



Lamar State College
Port Arthur

Member - The Texas State University System

ANNUAL FINANCIAL REPORT

FISCAL YEAR 2016

(September 1, 2015 – August 31, 2016)





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Port Arthur

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Lamar State College - Port Arthur

MEMBER TEXAS STATE UNIVERSITY SYSTEM™

November 20, 2016

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

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

We are pleased to submit the annual financial report of Lamar State College Port Arthur for the year ended August 31, 2016, 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 at 409-984-6125.

Sincerely,

Dr. Betty Reynard
President

MAW





Lamar State College - Port Arthur

MEMBER TEXAS STATE UNIVERSITY SYSTEM™

November 20, 2016

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, 2016.

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 Mary Wickland at 409 984-6125.

Respectfully Submitted,

Mary Wickland, CPA
Vice President for Finance and Operations



LAMAR STATE COLLEGE PORT ARTHUR

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THE TEXAS STATE UNIVERSITY SYSTEM

Thomas J. Rusk Building
208 E. 10th Street, Suite 600
Austin, Texas 78701-2407
Telephone: (512) 463-1808

ORGANIZATIONAL DATA AS OF AUGUST 31, 2016

BOARD OF REGENTS

OFFICERS

Dr. James Garza	Chairman
Rossanna Salazar	Vice Chair

MEMBERS

<u>Name</u>	<u>City (Texas)</u>	<u>Term Expires</u>
Charlie Amato	San Antonio	2/1/2019
Veronica Muzquiz-Edwards	San Antonio	2/1/2021
David Montagne	Beaumont	2/1/2021
Vernon Reaser III	Bellaire	2/1/2019
William Scott	Nederland	2/1/2019
Alan Tinsley	Madisonville	2/1/2021
Donna Williams	Arlington	2/1/2017
Dylan McFarland	Huntsville	5/31/2017

ADMINISTRATIVE OFFICERS

SYSTEM OFFICE

Dr. Brian McCall	Chancellor
Dr. John Hayek	Vice Chancellor for Academic Affairs
Dr. Fernando Gomez	Vice Chancellor and General Counsel
Dr. Roland Smith	Vice Chancellor for Finance
Peter Graves	Vice Chancellor for Contract Administration
Sean Cunningham	Vice Chancellor for Governmental Relations

LAMAR STATE COLLEGE PORT ARTHUR

Dr. Betty Reynard	President
Dr. Gary Stretcher	Vice President for Academic Affairs
Mary Wickland	Vice President for Finance and Operations
Dr. Deborrah Hebert	Dean of Student Services



UNAUDITED
Lamar State College Port Arthur
Texas State University System
Student Enrollment Data
For the Year Ended August 31, 2016

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2015	SPRING 2016	SUMMER TERM 2016	
			FIRST	SECOND
Texas Residents	1,324	1,540	521	177
Out of State (Classified as Residents)				
Out of State	21	29	9	
Foreign	10	8	1	1
Children of Disabled Firemen or Peace Officers				
Children of Deceased Public Servants				
Children of Professional Nurses				
Peace Officer				
Concurrent Enrollment	114	20		
Foster Children of the State	2	3		
Good Neighbor				
High School Honor Scholarships				
High Ranking Senior				
Hazelwood Act	36	17	9	1
Senior Citizens	7			
Commission for the Blind/Deaf	3		2	
Fireman Exempt				
Thesis Only				
Nursing				
Faculty/Staff	16	2	1	
Teaching Assistants				
Competitive Scholarships	6			
Military Personnel and Dependents				
Louisiana Adjacent County	11	9	2	
Mexico Pilot				
National Student Exchange Program				
Reciprocal Exchange International				
New Mexico Adjacent County				
Texas Tomorrow Waiver				
Adopted Students				
Pase				
Distance Learning				
Family & Consumer Science Alliance Agreement				
Clinical Preceptor Exempt				
Beaumont-Louisiana Non-resident				
Economic Development				
Multi Texas University				
TDCJ-54.218 Education Code	252	127	53	18
Trio Grant Math 0301				
HB 1406 Non US Citizen				
Totals	<u>1,802</u>	<u>1,755</u>	<u>598</u>	<u>197 *</u>

Enrollment Data (Fall Semester)

Fiscal Year	STUDENTS	SEMESTER HOURS
2016	1,802	16,406
2015	2,078	18,864
2014	2,295	22,087
2013	2,800	23,547
2012	2,643	22,917



Texas State University System
Lamar State College Port Arthur
Statement of Net Position
August 31, 2016

	Total
ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 1,100.00
Cash in Bank	1,342,591.35
Cash in State Treasury	2,045,483.39
Cash Equivalents	3,090,377.73
Legislative Appropriations	3,491,440.12
Receivables:	
Federal	472,714.00
Accounts Receivable	1,125,881.74
Due From Other Agencies	66,601.89
Prepaid Items	505,721.26
Loans and Contracts	309,243.61
Total Current Assets	12,451,155.09
Non-Current Assets:	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	1,011,914.47
Cash Equivalents	785,489.54
Capital Assets:	
Non-Depreciable or Non-Amortizable	
Land and Land Improvements	1,973,283.64
Construction in Progress	556,099.43
Depreciable or Non-Amortizable	
Buildings and Building Improvements	32,082,254.20
Less Accumulated Depreciation	(22,173,738.46)
Facilities and Other Improvements	4,066,872.41
Less Accumulated Depreciation	(1,268,554.09)
Furniture and Equipment	2,542,575.56
Less Accumulated Depreciation	(1,911,890.48)
Vehicles, Boats, and Aircraft	242,466.52
Less Accumulated Depreciation	(216,106.29)
Other Capital Assets	3,016,260.88
Less Accumulated Depreciation	(2,363,033.11)
Total Non-Current Assets	18,343,894.22
Total Assets	\$ 30,795,049.31

Texas State University System
Lamar State College Port Arthur
Statement of Net Position
August 31, 2016

	Total
LIABILITIES AND DEFERRED INFLOWS	
Current Liabilities:	
Payables from:	
Accounts	\$ 304,315.63
Payroll	964,854.27
Other	11,598.31
Unearned Revenues	3,738,921.98
Employees' Compensable Leave	366,628.06
Total Current Liabilities	<u>5,386,318.25</u>
Non-Current Liabilities:	
Employees' Compensable Leave	<u>244,418.71</u>
Total Non-Current Liabilities	<u>244,418.71</u>
Total Liabilities	<u><u>\$ 5,630,736.96</u></u>
 NET POSITION	
Invested in Capital Assets, Net of Related Debt	\$ 16,546,490.21
Restricted For	
Funds Held As Permanent Investments:	
Non-Expendable	1,200,301.63
Other	1,753,213.55
Unrestricted	<u>5,664,306.96</u>
Total Net Position	<u><u>\$ 25,164,312.35</u></u>

Texas State University System
Lamar State College Port Arthur
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2016

	Total
OPERATING REVENUES	
Sales of Goods and Services	
Tuition and Fees - Pledged	\$ 7,552,759.19
Discounts and Allowances	(2,716,465.68)
Auxiliary Enterprises - Pledged	74,196.55
Other Sales of Goods and Services - Pledged	202,466.11
Federal Revenue-Operating	101,712.62
Federal Pass-Through Revenue	187,129.83
State Grant Pass-Through Revenue	796,613.06
Other Operating Revenues	690,967.65
Total Operating Revenues	6,889,379.33
OPERATING EXPENSES	
Instruction	7,331,511.17
Public Service	533,584.77
Academic Support	1,907,298.47
Student Services	1,197,954.83
Institutional Support	3,398,255.34
Operation and Maintenance of Plant	2,359,050.95
Scholarship and Fellowships	2,097,353.88
Auxiliary Enterprise Expenditures	1,724,278.68
Depreciation and Amortization	1,484,526.49
Total Operating Expenses	22,033,814.58
Operating Income (Loss)	\$ (15,144,435.25)
NONOPERATING REVENUES (EXPENSES):	
Legislative Revenue	\$ 9,559,247.00
Additional Appropriations	2,680,463.52
Federal Revenue	2,657,643.91
Gifts	412,451.40
Interest and Investment Income (Expense)	33,713.09
Other Nonoperating Revenues (Expenses)	10,330.00
Total Nonoperating Revenues (Expenses)	15,353,848.92
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	209,413.67

Texas State University System
Lamar State College Port Arthur
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2016

	Total
OTHER REVENUES, EXPENSES, GAINS/LOSSES	
AND TRANSFERS	
Capital Appropriations (HEAF)	1,438,523.00
Transfer In	77,209.40
Transfer Out	(121,595.00)
Legislative Transfer In	11,243.00
Legislative Transfer Out	(996,112.10)
Lapses	(1.40)
 Total Other Revenues, Expenses, Gains/Losses and Transfers	 409,266.90
 Change in Net Position	 618,680.57
Net Position, September 1, 2015	24,545,631.78
NET POSITION, August 31, 2016	\$ 25,164,312.35

Texas State University System
Lamar State College Port Arthur
Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Hospitals and Clinics	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	4,924,151.81			361,341.92	796,728.40	824,395.13	1,766,759.83	696,242.05	78,192.61	629,138.15		10,076,948.70
Payroll Related Costs	1,665,724.48			107,705.38	288,919.32	305,913.10	598,878.56	286,586.14		180,991.26		3,434,518.24
Professional Fees and Services	22,461.23			54.95	96,386.35		14,610.42	180,982.84		60,669.55		375,165.34
Federal Grant Pass-Through Expense												-
State Grant Pass-Through Expense												-
Travel	36,022.05			10,186.27	61,420.38		818.39			67,165.38		175,612.47
Materials and Supplies	155,080.37			28,598.95	27,904.82	70.96	160,619.67	185,539.72	879.03	66,581.02		805,274.54
Communications and Utilities				1,900.50	60,396.46		36,289.25	467,563.82		20,866.71		587,016.74
Repairs and Maintenance	33,022.34			82.74	36,193.60	794.44	8,916.39	510,896.09		42,608.01		632,493.61
Rentals and Leases	28,730.97			1,897.42	4,455.81		6,738.79	1,941.69		(3,871.68)		39,691.00
Printing and Reproduction	529.40				1,273.58	5,665.36	25,543.23			10,857.47		43,869.04
Depreciation and Amortization*											1,484,526.49	1,484,526.49
Bad Debt Expense	134,070.49				110.89		667.65		10,753.59	861.13		146,463.75
Interest												-
Scholarships	17,450.00						16,152.55		2,006,778.65	453,921.41		2,494,302.61
Claims and Judgments												-
Other Operating Expenses	314,268.23			22,036.64	533,508.86	61,115.84	762,462.81	49,298.60	750.00	194,490.27		1,937,931.05
Total Operating Expenses	7,331,511.17	0.00	0.00	533,584.77	1,907,296.47	1,197,954.83	3,398,255.34	2,359,050.95	2,097,353.88	1,724,278.68	1,484,526.49	22,033,814.58

* Depreciation and Amortization may be allocated to the various functions or shown entirely in the Depreciation and Amortization column

Texas State University System
Lamar State College Port Arthur
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2016

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 74,196.55
Proceeds from Tuition and Fees	5,180,268.63
Proceeds from Auxiliaries	202,466.11
Proceeds from Other Operating Revenues	3,104,296.45
Payments to Suppliers for Goods and Services	(7,378,331.63)
Payments to Employees for Salaries	(10,509,378.29)
Payments to Employees for Benefits	(3,454,268.15)
Net Cash Provided by Operating Activities	(12,780,750.33)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	13,678,233.52
Proceeds from Gifts	412,451.40
Proceeds of Transfers from Other Funds	88,452.40
Proceeds from Grant Receipts	2,657,643.91
Payments for Transfers to Other Funds	(115,194.00)
Payments for Other Noncapital Financing Uses	(1.40)
Net Cash Provided by Noncapital Financing Activities	16,721,585.83
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	(943,315.82)
Payments of Principal on Debt	(705,131.12)
Payments of Interest on Debt Issuance	(297,381.98)
Net Cash Provided by Capital and Related Financing Activities	(1,945,828.92)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest Income	33,713.09
Proceeds from Investment Income	10,330.00
Net Cash Provided by Investing Activities	44,043.09
Net Increase (Decrease) in Cash and Cash Equivalents	2,039,049.67
Cash and Cash Equivalents, September 1, 2015	6,237,906.81
Cash and Cash Equivalents, August 31, 2016	\$ 8,276,956.48

Texas State University System
Lamar State College Port Arthur
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2016

Total

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (15,144,435.25)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	1,484,526.49
Bad Debt Expense	146,463.75
Operating Income (Loss) and Cash Flow Categories:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	1,290,970.75
(Increase) Decrease in Due from Other Funds	(7,037.64)
(Increase) Decrease in Prepaid Expenses	(79,202.36)
(Increase) Decrease in Loans & Contracts	(108,332.71)
Increase (Decrease) in Payables	(250,979.12)
Increase (Decrease) in Unearned Revenue	349,784.26
Increase (Decrease) in Compensated Absence Liability	(19,749.91)
Increase (Decrease) in Benefits Payable	(432,428.59)
Increase (Decrease) in Other Liabilities	(10,330.00)
Total Adjustments	2,363,684.92
Net Cash Provided by Operating Activities	\$ (12,780,750.33)

UNAUDITED

Lamar State College Port Arthur
Notes to the Financial Statements

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. The fund designation for institutions of higher education is a Business Type Activity within the Proprietary Fund Type.

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.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or 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.

Business activity type funds (proprietary funds) are accounted for on the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or

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Lamar State College Port Arthur Notes to the Financial Statements

producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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 Fund Balances/Net Position

Assets

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For pension trust funds, investments are required to be reported at fair value using the full accrual basis of accounting in accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the operating statement. These costs are reported at gross.

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.

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Lamar State College Port Arthur Notes to the Financial Statements

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be 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 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. This account can appear in governmental and proprietary fund types.

Liabilities

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Payables – Current and Noncurrent

The disaggregation of other payables as reported in the financial statements is disclosed in Note 24. Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions. Other payables may be included in either the governmental or proprietary fund types.

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.

UNAUDITED

Lamar State College Port Arthur Notes to the Financial Statements

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" on the proprietary fund statements.

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.

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.

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Lamar State College Port Arthur
Notes to the Financial Statements

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.

UNAUDITED

Lamar State College Port Arthur
Notes to the Financial Statements

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2016 is presented below:

Capital Assets	Beginning Balance	Adjustments/ Reclass	Additions	Deletions	Ending Balance
Non-Depreciable Assets:					
Land	\$ 1,959,717.88	\$ -	\$ 13,565.76	\$ -	\$ 1,973,283.64
Construction In Progress	5,712.50	-	550,386.93	-	556,099.43
Total Non-Depreciable Assets	\$ 1,965,430.38	\$ -	\$ 563,952.69	\$ -	\$ 2,529,383.07
Depreciable Assets:					
Buildings	\$ 32,082,254.20	\$ -	\$ -	\$ -	\$ 32,082,254.20
Facilities and Other	4,066,872.41	-	-	-	4,066,872.41
Furniture and Equipment	2,255,726.50	-	295,372.06	(8,523.00)	2,542,575.56
Fleet Vehicles	242,466.52	-	-	-	242,466.52
Other Assets	2,932,269.81	-	83,991.07	-	3,016,260.88
Total Depreciable Assets at Historical Costs	\$ 41,579,589.44	\$ -	\$ 379,363.13	\$ (8,523.00)	\$ 41,950,429.57
Less: Accumulated Depreciation for:					
Buildings	\$ (21,159,555.34)	\$ -	\$ (1,014,183.12)	\$ -	\$ (22,173,738.46)
Facilities and Other	(1,107,246.49)	-	(161,307.60)	-	(1,268,554.09)
Furniture and Equipment	(1,721,593.89)	-	(198,819.59)	8,523.00	(1,911,890.48)
Fleet Vehicles	(199,814.13)	-	(16,292.16)	-	(216,106.29)
Other Assets	(2,269,109.09)	-	(93,924.02)	-	(2,363,033.11)
Total Accumulated Depreciation	\$ (26,457,318.94)	\$ -	\$ (1,484,526.49)	\$ 8,523.00	\$ (27,933,322.43)
Depreciable Assets, Net	\$ 15,122,270.50	\$ -	\$ (1,105,163.36)	\$ -	\$ 14,017,107.14
Total Capital Assets, Net	\$ 17,087,700.88	\$ -	\$ (541,210.67)	\$ -	\$ 16,546,490.21

UNAUDITED

Lamar State College Port Arthur
Notes to the Financial Statements

Note 3: Deposits, Investments, and Repurchase Agreements

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 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.

Deposits of Cash in Bank

As of August 31, 2016, the carrying amount of deposits was \$2,354,505.82 as presented below:

CASH IN BANK - CARRYING AMOUNT PER AFR	\$ 2,354,505.82
Proprietary Funds Current Assets Cash in Bank	1,342,591.35
Proprietary Funds Noncurrent Assets Restricted Cash in Bank	1,011,914.47
 Cash in Bank per AFR	 <u><u>\$ 2,354,505.82</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, 2016, the total **bank balance** was as follows:

Governmental and Business-Type Activities	\$2,557,518.02	Fiduciary Funds	\$0.00	Discrete Component Units	\$0.00
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Lamar State College Port Arthur
Notes to the Financial Statements

Investments

As of August 31, 2016, the fair value of investments were:

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

		Fair Value	
Other Commingled Funds	TexPool	\$ 125,571.65	
	TexPool Prime	3,750,295.62	
Total Investments		<u>\$ 3,875,867.27</u>	
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES			
Proprietary Funds	Current Assets	Cash Equivalents	\$ 3,090,377.73
Proprietary Funds	Current Assets	Restricted Cash Equivalents	-
Proprietary Funds	Noncurrent Assets	Restricted Cash Equivalents	785,489.54
Total Investments			<u>\$ 3,875,867.27</u>

Note 4: Short-Term Debt

Lamar State College Port Arthur has no short term debt to report as of August 31, 2016.

UNAUDITED

Lamar State College Port Arthur
Notes to the Financial Statements

Note 5: Long-Term Liabilities

Bonds Payable

See Note 6 for a discussion of Bonds Payable.

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.

	Balance 9/1/2015	Additions	Reductions	Balance 8/31/2016	Amount Due Within One Year	Amount Due Thereafter
Compensable Leave	\$ 630,796.68	\$ 397,711.79	\$ 417,461.70	\$ 611,046.77	\$ 366,628.06	\$ 244,418.71

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. 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

**DEBT SERVICE REQUIREMENTS ATTRIBUTABLE
TO LAMAR STATE COLLEGE PORT ARTHUR**

Description	Year	Principal	Interest	Total
All Series	2017	\$ 736,711.83	\$ 267,961.38	\$ 1,004,673.21
	2018	745,423.94	232,641.28	978,065.22
	2019	586,120.70	196,948.60	783,069.30
	2020-2024	2,245,259.86	556,358.18	2,801,618.04
	2025-2029	1,050,000.00	207,168.76	1,257,168.76
	2030-2034	485,000.00	30,537.52	515,537.52
	2035-2039	-	-	-
	2040-2044	-	-	-
	2045	-	-	-
TOTALS		\$ 5,848,516.33	\$ 1,491,615.72	\$ 7,340,132.05

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$862,351 during the current fiscal year for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

Note 7: Derivative Instruments

Lamar State College Port Arthur has no derivative instruments to report as of August 31, 2016.

Note 8: Leases

Lamar State College Port Arthur has no capital lease and no operating lease obligations to report as of August 31, 2016.

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Lamar State College Port Arthur
Notes to the Financial Statements

Note 9: Retirement Plans (administering agencies only)

The state established an optional retirement program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. The amounts contributed by plan members and by Lamar State College Port Arthur (Employer) for the fiscal year ended August 31, 2016 are:

	Year ended Aug. 31, 2016
Member Contributions	\$ 156,595.80
Employer Contributions	\$ 175,771.14
Total	\$ 332,366.94

Note 10: Deferred Compensation (administering agencies only)

Not Applicable.

Note 11: Postemployment Health Care and Life Insurance Benefits (administering agencies only)

Not Applicable.

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 statement.

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Lamar State College Port Arthur
Notes to the Financial Statements

Individual balances and activity at August 31, 2016, follows:

	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 9999, D23, Fund 7999			
* Agency 320, D23 Fund 7999	\$ 18,975.06		State
* Agency 730, D23 Fund 7999	10,744.29		Federal
* Agency 734, D23 Fund 7999	1,000.00		Federal
* Agency 781, D23 Fund 7999	116,899.54	81,017.00	Federal
Total Due From/To Other Agencies	\$ 147,618.89	\$ 81,017.00	
	Transfers From Other Agencies	Transfers To Other Agencies	
Mandatory Transfers			
Appd Fund 9999, D23 Fund 9999			
* Agency 758, D23 Fund 9999		\$ 6,401.00	Local
Non Mandatory Transfers			
Appd Fund 9999, D23 Fund 9999			
* Agency 758, D23 Fund 9999		115,194.00	Local
* Agency 781, D23 Fund 5103	68,670.40		Local
* Agency 902, D23 Fund 0210	\$ 8,539.00		Local
Total Transfers From/To Other Agencies	\$ 77,209.40	\$ 121,595.00	
	Legislative Transfers From Other Agencies	Legislative Transfers To Other Agencies	
Appd Fund 0001, D23 Fund 0001			
* Agency 403, D23 Fund 0001	\$ 11,243.00		State
* Agency 758, D23 Fund 0001		\$ 862,349.60	General Revenue
* Agency 758, D23 Fund 0001		133,762.50	General Revenue
Total Legislative Transfers	\$ 11,243.00	\$ 996,112.10	

UNAUDITED

Lamar State College Port Arthur
Notes to the Financial Statements

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, 2016.

Note 15: Contingencies and Commitments

At August 31, 2016 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.

Note 16: Subsequent Events

None.

Note 17: Risk Management

The State provides coverage for workers' compensation and unemployment compensation benefits from appropriations made to other State agencies for Lamar State College Port Arthur employees. The current General Appropriations Act provides that the College must reimburse General Revenue Fund-Consolidated, from the College's appropriations, one-half of the unemployment benefits paid and twenty-five percent of the worker's compensation benefits paid for current and former employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each fund type. The College must reimburse the General Revenue Fund one hundred percent of the cost for worker's compensation and employment compensation for any employees paid from funds held in local bank accounts. Workers' compensation and unemployment plans are 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, 2016.

The College 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 bondholders 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, 2016.

UNAUDITED

Lamar State College Port Arthur Notes to the Financial Statements

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 \$20,000/\$40,000 bodily injury and \$15,000 property damage. However, the institution has chosen to carry liability insurance on their licensed vehicles in the amount of \$1,000,000 combined single liability amount. The coverage exceeds the extent of the waivers of state immunity in the Tort Claims Act.

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 there is no purchase of commercial insurance, nor is the College 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, 2016.

Note 18: Management Discussion and Analysis

Management Discussion and Analysis is a required part of the basic financial statements. Management 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 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 university, 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.

UNAUDITED

Lamar State College Port Arthur
Notes to the Financial Statements

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, 2016.

The Port Arthur Higher Education Foundation gave \$181,782.28 in scholarship money directly to Lamar State College Port Arthur students during the year ended August 31, 2016.

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, 2016.

Note 20: Stewardship, Compliance, and Accountability

Not Applicable

Note 21: For Future Use

Not Applicable

Note 22: Donor Restricted Endowments

Lamar State College Port Arthur has no donor restricted endowments to report as of August 31, 2016.

Note 23: Extraordinary and Special Items

Not Applicable

UNAUDITED

Lamar State College Port Arthur
Notes to the Financial Statements

Note 24: Disaggregation of Receivable and Payable Balances

Current Receivables and Other Current and Non-Current Liabilities as of August 31, 2016 are comprised of the following:

A. Current Assets

Federal Receivable	
Scholarship	<u>\$ 472,714.00</u>

B. Other Current Payables

Refundable Student Deposit	<u>\$ 11,598.31</u>
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Note 25: Termination Benefits

Lamar State College Port Arthur has no termination benefits to report as of August 31, 2016.

Note 26: Segment Information

Lamar State College Port Arthur has no segments to report as of August 31, 2016.

Note 27: Service Concession Arrangements

Lamar State College Port Arthur has no service concession arrangements to report as of August 31, 2016.

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, 2016.

Note 29: Trouble Debt Restructuring

Lamar State College Port Arthur has no trouble debt restructuring to report as of August 31, 2016.

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Lamar State College Port Arthur
Notes to the Financial Statements

Note 30: Non-Exchange Financial Guarantees

Lamar State College Port Arthur has no non-exchange financial guarantees to report as of August 31, 2016.

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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, 2016

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	PASS-THROUGH FROM				Direct Program Amount	Total Pass-Through & Direct Program	Expenditures	Pass Thru To & Expenditures
		Agy #	Univ #	Identifying #	Agency or Univ. Amount				
U.S. Department of Education									
Direct Programs:									
Federal Supplemental Education Opportunity Grants	84.007				\$ -	\$ 61,712.62	\$ 61,712.62	\$ 61,712.62	\$ 61,712.62
Federal Family Education Loan	84.032					2,171,025.00	2,171,025.00	2,171,025.00	2,171,025.00
Federal Work-Study Program	84.033					40,000.00	40,000.00	40,000.00	40,000.00
Federal Pell Grant Program	84.063					2,653,903.91	2,653,903.91	2,653,903.91	2,653,903.91
Administrative Cost Recovery	84.063					3,740.00	3,740.00	3,740.00	3,740.00
Pass-Through From:									
Texas Higher Education Coordinating Board Vocational Education Basic Grants to States	84.048		781		152,724.00		152,724.00	152,724.00	152,724.00
Pass-Through From:									
University of Houston U.S. Small Business Administration	59.037		730		34,405.83		34,405.83	34,405.83	34,405.83
Total U.S. Department of Education					\$ 187,129.83	\$ 4,930,381.53	\$ 5,117,511.36	\$ 5,117,511.36	\$ 5,117,511.36
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 187,129.83	\$ 4,930,381.53	\$ 5,117,511.36	\$ 5,117,511.36	\$ 5,117,511.36

Federal Assistance Schedule - Reconciliation

Note 1: Not Applicable

Note 2: Reconciliation:

Federal Revenue	\$ 2,759,356.53
Federal Pass Through Revenue	187,129.83
Total Federal Revenue and Federal Pass-Through Revenue	\$ 2,946,486.36
Reconciliation Items	
Federal Family Education Loan Program (FFELP)	\$ 2,171,025.00
Total Pass-Through & Expenditures Per Federal Schedule	5,117,511.36

UNAUDITED

LAMAR STATE COLLEGE - PORT ARTHUR
SCHEDULE 1B - Schedule of State Grant Pass Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2016

	<u>Agency #</u>	<u>Amount</u>
Pass Through From:		
Texas Higher Education Coordinating Board	781	
Texas Grants		\$ 26,250.00
Texas Education Opportunity Grant		539,540.00
College Work Study		12,132.00
Texas Workforce Commission	320	
Skills Development		<u>218,691.06</u>
Total State Pass-Through Agency 788		<u>\$ 796,613.06</u>

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**LAMAR STATE COLLEGE - PORT ARTHUR
SCHEDULE 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2016**

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE - PORT ARTHUR
SCHEDULE 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2016**

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE - PORT ARTHUR
SCHEDULE 2C- Debt Service Requirements
For the Fiscal Year Ended August 31, 2016**

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, 2016

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE - PORT ARTHUR
SCHEDULE 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2016**

SCHEDULE NOT USED

Texas State University System
 Lamar State College Port Arthur
 Schedule 3 - Reconciliation of Cash in State Treasury
 August 31, 2016

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0286	1,236,340.10	-	1,236,340.10
Total Cash in State Treasury (Stmnt of Net Assets)	1,236,340.10	-	1,236,340.10

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LAMAR STATE COLLEGE - PORT ARTHUR
SCHEDULE 4 - Higher Education Assistance Fund
For the Fiscal Year Ended August 31, 2016

	<u>Totals</u>
Balance September 1, 2015	\$ <u>3,087,614.27</u>
REVENUES	
HEAF Appropriations	<u>1,438,523.00</u>
Total Revenues	<u>1,438,523.00</u>
EXPENSES	
Other Expenses	776,572.23
Construction in Progress	<u>550,386.93</u>
Total Expenditures	<u>1,326,959.16</u>
 BALANCE AT AUGUST 31, 2016	 \$ <u><u>3,199,178.11</u></u>





