



**Lamar State College
Port Arthur**
Member - The Texas State University System

ANNUAL FINANCIAL REPORT

FISCAL YEAR 2020

(September 1, 2019 – August 31, 2020)



Lamar State College - Port Arthur

MEMBER TEXAS STATE UNIVERSITY SYSTEM™

November 20, 2020

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
John McGeady, Director, Legislative Budget Board
Lisa Collier, First Assistant State Auditor

Dear Governor Abbott, Mr. Hegar, Mr. McGeady, and Ms. Collier:

We are pleased to submit the annual financial report of Lamar State College Port Arthur for the year ended August 31, 2020, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Mary Wickland, Executive Vice President for Finance and Operations, at (409) 984-6125.

Sincerely,

Dr. Betty Reynard
President

MAW



Lamar State College - Port Arthur

MEMBER TEXAS STATE UNIVERSITY SYSTEM™

November 20, 2020

Dr. Betty Reynard
President
Lamar State College Port Arthur
Port Arthur, TX 77641

Dear Dr. Reynard,

Submitted herein is the Annual Financial Report of Lamar State College Port Arthur for the fiscal year ended August 31, 2020.

The financial statements in this report have been prepared in conformity with the General Provisions of the Appropriations Act, Article IX, and in accordance with the requirements established by the Comptroller of Public Accounts.

The Annual Financial Report will be audited by the State Auditor as part of the audit of the Statewide Annual Financial Report; therefore, an opinion has not been expressed on the statements and related information contained in the report.

If you have any questions, please contact Leanna Odom at (409) 984-6129 or Mary Wickland at (409) 984-6125.

Respectfully Submitted,

Leanna Odom, CPA, CFE, MBA
Controller

Approved:

Mary Wickland, CPA
Executive Vice President for Finance and Operations

UNAUDITED

LAMAR STATE COLLEGE PORT ARTHUR

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**THE TEXAS STATE UNIVERSITY SYSTEM
ORGANIZATIONAL DATA
AS OF AUGUST 31, 2020**

BOARD OF REGENTS

Name	City (Texas)	Term Expires
William F. Scott, Chairman	Nederland	February 1, 2025
David Montagne, Vice Chairman	Beaumont	February 1, 2021
Charlie Amato	San Antonio	February 1, 2025
Duke Austin	Houston	February 1, 2023
Garry Crain	The Hills	February 1, 2023
Dr. Veronica Muzquiz Edwards	San Antonio	February 1, 2021
Dionicio (Don) Flores	El Paso	February 1, 2025
Nicki Harle	Baird	February 1, 2023
Alan L. Tinsley	Madisonville	February 1, 2021
Amanda Lee, Student Regent	Huntsville	May 31, 2021

SYSTEM ADMINISTRATION

Name	Title
Dr. Brian McCall	Chancellor
Dr. John Hayek	Vice Chancellor for Academic and Health Affairs
Dr. Fernando Gomez	Vice Chancellor and General Counsel
Daniel Harper	Vice Chancellor and Chief Financial Officer
Sean Cunningham	Vice Chancellor for Governmental Relations
Mike Wintemute	Vice Chancellor for Marketing and Communications
Carole Fox	Chief Audit Executive

LAMAR STATE COLLEGE PORT ARTHUR

Name	Title
Dr. Betty Reynard	President
Dr. Pamela Millsap	Vice President for Academic Affairs
Mary Wickland	Executive Vice President for Finance and Operations
Dr. Tessie Bradford	Dean of Student Services

UNAUDITED
Texas State University System
Lamar State College Port Arthur
Statements of Net Position
August 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand	\$ 1,100.00	\$ 1,100.00
Cash in Bank	1,428,172.07	1,280,585.63
Cash in State Treasury	2,487,807.31	2,110,039.84
Cash Equivalents	8,959,524.82	7,008,507.12
Restricted:		
Cash in Bank	-	52,447.59
Legislative Appropriations	5,112,724.35	3,632,276.02
Receivables:		
Federal	747,252.67	963,817.35
Accounts Receivable, net	1,247,377.50	1,361,621.04
Due From Other Agencies	63,131.72	164,293.18
Prepaid Items	294,448.41	547,808.80
Loans and Contracts, net	149,711.24	252,344.86
Total Current Assets	<u>20,491,250.09</u>	<u>17,374,841.43</u>
Noncurrent Assets:		
Restricted:		
Cash and Cash Equivalents:		
Cash in Bank	799,961.51	614,592.08
Cash Equivalents	839,066.22	827,827.86
Capital Assets:		
Non-Depreciable or Non-Amortizable:		
Land and Land Improvements	2,018,964.92	2,018,964.92
Construction in Progress	730,259.23	1,027,616.75
Depreciable or Amortizable:		
Building and Building Improvements	45,866,359.91	43,747,374.24
Less Accumulated Depreciation	(27,339,001.35)	(25,929,644.04)
Facilities and Other Improvements	4,066,872.41	4,066,872.41
Less Accumulated Depreciation	(1,913,784.49)	(1,752,476.89)
Furniture and Equipment	3,394,159.03	3,340,583.73
Less Accumulated Depreciation	(2,554,712.08)	(2,333,870.26)
Vehicles, Boats, and Aircraft	393,627.72	334,670.30
Less Accumulated Depreciation	(127,353.41)	(172,631.39)
Other Capital Assets	3,218,841.14	3,211,514.25
Less Accumulated Depreciation	(2,715,153.83)	(2,632,878.81)
Total Noncurrent Assets	<u>26,678,106.93</u>	<u>26,368,515.15</u>
Total Assets	<u><u>\$ 47,169,357.02</u></u>	<u><u>\$ 43,743,356.58</u></u>

UNAUDITED
Texas State University System
Lamar State College Port Arthur
Statements of Net Position
August 31, 2020

	<u>2020</u>	<u>2019</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Payables from:		
Accounts Payable	\$ 740,365.21	\$ 427,970.03
Payroll Payable	1,513,449.57	1,235,780.15
Unearned Revenues	3,162,816.75	3,853,452.97
Employees' Compensable Leave	406,237.32	401,165.98
Total Current Liabilities	<u>5,822,868.85</u>	<u>5,918,369.13</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	248,984.17	180,233.99
Total Non-Current Liabilities	<u>248,984.17</u>	<u>180,233.99</u>
Total Liabilities	<u><u>\$ 6,071,853.02</u></u>	<u><u>\$ 6,098,603.12</u></u>
NET POSITION		
Net Investment in Capital Assets	\$ 25,039,079.20	\$ 24,926,095.21
Restricted for:		
Other	863,715.39	638,295.99
Funds Held as Permanent Investments:		
Endowment Funds	1,187,706.74	1,182,968.38
Unrestricted	<u>14,007,002.67</u>	<u>10,897,393.88</u>
Total Net Position	<u><u>\$ 41,097,504.00</u></u>	<u><u>\$ 37,644,753.46</u></u>

UNAUDITED
Texas State University System
Lamar State College Port Arthur
Statements of Revenues, Expenses, and Changes in Net Position
August 31, 2020

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Sales of Goods and Services		
Tuition and Fees – Pledged	\$ 8,098,936.77	\$ 10,308,646.35
Tuition and Fees – Discounts/Allowances	(2,758,549.01)	(3,835,930.67)
Auxiliary Enterprise – Pledged	35,981.76	100,978.66
Other Sales of Goods and Services – Pledged	62,008.83	155,169.86
Federal Revenue - Operating	281,322.21	130,951.09
Federal Pass Through Revenue	303,694.87	226,878.98
State Grant Pass Through Revenue	466,716.07	866,284.37
Total Operating Revenues	<u>6,490,111.50</u>	<u>7,952,978.64</u>
Operating Expenses:		
Instruction	8,975,128.27	8,072,541.47
Public Service	200,314.48	194,001.41
Academic Support	2,063,881.28	2,845,511.64
Student Services	1,400,190.15	1,080,664.49
Institutional Support	4,670,952.04	3,471,989.80
Operation and Maintenance of Plant	1,977,009.25	2,661,453.40
Scholarships and Fellowships	4,683,598.83	2,815,011.01
Auxiliary	1,069,893.11	1,822,797.06
Depreciation & Amortization	1,907,620.19	1,808,767.69
Total Operating Expenses	<u>26,948,587.60</u>	<u>24,772,737.97</u>
Operating Income (Loss)	<u>(20,458,476.10)</u>	<u>(16,819,759.33)</u>
Nonoperating Revenues (Expenses):		
Legislative Revenue (GR)	12,934,838.00	9,096,512.00
Additional Appropriations (GR)	2,561,324.75	2,542,772.10
Federal Revenue	6,272,914.25	5,190,625.95
Gifts	571,614.49	585,563.50
Interest and Investment Income	144,804.59	254,685.34
Other Nonoperating Revenues (Expenses)	525,676.33	491,087.13
Total Nonoperating Revenues (Expenses)	<u>23,011,172.41</u>	<u>18,161,246.02</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	\$ 2,552,696.31	\$ 1,341,486.69

UNAUDITED
Texas State University System
Lamar State College Port Arthur
Statements of Revenues, Expenses, and Changes in Net Position
August 31, 2020

	<u>2020</u>	<u>2019</u>
Other Revenues, Expenses, Gains, Losses and Transfers:		
Capital Appropriations (HEF)	\$ 2,157,784.00	\$ 2,157,784.00
Transfers In	342,807.72	6,867.00
Transfers Out	(226,998.24)	(191,437.14)
Legislative Transfers In	9,570.00	11,788.00
Legislative Transfers Out	(1,383,109.25)	(1,403,842.50)
Legislative Appropriations Lapsed	-	-
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>900,054.23</u>	<u>581,159.36</u>
Change in Net Position	<u>3,452,750.54</u>	<u>1,922,646.05</u>
Total Net Position, September 1	<u>37,644,753.46</u>	<u>35,722,107.41</u>
Total Net Position, August 31	<u><u>\$ 41,097,504.00</u></u>	<u><u>\$ 37,644,753.46</u></u>

UNAUDITED
Texas State University System
Lamar State College-Port Arthur
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2020

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	5,541,484.97	-	130,343.04	1,096,617.62	994,069.05	1,878,573.14	506,375.87	119,882.46	321,345.14	-	10,588,691.29
Payroll Related Costs	2,065,738.25	-	38,017.69	433,203.25	297,997.96	634,594.03	207,350.33	-	35,062.52	-	3,711,964.03
Professional Fees and Services	118,292.67	-	-	48,667.00	4,600.00	56,705.78	464,906.05	-	20,207.63	-	713,379.13
Federal Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
State Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
Travel	37,270.06	-	4,378.39	14,121.10	9,698.12	16,464.69	-	-	56,981.13	-	138,913.49
Materials and Supplies	163,938.01	-	-	35,365.06	12,989.90	129,108.14	46,710.47	-	67,520.55	-	455,632.13
Communications and Utilities	268.97	-	4,041.97	45,689.66	-	24,648.82	166,732.09	-	29,951.87	-	271,333.38
Repairs and Maintenance	62,242.62	-	419.90	36,388.74	3,806.68	333,195.16	554,042.82	-	16,991.78	-	1,007,087.70
Rentals and Leases	16,292.85	-	25.00	1,210.18	1,860.00	9,207.90	26,017.73	-	23,996.63	-	78,610.29
Printing and Reproduction	4,753.69	-	4,065.35	5,828.65	2,174.65	24,589.54	2,231.40	-	3,430.39	-	47,073.67
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	1,907,620.19	1,907,620.19
Bad Debt Expense	137,456.48	-	-	-	-	-	-	(34,933.07)	(9,847.26)	-	92,676.15
Interest	-	-	-	-	-	-	-	-	-	-	-
Scholarships	-	-	-	-	1,831.18	-	-	4,575,321.60	361,243.50	-	4,938,396.28
Claims and Judgments	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	827,389.70	-	19,023.14	346,790.02	71,162.61	1,563,864.84	2,642.49	23,327.84	143,009.23	-	2,997,209.87
Total Operating Expenses	\$ 8,975,128.27	\$ -	\$ 200,314.48	\$ 2,063,881.28	\$ 1,400,190.15	\$ 4,670,952.04	\$ 1,977,009.25	\$ 4,683,598.83	\$ 1,069,893.11	\$ 1,907,620.19	\$ 26,948,587.60

UNAUDITED
Texas State University System
Lamar State College-Port Arthur
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2019

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	5,335,304.34	-	120,506.00	1,055,238.66	719,826.39	1,817,499.61	494,004.70	125,487.94	597,249.59	-	10,265,117.23
Payroll Related Costs	1,659,543.81	-	44,197.67	916,358.16	215,048.46	471,549.65	353,878.19	-	190,901.88	-	3,851,477.82
Professional Fees and Services	111,638.52	-	1,000.00	20,795.34	37,491.91	177,448.39	405,686.37	-	23,742.24	-	777,802.77
Federal Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
State Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
Travel	79,637.47	-	5,022.63	88,580.45	13,829.99	34,358.91	1,662.99	-	85,303.74	-	308,396.18
Materials and Supplies	128,133.24	-	3,853.80	1,673.34	13,801.78	132,678.20	60,645.18	-	55,899.26	-	396,684.80
Communications and Utilities	-	-	973.92	31,720.77	-	28,553.02	526,375.73	-	6,880.00	-	594,503.44
Repairs and Maintenance	56,149.90	-	439.90	40,659.02	14,781.64	50,679.62	777,739.84	-	31,391.40	-	971,841.32
Rentals and Leases	72,076.56	-	-	749.28	228.66	10,666.53	32,985.19	-	18,700.92	-	135,407.14
Printing and Reproduction	841.93	-	-	4,179.40	1,309.14	29,667.87	1,780.18	-	13,738.21	-	51,516.73
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	1,808,767.69	1,808,767.69
Bad Debt Expense	100,772.25	-	-	(4,789.12)	-	(25,257.69)	-	43,085.39	6,138.60	-	119,949.43
Interest	-	-	-	-	-	-	-	-	-	-	-
Scholarships	1,050.00	-	-	53,873.40	-	-	-	2,646,437.68	666,314.56	-	3,367,675.64
Claims and Judgments	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	527,393.45	-	18,007.49	636,472.94	64,346.52	744,145.69	6,695.03	-	126,536.66	-	2,123,597.78
Total Operating Expenses	\$ 8,072,541.47	\$ -	\$ 194,001.41	\$ 2,845,511.64	\$ 1,080,664.49	\$ 3,471,989.80	\$ 2,661,453.40	\$ 2,815,011.01	\$ 1,822,797.06	\$ 1,808,767.69	\$ 24,772,737.97

UNAUDITED
Texas State University System
Lamar State College Port Arthur
Statements of Cash Flows
August 31, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 35,981.76	\$ 100,978.66
Proceeds from Tuition and Fees	4,866,628.70	6,533,372.80
Proceeds from Auxiliaries	62,008.83	155,169.86
Proceeds from Other Operating Revenues	1,369,459.29	1,170,990.85
Payments to Suppliers for Goods and Services	(10,174,556.52)	(8,597,085.80)
Payments to Employees for Salaries	(10,311,021.87)	(9,968,565.11)
Payments to Employees for Benefits	(1,820,905.00)	(1,996,837.98)
Net Cash Provided (Used) by Operating Activities	<u>(15,972,404.81)</u>	<u>(12,601,976.72)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	14,356,260.91	11,123,771.66
Proceeds from Gifts	571,614.49	585,563.50
Proceeds of Transfers from Other Funds	352,377.72	18,655.00
Proceeds from Grant Receipts	6,272,914.25	5,190,625.95
Proceeds from Other Noncapital Financing Activities	525,676.33	491,087.13
Payments for Transfers to Other Funds	(202,533.00)	(186,459.84)
Payments for Other Noncapital Financing Uses	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>21,876,310.70</u>	<u>17,223,243.40</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Additions to Capital Assets	(2,020,604.18)	(1,927,435.78)
Payments of Principal on Debt	(948,915.90)	(906,796.70)
Payments of Interest on Debt Issuance	(458,658.59)	(502,023.10)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,428,178.67)</u>	<u>(3,336,255.58)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Interest Income	33,542.73	63,152.25
Proceeds from Investment Income	111,261.86	191,533.09
Net Cash Provided (Used) by Investing Activities	<u>144,804.59</u>	<u>254,685.34</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,620,531.81	1,539,696.44
Cash and Cash Equivalents, September 1	<u>11,895,100.12</u>	<u>10,355,403.68</u>
Cash and Cash Equivalents, August 31	<u><u>\$ 14,515,631.93</u></u>	<u><u>\$ 11,895,100.12</u></u>

UNAUDITED
Texas State University System
Lamar State College Port Arthur
Statements of Cash Flows
August 31, 2020

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (20,458,476.10)	\$ (16,819,759.33)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization and Depreciation	1,907,620.19	1,808,767.69
Bad Debt Expense	92,676.15	119,949.43
On-Behalf Benefit Payments	1,817,237.51	1,836,421.51
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	238,132.07	698,083.10
(Increase) Decrease in Due from Other Agencies	101,161.46	(120,288.88)
(Increase) Decrease in Prepaid Items	253,360.39	72,057.22
(Increase) Decrease in Loans and Contracts	102,633.62	371,381.41
Increase (Decrease) in Payables	312,395.18	178,232.21
Increase (Decrease) in Unearned Revenues	(690,636.22)	(1,061,591.53)
Increase (Decrease) in Employees' Compensable Leave	73,821.52	18,218.33
Increase (Decrease) in Benefits Payable	277,669.42	296,552.12
Increase (Decrease) in Other Liabilities	-	-
Total Adjustments	<u>4,486,071.29</u>	<u>4,217,782.61</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (15,972,404.81)</u>	<u>\$ (12,601,976.72)</u>

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Note 1: Summary of Significant Accounting Policies

Entity

Lamar State College Port Arthur is a state funded two-year Institution of Higher Education of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Institutions of Higher Education.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report is considered for audit by the State Auditor as part of the audit of the state of *Texas Comprehensive Annual Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Fund Structure

The accompanying financial statements are presented on the basis of funds. A fund is considered a separate accounting entity. In accordance with GASB Statement No. 35, the College is reporting as a special-purpose government engaged only in Business-Type Activities within the Proprietary Fund Type. The accompanying entity-wide financial statements are prepared as such.

Proprietary Funds

Business Type Activity - Business type funds are used for activities that are financed through the charging of fees and sales for goods or services to the ultimate user. Institutions of higher education are required to report their financial activities as business type because the predominance of their funding comes through charges to students, sales of goods and services, and grant revenues.

Component Units

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

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Lamar State College Port Arthur Notes to the Financial Statements August 31, 2020 and 2019

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. The proprietary funds utilized by the College distinguish operating from non-operating. Operating revenues and expenses result from providing services or producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All significant intra-agency transactions have been eliminated. The basis of accounting determines when revenues and expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Restricted Net Position

When both restricted and unrestricted sources are available for use, restricted resources are used first, then unrestricted resources are used as they are needed.

Budget and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Assets, Liabilities, and Net Position

Assets

Cash and Cash Equivalents

Cash includes cash on hand, cash in local banks, cash in transit, and cash in the Treasury. Cash equivalents are considered short-term highly liquid investments with an original maturity of three months or less.

Investments

Investments are generally stated at fair value with certain exceptions in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Invested security lending collaterals are measured at fair value. Securities lent are reported as assets on the statement of net position. The costs of securities lending transactions are reported as expenditures or expenses on the statement of revenues, expenses, and changes in net position. These costs are reported at gross.

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Lamar State College Port Arthur Notes to the Financial Statements August 31, 2020 and 2019

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the proprietary fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets (such as works of art and historical treasures) are not depreciated. Road and highway infrastructure is depreciated over the estimate of average useful life of a grouping of assets using the composite method. Other depreciable assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Other Receivables - Current and Noncurrent

The disaggregation of other receivables as reported in the financial statements is disclosed in Note 24. Other receivables include year-end accruals not included in any other receivable category.

Liabilities

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the statement of net position date for which payment is pending.

Unearned Revenues

Unearned revenues represent payments received in advance of providing goods or services.

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Lamar State College Port Arthur Notes to the Financial Statements August 31, 2020 and 2019

Other Payables - Current and Noncurrent

The disaggregation of other payables as reported in the financial statements is disclosed in Note 24. Other payables include accruals at year-end of expenditure transactions not included in any of the other payable descriptions.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignation, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or noncurrent in the statement of net position.

Bonds Payable - General Obligation Bonds

General obligation bonds are accounted for in proprietary funds for business-type activities. These payables are reported as long-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter) in the statement of net position. The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities.

Bonds Payable - Revenue Bonds

Revenue bonds are accounted for in the proprietary funds for business-type activities. These payables are reported as long-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter) in the statement of net position. The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities.

Net Position

The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is "Net Position."

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances for bond, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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Lamar State College Port Arthur Notes to the Financial Statements August 31, 2020 and 2019

Restricted Net Position

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

Interfund Activities and Transactions

Lamar State College Port Arthur has the following types of transactions among funds:

- (1) *Transfers*: Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund.
- (2) *Reimbursements*: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (3) *Interfund receivables and payables*: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as “current.” Balances for repayment due in two (or more) years are classified as “non-current.”
- (4) *Interfund Sales and Purchases*: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund (interfund services provided) and expenditures or expenses of the disbursing fund (interfund services used).

The composition of Lamar State College Port Arthur’s interfund activities and transactions are presented in Note 12.

COVID-19 and CARES Act

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act authorized more than \$2 trillion in relief to individuals, businesses, and nonprofit and government organizations impacted by COVID-19. Lamar State College Port Arthur receives or expects to receive funding primarily under two federal programs, the Governor’s

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**Lamar State College Port Arthur
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Emergency Education Relief Fund (GEERF) and the Higher Education Emergency Relief Fund (HEERF).

GEERF funding, awarded to the State of Texas Governor's Office and passed through the Texas Higher Education Coordinating Board to Lamar State College Port Arthur, provides direct financial assistance to support students' efforts to continue or restart their progress toward earning a post-secondary credential or degree. Initial GEERF awards totaling \$36,535 were awarded in September 2020 to maintain need-based financial aid programs and keep more students enrolled at colleges and universities. The initial awards were followed by an additional \$37,809 in emergency student support to allow students whose families have been severely financially impacted by COVID-19 to stay enrolled in higher education.

HEERF funding, awarded directly to Lamar State College Port Arthur, provides support to prevent, prepare for, and respond to COVID-19. The respective award totaled \$1,056,684. Under the terms of the grant agreements, at least 50% of the HEERF-Student Allocation Award is used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to COVID-19. The remainder of the award, along with the HEERF-Institutional Allocation Award, may be used to cover costs associated with significant changes to the delivery of instruction due to COVID-19, subject to certain restrictions outlined in the grant agreements.

In addition to the programs above, LSCPA received federal stimulus funding through a program known as the Minority Serving Institutions Program. The award amount was \$66,328 during FY 2020.

The revenues from these programs are earned by fulfilling the terms and conditions of the agreements with the funding agencies and are therefore recognized when qualifying expenditures are incurred and eligibility requirements are met. A summary of CARES Act funding awarded, expensed for the year ended August 31, 2020, and the balance of the unearned amounts are presented below:

Program	Total Awarded	Expensed/Earned	Unearned
GEERF - Student Financial Aid	Awarded in FY 2021.		
GEERF - Emergency Student Financial Aid	Awarded in FY 2021.		
HEERF - Student Allocation	\$ 528,342.00	\$ 528,342.00	\$ 0.00
HEERF - Institutional Allocation	\$ 528,342.00	\$ 428,289.70	\$ 100,052.30
HEERF - Minority Serving Institutions	\$ 66,328.00	\$ 13,777.84	\$ 52,550.16
Total	\$1,123,012.00	\$ 970,409.54	\$ 152,602.46

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2020 is presented below:

Capital Assets	Beginning Balance	Adjustments/ Reclass/Transfers	Additions	Deletions	Ending Balance
Non-Depreciable Assets:					
Land	\$ 2,018,964.92	\$ -	\$ -	\$ -	\$ 2,018,964.92
Construction In Progress	1,027,616.75	(1,919,961.67)	1,622,604.15	-	730,259.23
Total Non-Depreciable Assets	<u>\$ 3,046,581.67</u>	<u>\$ (1,919,961.67)</u>	<u>\$ 1,622,604.15</u>	<u>\$ -</u>	<u>\$ 2,749,224.15</u>
Depreciable Assets:					
Buildings	\$ 43,747,374.24	\$ 1,919,961.67	\$ 199,024.00	\$ -	\$ 45,866,359.91
Facilities and Other	4,066,872.41	-	-	-	4,066,872.41
Furniture and Equipment	3,340,583.73	-	53,575.30	-	3,394,159.03
Fleet Vehicles	334,670.30	-	138,073.84	(79,116.42)	393,627.72
Other Assets	3,211,514.25	-	7,326.89	-	3,218,841.14
Total Depreciable Assets at Historical Costs	<u>\$ 54,701,014.93</u>	<u>\$ 1,919,961.67</u>	<u>\$ 398,000.03</u>	<u>\$ (79,116.42)</u>	<u>\$ 56,939,860.21</u>
Less: Accumulated Depreciation for:					
Buildings	\$ (25,929,644.04)	\$ -	\$ (1,409,357.31)	\$ -	\$ (27,339,001.35)
Facilities and Other	(1,752,476.89)	-	(161,307.60)	-	(1,913,784.49)
Furniture and Equipment	(2,333,870.26)	-	(220,841.82)	-	(2,554,712.08)
Fleet Vehicles	(172,631.39)	-	(33,838.44)	79,116.42	(127,353.41)
Other Assets	(2,632,878.81)	-	(82,275.02)	-	(2,715,153.83)
Total Accumulated Depreciation	<u>\$ (32,821,501.39)</u>	<u>\$ -</u>	<u>\$ (1,907,620.19)</u>	<u>\$ 79,116.42</u>	<u>\$ (34,650,005.16)</u>
Depreciable Assets, Net	<u>\$ 21,879,513.54</u>	<u>\$ 1,919,961.67</u>	<u>\$ (1,509,620.16)</u>	<u>\$ -</u>	<u>\$ 22,289,855.05</u>
Total Capital Assets, Net	<u><u>\$ 24,926,095.21</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 112,983.99</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,039,079.20</u></u>

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2019 is presented below:

Capital Assets	Beginning Balance	Adjustments/ Reclass/Transfers	Additions	Deletions	Ending Balance
Non-Depreciable Assets:					
Land	\$ 1,978,119.00	\$ -	\$ 40,845.92	\$ -	\$ 2,018,964.92
Construction In Progress	-	-	1,027,616.75	-	1,027,616.75
Total Non-Depreciable Assets	<u>\$ 1,978,119.00</u>	<u>\$ -</u>	<u>\$ 1,068,462.67</u>	<u>\$ -</u>	<u>\$ 3,046,581.67</u>
Depreciable Assets:					
Buildings	\$ 43,547,338.24	\$ -	\$ 200,036.00	\$ -	\$ 43,747,374.24
Facilities and Other	4,066,872.41	-	-	-	4,066,872.41
Furniture and Equipment	2,927,104.72	-	533,231.58	(119,752.57)	3,340,583.73
Fleet Vehicles	260,474.50	-	111,068.90	(36,873.10)	334,670.30
Other Assets	3,189,002.40	-	22,511.85	-	3,211,514.25
Total Depreciable Assets at Historical Costs	<u>\$ 53,990,792.27</u>	<u>\$ -</u>	<u>\$ 866,848.33</u>	<u>\$ (156,625.67)</u>	<u>\$ 54,701,014.93</u>
Less: Accumulated Depreciation for:					
Buildings	\$ (24,589,781.54)	\$ -	\$ (1,339,862.50)	\$ -	\$ (25,929,644.04)
Facilities and Other	(1,591,169.29)	-	(161,307.60)	-	(1,752,476.89)
Furniture and Equipment	(2,253,522.94)	-	(192,224.67)	111,877.35	(2,333,870.26)
Fleet Vehicles	(183,068.18)	-	(26,436.31)	36,873.10	(172,631.39)
Other Assets	(2,543,942.20)	-	(88,936.61)	-	(2,632,878.81)
Total Accumulated Depreciation	<u>\$ (31,161,484.15)</u>	<u>\$ -</u>	<u>\$ (1,808,767.69)</u>	<u>\$ 148,750.45</u>	<u>\$ (32,821,501.39)</u>
Depreciable Assets, Net	<u>\$ 22,829,308.12</u>	<u>\$ -</u>	<u>\$ (941,919.36)</u>	<u>\$ (7,875.22)</u>	<u>\$ 21,879,513.54</u>
Total Capital Assets, Net	<u><u>\$ 24,807,427.12</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 126,543.31</u></u>	<u><u>\$ (7,875.22)</u></u>	<u><u>\$ 24,926,095.21</u></u>

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**Lamar State College Port Arthur
Notes to the Financial Statements
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Note 3: Deposits, Investments, and Repurchase Agreements

The College is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2020, the carrying amount of deposits was \$2,228,133.58 as presented below:

Cash in Bank - Carrying Value			<u>\$ 2,228,133.58</u>
Proprietary Funds	Current Assets	Cash in Bank	1,428,172.07
Proprietary Funds	Current Assets	Restricted Cash in Bank	-
Proprietary Funds	Noncurrent Assets	Restricted Cash in Bank	799,961.51
Cash in Bank per AFR			<u><u>\$ 2,228,133.58</u></u>

As of August 31, 2019, the carrying amount of deposits was \$1,947,625.30 as presented below:

Cash in Bank - Carrying Value			<u>\$ 1,947,625.30</u>
Proprietary Funds	Current Assets	Cash in Bank	1,280,585.63
Proprietary Funds	Current Assets	Restricted Cash in Bank	52,447.59
Proprietary Funds	Noncurrent Assets	Restricted Cash in Bank	614,592.08
Cash in Bank per AFR			<u><u>\$ 1,947,625.30</u></u>

These amounts consist of all cash in local banks. These amounts are included on the statement of net position as part of the “cash and cash equivalents” accounts.

As of August 31, 2020 and 2019, respectively, the total bank balance was \$2,112,165.46 and \$2,140,406.32 (Business-Type Activities).

Investments

Lamar State College Port Arthur is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Endowment Funds may be invested in accordance with the Uniform Management of Institutional Funds Act, Property Code

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Chapter 163. 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.

Fair Value of Investments

Lamar State College Port Arthur measures and records investments using fair value measurement guidelines in accordance with GASB Statement 72, *Fair Value Measurement and Application*. GASB 72 recognizes a three level fair value hierarchy:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; or,
- Level 3: Unobservable inputs.

As of August 31, 2020, the fair value of investments was categorized as a Level 1 input and are as follows:

BUSINESS-TYPE ACTIVITIES

		Fair Value
Other Commingled Funds	TexPool	\$ 132,625.13
	TexPool Prime	9,665,965.91
	Total Investments	\$ 9,798,591.04

BUSINESS-TYPE ACTIVITIES

Proprietary Funds	Current Assets	Cash Equivalents	\$ 8,959,524.82
Proprietary Funds	Current Assets	Restricted Cash Equivalents	-
Proprietary Funds	Noncurrent Assets	Restricted Cash Equivalents	839,066.22
		Total Investments	\$ 9,798,591.04

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**Lamar State College Port Arthur
Notes to the Financial Statements
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As of August 31, 2019, the fair value of investments was categorized as a Level 1 input and are as follows:

BUSINESS-TYPE ACTIVITIES

		Fair Value
Other Commingled Funds	TexPool	\$ 130,968.55
	TexPool Prime	7,705,366.43
	Total Investments	<u>\$ 7,836,334.98</u>

BUSINESS-TYPE ACTIVITIES

Proprietary Funds	Current Assets	Cash Equivalents	\$ 7,008,507.12
Proprietary Funds	Current Assets	Restricted Cash Equivalents	-
Proprietary Funds	Noncurrent Assets	Restricted Cash Equivalents	827,827.86
		Total Investments	<u>\$ 7,836,334.98</u>

Note 4: Short-Term Debt

Lamar State College Port Arthur has no short-term debt to report as of August 31, 2020 and 2019.

Note 5: Long-Term Liabilities

Bonds Payable

See Note 6 for a discussion of Bonded Indebtedness.

Employees' Compensable Leave

If a state employee had continuous employment with the state for at least six months, the state employee is entitled to be paid for all unused vacation time accrued in the event of the employee's resignation, dismissal, or separation from state employment. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

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	Balance 9/1/2019	Additions	Reductions	Balance 8/31/2020	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$ 581,399.97	\$ 360,815.84	\$ 286,994.32	\$ 655,221.49	\$ 406,237.32	\$ 248,984.17

	Balance 9/1/2018	Additions	Reductions	Balance 8/31/2019	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$ 563,181.64	\$ 375,080.75	\$ 356,862.42	\$ 581,399.97	\$ 401,165.98	\$ 180,233.99

Post Employment Health Care and Life Insurance

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Lamar State College Port Arthur participates in the ERS insurance plans. The information regarding the State's contribution, the number of eligible retirees and the cost of providing those benefits is included in the notes to the annual financial report of the ERS.

Note 6: Bonded Indebtedness

All bonded indebtedness for Lamar State College Port Arthur is issued by System Administration through the Texas State University System Revenue Financing System (RFS). System Administration and each component institution within the system are members of the Revenue Financing System. The Board of Regents pledged all of the funds (revenues) and balances derived or attributable to any member of the Revenue Financing System that are lawfully available to the Board for payments on Parity Debt.

System Administration issued the debt; therefore, the bonds payable attributable to the institution are included with the Bonds Payable reported by System Administration. The institution must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for informational purposes only.

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**Lamar State College Port Arthur
Notes to the Financial Statements
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Debt Service Requirements Attributable to Lamar State College Port Arthur:

Description	Year	Principal	Interest	Total
All Series	2021	\$ 962,520.00	\$ 390,771.20	\$ 1,353,291.20
	2022	1,000,000.00	348,064.20	1,348,064.20
	2023	570,000.00	301,225.20	871,225.20
	2024	595,000.00	275,830.06	870,830.06
	2025	625,000.00	249,121.90	874,121.90
	2026-2030	3,465,000.00	792,297.20	4,257,297.20
	2031-2035	1,345,000.00	91,705.00	1,436,705.00
	2036-2040	-	-	-
	2041-2045	-	-	-
	2045-2049	-	-	-
TOTALS		\$ 8,562,520.00	\$ 2,449,014.76	\$ 11,011,534.76

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$1,272,753 and \$1,268,180 during the 2020 and 2019 fiscal years, respectively, for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

Note 7: Derivatives

Lamar State College Port Arthur has no derivative instruments to report as of August 31, 2020 and 2019.

Note 8: Leases

Lamar State College Port Arthur has entered into various operating leases for equipment. Rental expense was \$37,537.11 and \$32,820.98 (fund type - proprietary fund) for the respective operating leases for the fiscal year ended August 31, 2020 and 2019, respectively.

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**Lamar State College Port Arthur
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Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2020 and 2019 were as follows:

				2020	2019
	Fiscal Year				
	2020			\$ -	\$ 34,380.92
	2021			35,870.88	31,380.72
	2022			31,151.28	26,661.12
	2023			23,430.09	18,939.93
	2024			4,939.20	3,008.08
	2025			-	-
	2026-2030			-	-
				<u>\$ 95,391.45</u>	<u>\$ 114,370.77</u>

Note 9: Defined Benefit Pension Plans and Defined Contribution Plan

Defined Benefit Pension Plan - Teacher Retirement System of Texas (TRS)

Lamar State College Port Arthur participates in a cost-sharing, multi-employer, defined benefit pension plan administered by TRS. The plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature.

All College personnel employed in a TRS-eligible position on a one-half time or greater basis that is projected to last for 4½ months or more are eligible for membership in the TRS retirement plan. Students employed in positions that require student status as a condition of employment do not participate.

The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered employees who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic post-employment benefit changes, including automatic cost of living adjustments.

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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.

TRS is primarily funded through State and employee contributions. TRS contribution rates are established by the State Legislature. Contributions by employees were 7.7 percent of gross earnings for 2020 and 2019, while employer contributions were 7.5 percent and 6.8 percent of the participants' gross earnings for 2020 and 2019, respectively. Depending upon the source of funding for a participant's salary, the College may be required to make contributions in lieu of the State. Contributions to TRS for the year ended August 31, 2020 and 2019, attributable to the College's portion of the pension obligation were as follows:

	Year ended August 31, 2020
Employee Contributions	\$ 560,487.14
Employer Contributions	548,604.59
Total	\$1,109,091.73

	Year ended August 31, 2019
Employee Contributions	\$ 534,940.75
Employer Contributions	476,228.72
Total	\$1,011,169.47

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TRS currently does not separately account for each of its component government agencies because TRS itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in TRS's annual financial report, which may be found on the TRS website at www.trs.state.gov.

In accordance with the Reporting Requirements for Annual Financial Reports of State Agencies and Universities (Reporting Requirements) promulgated by the Texas Comptroller of Public Accounts, the Texas State University System has implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, which includes the net pension expense, net pension liability, and related deferred inflows and outflows. Under the Reporting Requirements, employees of the College are treated as employees of the System for GASB 68 reporting; therefore, these financial statements neither record nor disclose the net pension expense, net pension liability, or related deferred inflows and outflows attributable to the College. Recording and disclosure of this information occurs for the System as a whole in the consolidated Annual Financial Report of the Texas State University System (TSUS). The State of Texas and TSUS share responsibility for funding their proportional shares of the obligations of this plan.

Defined Contribution Plan - Optional Retirement Program (ORP)

The Optional Retirement Program (ORP) is the state defined contribution plan offered to certain eligible employees of universities and colleges in lieu of participation in the TRS. Employees eligible for participation in ORP are defined in Texas Administrative Code § 25.4. ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. Depending upon the source of funding for the employee's compensation, the College may be required to make the employer contributions in lieu of the State.

The State provides an option for a local supplement (up to 1.9%) on top of the State base rate. Participant contributions were made at a rate of 6.65% of annual compensation during FY 2020 and FY 2019. Employer contributions were made at the base rate of 6.6% unless the employee was grandfathered (i.e. the employee was contributing on August 31, 1995); in the case of grandfathered employees, the rate of the employer contributions was 8.5% of annual compensation.

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Contributions made by the participants and Lamar State College Port Arthur for the fiscal year ended August 31, 2020 and 2019 were as follows:

	Year ended August 31, 2020
Member Contributions	\$ 166,431.53
Employer Contributions	177,535.23
Total	\$ 343,966.76

	Year ended August 31, 2019
Member Contributions	\$ 161,999.91
Employer Contributions	173,820.84
Total	\$ 335,820.75

Since contributions are invested in individual annuity contracts, neither the State nor Lamar State College Port Arthur have any liability for this program.

Note 10: Deferred Compensation

Not Applicable: The Employee's Retirement System will report the plans, balances and liabilities for the State.

Note 11: Postemployment Benefits Other Than Pensions

Not Applicable: The disclosure of information on post-employment benefits other than pension benefits (OPEB) will be provided by the Employee's Retirement System.

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Note 12: Interfund Activity and Transactions

As explained in Note 1, Interfund Activities and Transactions are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due to Other Agencies
- Due From Other Funds or Due to Other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

Lamar State College Port Arthur experienced routine transfers with other state agencies which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statements.

Individual balances and activity at August 31, 2020 are as follows:

		Due From Other Agencies	Due To Other Agencies	Source
	Appd Fund 9999, D23, Fund 7999			
	* Agency 730, D23 Fund 7999	\$ 5,474.22	\$ -	Federal
	* Agency 781, D23 Fund 7999	55,672.54	-	Federal
	* Agency 734, D23 Fund 7999	1,984.50	-	LU
	Total Due From/To Other Agencies	\$ 63,131.26	\$ -	
		Transfers From Other Agencies	Transfers To Other Agencies	
	Mandatory Transfers			
	Appd Fund 9999, D23 Fund 9999			
	* Agency 758, D23 Fund 9999	\$ -	\$ 24,465.24	Local
	Non Mandatory Transfers			
	Appd Fund 9999, D23 Fund 9999			
	* Agency 758, D23 Fund 9999	-	202,533.00	Local
	* Agency 902, D23 Fund 0599	337,183.72	-	State
	* Agency 902, D23 Fund 0210	5,624.00	-	State
	Total Transfers From/To Other Agencies	\$ 342,807.72	\$ 226,998.24	
		Legislative Transfers From Other Agencies	Legislative Transfers To Other Agencies	
	Appd Fund 0001, D23 Fund 0001			
	* Agency 902, D23 Fund 0001	\$ 9,570.00	\$ -	State
	* Agency 758, D23 Fund 0001	-	1,272,753.00	General Revenue
	* Agency 758, D23 Fund 0001	-	110,356.25	General Revenue
	Total Legislative Transfers	\$ 9,570.00	\$ 1,383,109.25	

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Individual balances and activity at August 31, 2019 are as follows:

		Due From Other Agencies	Due To Other Agencies	Source
	Appd Fund 9999, D23, Fund 7999			
*	Agency 320, D23 Fund 7999	\$ 79,176.00	\$ -	State
*	Agency 320, D23 Fund 7999	13,620.66	-	Federal
*	Agency 730, D23 Fund 7999	5,521.98	-	Federal
*	Agency 781, D23 Fund 7999	65,974.54	-	Federal
	Total Due From/To Other Agencies	\$ 164,293.18	\$ -	
		Transfers From Other Agencies	Transfers To Other Agencies	
	Mandatory Transfers			
	Appd Fund 9999, D23 Fund 9999			
*	Agency 758, D23 Fund 9999	\$ -	\$ 4,977.30	Local
	Non Mandatory Transfers			
	Appd Fund 9999, D23 Fund 9999			
*	Agency 758, D23 Fund 9999	-	186,459.84	Local
*	Agency 902, D23 Fund 0210	6,867.00	-	State
	Total Transfers From/To Other Agencies	\$ 6,867.00	\$ 191,437.14	
		Legislative Transfers From Other Agencies	Legislative Transfers To Other Agencies	
	Appd Fund 0001, D23 Fund 0001			
*	Agency 902, D23 Fund 0001	\$ 11,788.00	\$ -	State
*	Agency 758, D23 Fund 0001	-	1,268,180.00	General Revenue
*	Agency 758, D23 Fund 0001	-	135,662.50	General Revenue
	Total Legislative Transfers	\$ 11,788.00	\$ 1,403,842.50	

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Note 13: Continuance Subject to Review

Lamar State College Port Arthur is not subject to a review of continuance.

Note 14: Adjustments to Fund Balances and Net Position

Lamar State College Port Arthur has no restatements of Fund Balances and Net Position to report as of August 31, 2020 and 2019.

Note 15: Contingencies and Commitments

At August 31, 2020 and 2019, various lawsuits and claims involving Lamar State College Port Arthur were pending. While the ultimate liability with respect to litigation and other claims asserted against the College or the Board of Regents cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Lamar State College Port Arthur has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

Lamar State College Port Arthur has outstanding capital commitments for various construction projects at various stages in the amount of \$697,544.89 at August 31, 2020.

Note 16: Subsequent Events

Lamar State College Port Arthur has no subsequent events to report as of August 31, 2020 and 2019.

Note 17: Risk Management

Unemployment Compensation: The State provides coverage for unemployment benefits for College employees from appropriations made to the Texas Workforce Commission (TWC). The current General Appropriations Act provides that the College must reimburse the General Revenue Fund from College appropriations 50% of the unemployment benefits paid for State funded positions and 100% of the cost for unemployment compensation for any positions paid from funds held in local bank accounts and local funds held in the State Treasury. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The unemployment benefit plan is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2020 and 2019.

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Workers' Compensation: The administration of the State's employee workers' compensation program is vested with the State Office of Risk Management (SORM). In accordance with H.B. No. 1203, 77th Legislature, SORM developed and imposed a formula-driven charge for workers' compensation costs upon participating agencies. The workers' compensation assessment is prepaid to SORM through an Interagency Contract for risk management services and workers' compensation coverage for its employees in compliance with Texas Labor Code Chapter 412 and Chapter 501. The assessment paid during the fiscal year ended August 31, 2020 and 2019 amounted to \$19,091.83 and \$31,050.51, respectively.

Lamar State College Port Arthur is required by certain bond covenants and FEMA to carry Fire and Extended Coverage and Boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary Enterprise, Educational and General and other Non-Educational and General Funds. The insurance protects the bond holders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments and the federal government for storm damage. No insurance claims were made during the fiscal year ended August 31, 2020 and 2019.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 bodily injury and \$25,000 property damage. All vehicles owned and/or leased by Lamar State College Port Arthur are covered by a commercial insurance policy specifically customized for the Texas State University System, which provides coverage to the extent of \$1,000,000 combined single liability. The coverage exceeds the extent of the waivers of state immunity specified in the Texas Tort Claims Act, Civil Properties and Remedies Code Section 101.023.

Lamar State College Port Arthur is exposed to a variety of civil claims resulting from the performance of its duties. It is the College's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

Lamar State College Port Arthur assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, the College is not involved in any risk pools with other government entities.

The College's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. There were no liabilities to report during the fiscal year ended August 31, 2020 and 2019, respectively.

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Note 18: Management's Discussion and Analysis

Management's Discussion and Analysis is a required part of the basic financial statements. Management's Discussion and Analysis is omitted because Lamar State College Port Arthur is reported in a consolidated format with Texas State University System which is reported as a component of the State of Texas. Management's Discussion and Analysis as it relates to Texas State University System can be found in the State of Texas basic financial statements.

Note 19: The Financial Reporting Entity

Lamar State College Port Arthur is a state-supported college, governed by an elected nine-member board. As required by generally accepted accounting principles, these financial statements are presented for Lamar State College Port Arthur. There are no component units.

The College is affiliated with one foundation and an alumni association that has the sole purpose of supporting the educational and other activities of the College. These entities solicit donations and act as coordinator of gifts made by other parties.

Port Arthur Higher Education Foundation

The Port Arthur Higher Education Foundation is a non-profit organization which was established for the purpose of cooperating with and working on behalf of the College. Neither the transactions of this organization or its fund balances are reflected in the financial statements during the year ended August 31, 2020 and 2019.

The Port Arthur Higher Education Foundation gave \$136,175.00 and \$135,630.00 in scholarship money directly to Lamar State College Port Arthur students during the year ended August 31, 2020 and 2019, respectively.

Lamar Port Arthur Alumni Association

The Lamar Port Arthur Alumni Association is a non-profit organization which was established for the purpose of cooperating with and working on behalf of the College. Neither the transactions of this organization or its fund balances are reflected in the financial statements during the year ended August 31, 2020 and 2019.

Note 20: Stewardship, Compliance, and Accountability

Not Applicable

Note 21: For Future Use

Not Applicable

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Note 22: Donor Restricted Endowments

Lamar State College Port Arthur has no cumulative net appreciation on investments of donor restricted endowments to report as of August 31, 2020 and 2019.

Note 23: Extraordinary and Special Items

Not Applicable

Note 24: Disaggregation of Receivable and Payable Balances

Other receivables and other payables as of August 31, 2020 are comprised of the following:

A. Receivables:

Federal Receivable	
Scholarship and Other	<u>\$ 747,252.67</u>

B. Other Current Payables:

Refundable Student Deposit	<u>\$ -0 -</u>
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Other receivables and other payables as of August 31, 2019 are comprised of the following:

A. Receivables:

Federal Receivable	
Scholarship and Other	<u>\$ 963,817.35</u>

B. Other Current Payables:

Refundable Student Deposit	<u>\$ -0 -</u>
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Note 25: Termination Benefits

Lamar State College Port Arthur has no termination benefits to report as of August 31, 2020 and 2019.

Note 26: Segment Information

Lamar State College Port Arthur has no segments to report as of August 31, 2020 and 2019.

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**Lamar State College Port Arthur
Notes to the Financial Statements
August 31, 2020 and 2019**

Note 27: Service Concession Arrangements

Lamar State College Port Arthur has no service concession arrangements to report as of August 31, 2020 and 2019.

Note 28: Deferred Outflows of Resources and Deferred Inflows of Resources

Lamar State College Port Arthur has no deferred outflows of resources and deferred inflows of resources to report as of August 31, 2020 and 2019.

Note 29: Troubled Debt Restructuring

Lamar State College Port Arthur has no troubled debt restructuring to report as of August 31, 2020 and 2019.

Note 30: Non-Exchange Financial Guarantees

Lamar State College Port Arthur has no non-exchange financial guarantees to report as of August 31, 2020 and 2019.

Note 31: Tax Abatements

Lamar State College Port Arthur has no tax abatements to report as of August 31, 2020 and 2019.

Note 32: Governmental Fund Balances

Lamar State College Port Arthur has no fund balances to report for governmental funds that are being classified other than the default for the fund type as of August 31, 2020 and 2019.

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LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 1A - Schedule of Expenditures of Federal Awards
Schedule of Federal Financial Assistance
For the Fiscal Year Ended August 31, 2020

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	Agy #	Univ #	Identifying #	PASS-THROUGH FROM		Total Pass-Through & Direct Program	Expenditures	Pass Thru To & Expenditures
					Agency or Univ. Amount	Direct Program Amount			
U.S. Department of Education									
Direct Programs:									
Federal Supplemental Education Opportunity Grants	84.007				\$ -	\$ 62,300.00	\$ 62,300.00	\$ 62,300.00	\$ 62,300.00
Higher Education Institutional Aid	84.031				-	158,543.21	158,543.21	158,543.21	158,543.21
Federal Family Education Loan	84.032				-	3,082,454.00	3,082,454.00	3,082,454.00	3,082,454.00
Federal Work-Study Program	84.033				-	60,479.00	60,479.00	60,479.00	60,479.00
Federal Pell Grant Program	84.063				-	4,491,405.77	4,491,405.77	4,491,405.77	4,491,405.77
Administrative Cost Recovery	84.063				-	6,565.00	6,565.00	6,565.00	6,565.00
Education Stabilization Fund	84.425				-	956,631.70	956,631.70	956,631.70	956,631.70
Education Stabilization Fund	84.425L				-	13,777.84	13,777.84	13,777.84	13,777.84
Totals - U.S. Department of Education					-	8,832,156.52	8,832,156.52	8,832,156.52	8,832,156.52
U.S. Department of Commerce									
Direct Programs:									
Investments for Public Works and Economic Development	11.300				-	765,733.94	765,733.94	765,733.94	765,733.94
Economic Adjustment Assistance	11.307				-	38,800.00	38,800.00	38,800.00	38,800.00
Totals - U.S. Department Commerce					-	804,533.94	804,533.94	804,533.94	804,533.94
Pass-Through From:									
Texas Higher Education Coordinating Board		781							
Vocational Education Basic Grants to States	84.048				240,457.00	-	240,457.00	240,457.00	240,457.00
Totals - U.S. Department of Education					240,457.00	-	240,457.00	240,457.00	240,457.00
Small Business Administration									
Pass-Through From:									
University of Houston			730						
U.S. Small Business Administration	59.037				26,973.82	-	26,973.82	26,973.82	26,973.82
Totals - Small Business Administration					26,973.82	-	26,973.82	26,973.82	26,973.82
U.S. Department of Labor									
Pass-Through From:									
Texas Workforce Commission		320							
U.S. Department of Labor	17.207				36,264.05	-	36,264.05	36,264.05	36,264.05
Totals - U.S. Department of Labor					36,264.05	-	36,264.05	36,264.05	36,264.05
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 303,694.87	\$ 9,636,690.46	\$ 9,940,385.33	\$ 9,940,385.33	\$ 9,940,385.33

Note 1 is "not applicable."

Note 2: Reconciliation:

Federal Revenue - Operating (SRECNP)	\$ 281,322.21
Federal Pass Through Revenue (SRECNP)	303,694.87
Federal Revenue - Nonoperating (SRECNP)	6,272,914.25
	6,857,931.33
Reconciling Item:	
Federal Family Education Loan Program (FFELP)	3,082,454.00
Total Pass-Through and Expenditures Per Federal Schedule	\$ 9,940,385.33

Notes 3, 5, 6, and 7 are "not applicable."

Note 8 is "not applicable."

Note 9 is "not applicable."

Note 10 is "no."

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LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2020

	<u>Agency #</u>	<u>Amount</u>
Pass Through From:		
Texas Higher Education Coordinating Board	781	
College Work Study		\$ 9,741.00
Professional Nursing Shortage Reduction Program		46,205.61
Texas Education Opportunity Grant		372,796.00
Texas Workforce Commission	320	
Skills for Small Business		<u>37,973.46</u>
Total State Pass-Through Agency 788		<u><u>\$ 466,716.07</u></u>

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LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2020

SCHEDULE NOT USED

UNAUDITED

LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2020

SCHEDULE NOT USED

UNAUDITED

LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2020

SCHEDULE NOT USED

UNAUDITED

LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2020

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2020**

SCHEDULE NOT USED

UNAUDITED

LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 2F - Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2020

SCHEDULE NOT USED

Texas State University System
Lamar State College Port Arthur
Schedule 3 - Reconciliation of Cash in State Treasury
August 31, 2020

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund 0286	\$ 2,487,807.31	\$ -	\$ 2,487,807.31
Total Cash in State Treasury (Stmt of Net Assets)	\$ 2,487,807.31	\$ -	\$ 2,487,807.31

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LAMAR STATE COLLEGE PORT ARTHUR
SCHEDULE 4 - Higher Education Fund
For the Fiscal Year Ended August 31, 2020

BALANCE AT SEPTEMBER 1, 2019	<u>\$ 3,513,522.32</u>
REVENUES	
HEF Appropriations	<u>2,157,784.00</u>
Total Revenues	<u>2,157,784.00</u>
EXPENSES	
Other Expenses	937,148.76
Construction in Progress	<u>329,297.92</u>
Total Expenditures	<u>1,266,446.68</u>
BALANCE AT AUGUST 31, 2020	<u><u>\$ 4,404,859.64</u></u>