	0.00%
15.82%	23.57%

Panola College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2022	$ 11,472	$ 590	$ 12,062	$ 11,700	97.00%	$ 29	$ 54	11,783	97.69%
2021	10,653	823	11,476	10,792	94.04%	158	138	11,088	96.62%
2020	9,984	724	10,708	9,897	92.43%	143	56	10,096	94.28%
2019	9,037	489	9,526	9,168	96.24%	129	-	9,297	97.60%
2018	8,687	117	8,804	8,507	96.63%	179	-	8,686	98.66%
2017	8,601	118	8,719	8,493	97.41%	-	-	8,493	97.41%
2016	9,230	20	9,250	9,078	98.14%	-	72	9,150	98.92%
2015	9,618	290	9,908	9,753	98.44%	71	21	9,845	99.36%
2014	8,483	886	9,369	9,136	97.51%	176	7	9,319	99.47%
2013	5,971	75	6,046	5,881	97.27%	127	4	6,012	99.44%

Source: Local Tax Assessor/Collector and District records.
(a) As reported in notes to the financial statements for the year of the levy.
(b) As of August 31st of the current reporting year.
(c) Property tax only - does not include penalties and interest.
(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.
(e) Represents current year collections of prior years levies.

Panola College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Bonded Debt										
General obligation bonds	$ 24,330	$ 25,425	$ 26,470	$ 27,470	$ 28,430	$ 29,350	$ 30,235	$ 31,090	$ 7,360	$ -
General obligation bonds premium	47	110	201	382	461	625	814	1,027	316	
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	$ 24,377	$ 25,535	$ 26,671	$ 27,852	$ 28,891	$ 29,975	$ 31,049	$ 32,117	$ 7,676	$ -
Other Debt										
Revenue bonds	$ -	$ -	$ -	$ 213	$ 420	$ 1,220	$ 2,012	$ 2,979	$ 3,575	$ 4,346
Notes	-	-	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Net other debt	$ -	$ -	$ -	$ 213	$ 420	$ 1,220	$ 2,012	$ 2,979	$ 3,575	$ 4,346
Total Outstanding Debt	$ 24,377	$ 25,535	$ 26,671	$ 28,065	$ 29,311	$ 31,195	$ 33,061	$ 35,096	$ 11,251	$ 4,346
General Bonded Debt Ratios										
Per Capita	$ 1.08	$ 1.07	$ 1.12	$ 1.17	$ 1.24	$ 1.28	$ 1.31	$ 1.35	$ 0.32	$ -
Per **FTSE**	$ 14.55	$ 15.04	$ 15.66	$ 15.01	$ 14.55	$ 15.42	$ 15.89	$ 17	$ 4	$ -
As a percentage of Taxable Assessed Value	0.59%	0.70%	0.67%	0.83%	0.86%	0.85%	0.70%	0.72%	0.19%	0.00%
Total Outstanding Debt Ratios										
Per Capita	$ -	$ -	$ -	$ 0.01	$ 0.02	$ 0.05	$ 0.08	$ 0.13	$ 0.15	$ 0.18
Per **FTSE**	$ -	$ -	$ -	$ 0.11	$ 0.21	$ 0.63	$ 1.03	$ 2	$ 2	$ 2
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.01%	0.01%	0.03%	0.05%	0.07%	0.09%	0.11%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

Panola College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

For the Year Ended August 31	2022	2021	2020
Taxable Assessed Value (amount expressed in thousands)	$ 4,130,376	$ 3,663,371	$ 3,975,943
General Obligation Bonds			
Statutory Tax Levy Limit for Debt Service	2,065,188	1,831,686	1,987,972
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-
Total Net General Obligation Debt	2,065,188	1,831,686	1,987,972
Current Year Debt Service Requirements	1,095,000	1,045,000	1,000,000
Excess of Statutory Limit for Debt Service over Current Requirements	$ 970,188	$ 786,686	$ 987,972
Net Current Requirements as a % of Statutory Limit	53.02%	57.05%	50.30%

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to $0.50 per hundred dollars taxable assessed valuation.

	2019	2018	2017	2016	2015	2014	2013
	$ 3,342,372	$ 3,374,363	$ 3,534,448	$ 4,440,148	$ 4,477,214	$ 3,950,208	$ 4,112,573
	1,671,186	1,687,182	1,767,224	2,220,074	2,238,607	1,975,104	2,056,287
	-	-	-	-	-	-	-
	1,671,186	1,687,182	1,767,224	2,220,074	2,238,607	1,975,104	2,056,287
	960,000	920,000	885,000	855,000	1,425,000	1,965,000	-
	$ 711,186	$ 767,182	$ 882,224	$ 1,365,074	$ 813,607	$ 10,104	$ 2,056,287
	57.44%	54.53%	50.08%	38.51%	63.66%	99.49%	0.00%

Panola College
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

	Pledged Revenues ($000 omitted)					
Fiscal Year Ended August 31	Tuition	Fee	General Operating Revenues	Auxilliary Revenues	Investment Income	Total
2022	$ 2,270	$ 6,287	$ 377	$ 2,335	$ (1,071)	$ 10,198
2021	2,411	6,243	324	2,255	1,305	12,538
2020	2,294	6,041	305	2,155	935	11,730
2019	2,240	6,467	317	2,612	683	12,319
2018	2,317	6,757	366	2,890	533	12,863
2017	1,885	6,614	257	2,970	201	11,927
2016	1,864	6,274	292	3,126	188	11,744
2015	1,808	5,793	260	3,113	126	11,100
2014	2,123	5,613	257	3,077	127	11,197
2013	1,952	5,086	250	2,690	152	10,130

The Series 2005 and Series 2008 Revenue Bonds require virtually all tuition, fees and general revenues of the College be pledged toward payment of principal and interest on the bonds. These bonds matured during the year ended August 31, 2020.

Debt Service Requirements ($000 omitted)			
Principal	Interest	Total	Coverage Ratio
$ -	$ -	$ -	-
-	-	-	-
213	8	221	53.07
207	16	223	55.24
800	42	842	15.28
792	66	858	13.90
785	91	876	13.41
778	115	910	12.20
771	139	927	12.08
764	163	927	10.93

Panola College
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years
(unaudited)

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2021	22,675	$ 1,094,229	$ 47,191	5.7%
2020	23,796	$ 1,054,569	$ 45,467	8.4%
2019	23,796	1,007,115	43,508	3.9%
2018	23,796	939,265	40,411	3.6%
2017	23,243	891,054	37,930	4.4%
2016	23,492	952,436	40,543	7.1%
2015	23,766	1,049,942	44,173	5.2%
2014	23,769	1,091,774	45,738	4.9%
2013	23,870	1,070,065	44,549	5.1%
2012	24,020	1,000,264	40,962	5.6%

Sources:
Panola County ACFR
Personal income from U.S. Bureau of Economic Analysis
Unemployment rate from Texas Workforce Commission

Panola College
Statistical Supplement 13
Principal Employers by Industry
Current Fiscal Year
(unaudited)

Employer	Number of Employees	Percentage of Total Employment
Natural Resource and Mining	755	9.66%
Construction	1,244	15.93%
Manufacturing	880	11.26%
Trade, Transportation, Utilities	1,568	20.08%
Information	58	0.74%
Financial Activities	214	2.74%
Professional Business Services	696	8.91%
Education Health Services	628	8.04%
Leisure Hospitality	426	5.45%
Other Services	157	2.01%
Federal	59	0.76%
State	30	0.38%
Local	1,097	14.04%
Total	7,812	100.00%

Source:
Texas Workforce Commission

Note:
Percentages are calculated using the midpoints of the ranges.
This institution previously did not present this schedule and chose to implement prospectively.

Panola College
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Faculty										
Full-Time	70	71	72	75	75	70	69	69	69	65
Part-Time	78	71	71	77	66	82	78	78	76	74
Total	148	142	143	152	141	152	147	147	145	139
Percent										
Full-Time	47.3%	50.0%	50.3%	49.3%	53.2%	46.1%	46.9%	46.9%	47.6%	46.8%
Part-Time	52.7%	50.0%	49.7%	50.7%	46.8%	53.9%	53.1%	53.1%	52.4%	53.2%
Staff and Administrators										
Full-Time	82	80	80	81	81	81	83	80	77	75
Part-Time	70	64	65	68	64	56	63	63	62	62
Total	152	144	145	149	145	137	146	143	139	137
Percent										
Full-Time	53.9%	55.6%	55.2%	54.4%	55.9%	59.1%	56.8%	55.9%	55.4%	54.7%
Part-Time	46.1%	44.4%	44.8%	45.6%	44.1%	40.9%	43.2%	44.1%	44.6%	45.3%
FTSE per Full-time Faculty	23.9	23.9	23.7	24.7	26.5	27.8	28.3	27.7	28.0	28.6
FTSE per Full-Time Staff Member	20.4	21.2	21.3	22.9	24.5	24.0	23.5	23.9	25.1	24.8
Average Annual Faculty Salary	$55,750	$54,415	$52,255	$53,272	$54,367	$53,272	$51,541	$51,965	$54,794	$50,215

Panola College
Statistical Supplement 15
Enrollment Details
Last Ten Fiscal Years
(unaudited)

	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	2,234	90.26%	2,235	90.30%	2,024	77.46%	2,134	76.96%	1,993	75.04%
31-60 hours	200	8.08%	238	9.62%	433	16.57%	477	17.20%	471	17.73%
> 60 hours	41	1.66%	58	2.34%	156	5.97%	162	5.84%	192	7.23%
Total	2,475	100.00%	2,531	102.26%	2,613	100.00%	2,773	100.00%	2,656	100.00%

	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	63	2.55%	61	2.46%	42	1.61%	60	2.16%	7	0.26%
3-5 semester hours	514	20.77%	531	21.45%	587	22.46%	575	20.74%	366	13.78%
6-8 Semester hours	545	22.02%	595	24.04%	583	22.31%	615	22.18%	569	21.42%
9-11 semester hours	351	14.18%	343	13.86%	402	15.38%	347	12.51%	321	12.09%
12-14 semester hours	540	21.82%	566	22.87%	590	22.58%	695	25.06%	846	31.85%
15-17 semester hours	365	14.75%	357	14.42%	345	13.20%	407	14.68%	456	17.17%
18 & over	97	3.92%	78	3.15%	64	2.45%	74	2.67%	91	3.43%
Total	2,475	100.00%	2,531	102.26%	2,613	100.00%	2,773	100.00%	2,656	100.00%
Average course load	9.3		9.0		9.1		9.4		10.3	

	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	598	24.16%	576	23.27%	608	23.27%	618	22.29%	648	24.40%
Texas Resident (out-of-District)	1,608	64.97%	1,694	68.44%	1,746	66.82%	1,875	67.62%	1,706	64.23%
Non-Resident Tuition	269	10.87%	261	10.55%	259	9.91%	280	10.10%	302	11.37%
Total	2,475	100.00%	2,531	102.26%	2,613	100.00%	2,773	100.00%	2,656	100.00%

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1,917	71.88%	2,182	81.69%	1,873	72.63%	1,984	73.45%	1,929	74.65%
31-60 hours	558	61.18%	374	14.00%	517	20.05%	518	19.18%	479	18.54%
> 60 hours	192	7.20%	115	4.31%	189	7.33%	199	7.37%	176	6.81%
Total	2,667	140.26%	2,671	100.00%	2,579	100.00%	2,701	100.00%	2,584	100.00%

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	9	0.34%	15	0.56%	22	0.85%	9	0.33%	18	0.70%
3-5 semester hours	431	16.16%	407	15.24%	427	16.56%	480	17.77%	420	16.25%
6-8 Semester hours	564	21.15%	544	20.37%	484	18.77%	535	19.81%	574	22.21%
9-11 semester hours	289	10.84%	340	12.73%	301	11.67%	320	11.85%	347	13.43%
12-14 semester hours	786	29.47%	809	30.29%	786	30.48%	799	29.58%	726	28.10%
15-17 semester hours	457	17.14%	465	17.41%	477	18.50%	441	16.33%	402	15.56%
18 & over	131	4.91%	91	3.41%	82	3.18%	117	4.33%	97	3.75%
Total	2,667	100.00%	2,671	100.00%	2,579	100.00%	2,701	100.00%	2,584	100.00%
Average course load	10.2		10.2		10.4		9.5		9.5	

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	692	25.95%	700	26.21%	642	24.89%	707	26.18%	632	24.46%
Texas Resident (out-of-District)	1,698	63.67%	1,715	64.21%	1,694	65.68%	1,721	63.72%	1,723	66.68%
Non-Resident Tuition	277	10.39%	256	9.58%	243	9.42%	273	10.11%	229	8.86%
Total	2,667	100.00%	2,671	100.00%	2,579	100.00%	2,701	100.00%	2,584	100.00%

Panola College
Statistical Supplement 16
Student Profile
Last Ten Fiscal Years
(unaudited)

	Fall 2021		Fall 2019		Fall 2019		Fall 2018		Fall 2017	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	1,636	66.10%	1,679	64.26%	1,679	64.26%	1,898	68.45%	1,819	68.49%
Male	839	33.90%	934	35.74%	934	35.74%	875	31.55%	837	31.51%
Total	2,475	100.00%	2,613	100.00%	2,613	100.00%	2,773	100.00%	2,656	100.00%

	Fall 2021		Fall 2019		Fall 2019		Fall 2018		Fall 2017	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	1,596	64.48%	1,724	65.98%	1,789	64.51%	1,789	64.51%	1,723	64.87%
Hispanic	254	10.26%	223	8.53%	221	7.97%	221	7.97%	183	6.89%
African American	457	18.46%	501	19.17%	586	21.13%	586	21.13%	583	21.95%
Asian	32	1.29%	25	0.96%	20	0.72%	20	0.72%	26	0.98%
Foreign	23	0.93%	37	1.42%	46	1.66%	46	1.66%	55	2.07%
Native American	48	1.94%	38	1.45%	39	1.41%	39	1.41%	32	1.20%
Multi-Racial	64	2.59%	62	2.37%	68	2.45%	68	2.45%	50	1.88%
Other	1	0.04%	3	0.11%	4	0.14%	4	0.14%	4	0.15%
Total	2,475	100.00%	2,613	100.00%	2,773	100.00%	2,773	100.00%	2,656	100.00%

	Fall 2021		Fall 2019		Fall 2019		Fall 2018		Fall 2017	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	918	37.09%	1,015	40.10%	885	31.91%	885	31.91%	590	22.21%
18 -21	860	34.75%	843	33.31%	962	34.69%	962	34.69%	1,046	39.38%
22 - 24	165	6.67%	163	6.44%	234	8.44%	234	8.44%	272	10.24%
25 - 35	336	13.58%	321	12.68%	468	16.88%	468	16.88%	478	18.00%
36 - 50	167	6.75%	165	6.52%	187	6.74%	187	6.74%	224	8.43%
51 & over	29	1.17%	24	0.95%	37	1.33%	37	1.33%	46	1.73%
Total	2,475	100.00%	2,531	100.00%	2,773	100.00%	2,773	100.00%	2,656	100.00%
Average Age	22.0		21.0		22.2		22.2		23.7	

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	1,844	69.14%	1,812	67.84%	1,705	66.11%	1,753	64.90%	1,756	67.96%
Male	823	30.86%	859	32.16%	874	33.89%	948	35.10%	828	32.04%
Total	2,667	100.00%	2,671	100.00%	2,579	100.00%	2,701	100.00%	2,584	100.00%

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	1,765	66.18%	1,774	66.42%	1,717	66.58%	1,797	66.53%	1,724	66.72%
Hispanic	158	5.92%	202	7.56%	171	6.63%	165	6.11%	139	5.38%
African American	586	21.97%	573	21.45%	565	21.91%	616	22.81%	604	23.37%
Asian	22	0.82%	14	0.52%	12	0.47%	8	0.30%	13	0.50%
Foreign	58	2.17%	38	1.42%	27	1.05%	41	1.52%	25	0.97%
Native American	31	1.16%	26	0.97%	30	1.16%	26	0.96%	32	1.24%
Multi- Racial	43	1.61%	39	1.46%	41	1.59%	47	1.74%	47	1.82%
Other	4	0.15%	5	0.19%	16	0.62%	1	0.04%	-	0.00%
Total	2,667	100.00%	2,671	100.00%	2,579	100.00%	2,701	100.00%	2,584	100.00%

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	554	20.77%	569	21.30%	494	19.15%	529	19.59%	472	18.27%
18 -21	1,016	38.10%	1,032	38.64%	1,039	40.29%	1,053	38.99%	984	38.08%
22 - 24	285	10.69%	257	9.62%	241	9.34%	247	9.14%	256	9.91%
25 - 35	516	19.35%	539	20.18%	522	20.24%	533	19.73%	535	20.70%
36 - 50	238	8.92%	228	8.54%	234	9.07%	292	10.81%	293	11.34%
51 & over	58	2.17%	46	1.72%	49	1.90%	47	1.74%	44	1.70%
Total	2,667	100.00%	2,671	100.00%	2,579	100.00%	2,701	100.00%	2,584	100.00%
Average Age	23.5		23.8		24.0		24.0		24.3	

Panola College
Statistical Supplement 17
Transfers to Senior Institutions
2020 Fall Students as of Fall 2021
(Includes only public senior colleges in Texas)
(unaudited)

		Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1	Angelo State University				0	0.00%
2	Lamar University	5			5	1.74%
3	Midwestern State University	1			1	0.35%
4	Prairie View A & M University	3	1		4	1.39%
5	Sam Houston State University	8			8	2.79%
6	Southwest Texas State University				0	0.00%
7	Stephen F Austin State University	107	10	2	119	41.45%
8	Sul Ross State University	1			1	0.35%
9	Tarleton State University	3		1	4	1.39%
10	Texas A & M International University	1			1	0.35%
11	Texas A & M University	32	1	1	34	11.86%
12	Texas A & M University at Commerce	2			2	0.70%
13	Texas A & M University at Corpus Christi	1			1	0.35%
14	Texas A & M University at Galveston				0	0.00%
15	Texas A & M University at Kingsville				0	0.00%
16	Texas A & M University at Texarkana	1	2	1	4	1.39%
16	Texas A & M University HSC				0	0.00%
17	Texas Southern University				0	0.00%
18	Texas State University	1			1	0.35%
19	Texas Tech University	4			4	1.39%
20	Texas Tech University Health Sciences Center				0	0.00%
21	Texas Women's University	1			1	0.35%
22	The University of Texas at Arlington	6	3		9	3.14%
23	The University of Texas at Austin	11		2	13	4.53%
24	The University of Texas at Rio Grande Valley				0	0.00%
25	The University of Texas at Dallas	3			3	1.05%
26	The University of Texas Medical Branch at Galveston				0	0.00%
27	The University of Texas HSC Houston				0	0.00%
27	The University of Texas San Antonio	1			1	0.35%
28	The University of Texas at Tyler	50	3	1	54	18.82%
29	The University of Texas at Permian Basin	1			1	0.35%
30	The University of Texas at Brownsville				0	0.00%
31	University of Houston	2		1	3	1.05%
32	University of Houston - Clear Lake				0	0.00%
33	University of Houston - Downtown	1			1	0.35%
34	University of North Texas	11		1	12	4.18%
35	University of North Texas - Dallas				0	0.00%
36	West Texas A & M University				0	0.00%
	Totals	**257**	**20**	**10**	**287**	**100.00%**

Source: THECB Automated Student and Adult Learner Follow-Up System. Most current information available is listed.

Panola College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2013 to 2022
(unaudited)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Academic buildings	9	7	7	7	7	7	7	9	9	9
Square footage (in thousands)	223	172	169	161	161	161	161	146	146	146
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	32	32	32	32	32	32	32	32	32	32
Number of Volumes (in thousands)	120	120	120	120	120	120	120	120	120	120
Administrative and support buildings	2	2	2	2	2	2	2	3	3	3
Square footage (in thousands)	55	30	30	30	30	30	30	25	25	25
Dormitories	1	1	1	1	1	1	1	1	1	2
Square footage (in thousands)	20	20	20	20	20	20	20	20	20	26
Number of Beds	94	94	94	94	94	94	94	94	94	120
Apartments	4	4	4	4	4	4	4	4	4	3
Square footage (in thousands)	29	29	29	29	29	29	29	29	29	29
Number of beds	160	160	160	160	160	160	160	160	160	160
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	25	25	25	25	25	25	25	25	25	25
Average daily customers	270	270	270	270	270	270	270	105	105	105
Athletic Facilities	1	1	1	1	1	1	1	2	2	2
Square footage (in thousands)	28	28	28	28	28	28	28	37	37	37
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	17	17	17	17	17	17	17	17	17	17
Transportation										
Cars	-	-	-	-	-	-	-	-	-	-
Light Trucks/Vans	9	11	9	9	9	9	9	9	9	9
Buses	2	2	2	2	2	2	2	2	2	2

APPENDIX E

SPECIMAN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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Financial Advisory Services
Provided By:

SAMCO Capital