

# LAMAR STATE COLLEGE PORT ARTHUR

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FISCAL YEAR ENDING  
AUGUST 31, 2024

## ANNUAL FINANCIAL REPORT



# **Lamar State College Port Arthur**

**Member – The Texas State University System**

## **ANNUAL FINANCIAL REPORT**

**FISCAL YEAR 2024**

**(September 1, 2023 – August 31, 2024)**



## Lamar State College - Port Arthur

MEMBER TEXAS STATE UNIVERSITY SYSTEM™

November 20, 2024

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, Texas Comptroller  
Jerry McGinty, Director, Legislative Budget Board  
Lisa Collier, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of Lamar State College Port Arthur for the year ended August 31, 2024, 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, 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 *Annual Comprehensive Financial Report* (ACFR); 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. Shelley Cowart may be contacted at (409) 984-6137 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Dr. Betty Reynard  
President

MAW





## Lamar State College - Port Arthur

MEMBER TEXAS STATE UNIVERSITY SYSTEM™

November 20, 2024

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, 2024.

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 State of Texas Annual Comprehensive 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 Shelley Cowart at (409) 984-6137 or Mary Wickland at (409) 984-6125.

Respectfully Submitted,

Shelley Cowart  
Executive Director of Fiscal Management Services

Approved:

Mary Wickland, CPA  
Executive Vice President for Finance and Operations

UNAUDITED

# LAMAR STATE COLLEGE PORT ARTHUR

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# LAMAR STATE COLLEGE PORT ARTHUR

## Organizational Data For the Year Ended August 31, 2024

### BOARD OF REGENTS TEXAS STATE UNIVERSITY SYSTEM

Member	Member's City (Texas)	Term Expiration
Alan L. Tinsley, Chairman	Madisonville	February 1, 2027
Dionicio (Don) Flores, Vice Chairman	El Paso	February 1, 2025
Charlie Amato	San Antonio	February 1, 2025
Duke Austin	Houston	February 1, 2029
Sheila Faske	Rose City	February 1, 2027
Russell Gordy	Houston	February 1, 2029
Stephen Lee	Bastrop	February 1, 2027
Tom Long	Frisco	February 1, 2029
William F. Scott	Nederland	February 1, 2025
Olivia Discon, Student Regent	Huntsville	May 31, 2025

### SYSTEM ADMINISTRATION

Name	Title
Dr. Brian McCall	Chancellor
Dr. John Hayek	Vice Chancellor for Academic and Health Affairs
Nelly Herrera	Vice Chancellor and General Counsel
Daniel Harper	Vice Chancellor and Chief Financial Officer
Sean Cunningham	Vice Chancellor for Governmental Relations
Dr. 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, 2024**

	2024	2023
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand	\$ 1,700.00	\$ 1,700.00
Cash in Bank	1,276,643.61	2,955,560.63
Cash in State Treasury	5,980,765.27	5,083,928.73
Cash Equivalents	8,832,842.27	7,559,284.21
Restricted:		
Cash in Bank	527,579.74	223,863.70
Cash in State Treasury	3,199.20	100,603.34
Legislative Appropriations	12,272,934.46	12,681,151.96
Receivables:		
Federal	3,741,207.35	3,468,072.17
Accounts Receivable, net	1,457,607.92	1,770,739.14
Due From Other Agencies	197,136.55	408,976.61
Prepaid Items	569,061.54	301,074.46
Loans and Contracts, net	271,184.74	236,357.98
Total Current Assets	35,131,862.65	34,791,312.93
Noncurrent Assets:		
Restricted:		
Cash and Cash Equivalents:		
Cash in Bank	915,983.75	859,086.60
Cash Equivalents		-
Public/Private Partnership Asset (PPP) Receivable	1,398,670.00	1,398,670.00
Investments	5,587,407.86	4,974,579.91
Capital Assets:		
Non-Depreciable or Non-Amortizable:		
Land and Land Improvements	2,727,295.92	2,727,295.92
Construction in Progress	13,132,202.19	598,288.13
Depreciable or Amortizable:		
Building and Building Improvements	66,222,631.80	66,086,131.80
Less Accumulated Depreciation	(33,959,904.13)	(31,881,619.56)
Facilities and Other Improvements	4,575,753.41	4,066,872.41
Less Accumulated Depreciation	(2,470,247.12)	(2,336,297.67)
Furniture and Equipment	6,387,387.33	6,185,000.66
Less Accumulated Depreciation	(3,778,385.98)	(3,253,943.39)
Vehicles, Boats, and Aircraft	1,289,124.72	1,145,999.72
Less Accumulated Depreciation	(462,648.41)	(351,536.28)
Other Capital Assets	3,224,785.57	3,224,785.57
Less Accumulated Depreciation	(2,987,639.98)	(2,932,306.78)
Right to Use Assets:		
Building and Building Improvements	1,258,062.40	1,258,062.40
Less Accumulated Amortization	(356,451.01)	(230,644.77)
Total Noncurrent Assets	62,704,028.32	51,538,424.67
	1	

UNAUDITED  
**Texas State University System**  
**Lamar State College Port Arthur**  
**Statements of Net Position**  
**August 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>Total Assets</b>	<u>\$ 97,835,890.97</u>	<u>\$ 86,329,737.60</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables from:		
Accounts Payable	\$ 6,017,775.83	\$ 4,319,218.93
Payroll Payable	2,731,927.01	2,646,249.70
Interest Payable	836.93	949.69
Due to Other Agencies	30,502.77	103,295.11
Unearned Revenues	2,913,058.18	2,986,683.44
Employees' Compensable Leave	509,459.63	469,877.92
Right to Use Lease Obligation	124,370.62	123,010.66
Total Current Liabilities	<u>12,327,930.97</u>	<u>10,649,285.45</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	451,784.96	400,266.37
Right to Use Lease Obligation	788,644.44	913,015.07
Total Non-Current Liabilities	<u>1,240,429.40</u>	<u>1,313,281.44</u>
<b>Total Liabilities</b>	<u>\$ 13,568,360.37</u>	<u>\$ 11,962,566.89</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflow of Resources - PPP	<u>\$ 1,279,634.26</u>	<u>\$ 1,339,152.13</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 53,888,951.65	\$ 43,270,062.43
Restricted for:		
Other	1,431,279.23	1,046,115.13
Unrestricted		
HEF	6,674,171.88	5,844,375.60
Other	20,993,493.58	22,867,465.42
<b>Total Net Position</b>	<u>\$ 82,987,896.34</u>	<u>\$ 73,028,018.58</u>



UNAUDITED  
**Texas State University System**  
**Lamar State College Port Arthur**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended August 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>Operating Revenues:</b>		
Sales of Goods and Services		
Tuition and Fees - Pledged	\$ 6,664,879.58	\$ 6,246,871.18
Tuition and Fees - Discounts/Allowances	(2,995,246.49)	(2,734,689.61)
Auxiliary Enterprise - Pledged	174,482.18	171,522.77
Other Sales of Goods and Services - Pledged	153,169.14	810,771.23
Federal Revenue - Operating	855,081.93	850,637.90
Federal Pass Through Revenue	746,248.71	658,308.56
State Grant Pass Through Revenue	2,288,804.15	866,858.36
Total Operating Revenues	<u>7,887,419.20</u>	<u>6,870,280.39</u>
<b>Operating Expenses:</b>		
Instruction	10,805,460.42	9,825,523.47
Public Service	349,649.13	283,963.60
Academic Support	3,950,826.96	2,776,434.98
Student Services	1,685,865.44	1,724,286.50
Institutional Support	5,451,144.76	5,493,979.88
Operation and Maintenance of Plant	3,072,462.94	3,065,215.13
Scholarships and Fellowships	4,659,638.90	3,740,588.24
Auxiliary	1,338,842.93	1,293,712.32
Depreciation and Amortization	3,048,156.06	2,768,295.76
Total Operating Expenses	<u>34,362,047.54</u>	<u>30,971,999.88</u>
Operating Income (Loss)	<u>(26,474,628.34)</u>	<u>(24,101,719.49)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Legislative Revenue (GR)	19,402,388.00	18,361,375.00
Additional Appropriations (GR)	3,276,752.44	2,761,815.56
Federal Revenue	4,864,042.12	10,116,938.10
Gifts	1,285,283.47	2,729,946.45
Interest and Investment Income	740,021.99	573,321.62
Net Increase in Fair Value of Investments	612,827.95	99,855.23
Other Nonoperating Revenues (Expenses)	84,707.91	1,310,199.96
Total Nonoperating Revenues (Expenses)	<u>30,266,023.88</u>	<u>35,953,451.92</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	\$ 3,791,395.54	\$ 11,851,732.43

UNAUDITED

**Texas State University System**  
**Lamar State College Port Arthur**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended August 31, 2024**

	<b>2024</b>	<b>2023</b>
<b>Other Revenues, Expenses, Gains, Losses, and Transfers:</b>		
Capital Appropriations (HEF)	\$ 2,283,992.00	\$ 2,217,102.00
Transfers In	8,289,845.28	102,588.00
Transfers Out	(424,475.06)	(458,331.91)
Legislative Transfers In	23,620.00	3,726.00
Legislative Transfers Out	(4,004,500.00)	(737,750.00)
Total Other Revenues, Expenses, Gains, Losses, and Transfers	<u>6,168,482.22</u>	<u>1,127,334.09</u>
<b>Change in Net Position</b>	<u>9,959,877.76</u>	<u>12,979,066.52</u>
Total Net Position, September 1	<u>73,028,018.58</u>	<u>60,048,952.06</u>
Total Net Position, August 31	<u><u>\$ 82,987,896.34</u></u>	<u><u>\$ 73,028,018.58</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, 2024

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
Salaries and Wages	\$ 6,797,267.66	\$ -	\$ 150,196.84	\$ 1,555,198.43	\$ 1,026,559.17	\$ 2,805,370.50	\$ 630,499.51	\$ 94,502.75	\$ 459,583.29	\$ -	\$ 13,519,178.15
Payroll Related Costs	2,316,489.31	-	76,649.50	542,022.15	399,745.40	881,878.37	251,707.14	-	134,935.43	-	4,603,427.30
Professional Fees and Services	48,465.33	-	45,134.41	462,057.82	22,792.97	88,701.69	82,686.05	-	55,628.48	-	805,466.75
Travel	150,672.00	-	10,382.30	18,431.16	15,687.67	30,225.17	919.28	-	86,503.08	-	312,820.66
Materials and Supplies	189,563.83	-	3,362.90	31,510.01	36,802.76	117,220.25	507,985.62	-	85,752.91	-	972,198.28
Communications and Utilities	3,412.56	-	379.90	331,424.58	791.49	36,989.70	596,896.63	-	6,056.92	-	975,951.78
Repairs and Maintenance	96,370.69	-	4,106.06	816,473.47	1,120.86	82,943.78	886,277.90	-	20,789.17	-	1,908,081.93
Rentals and Leases	43,628.45	-	3,858.10	13,289.56	11,246.96	7,906.02	6,058.60	-	4,398.78	-	90,386.47
Printing and Reproduction	21,826.65	-	5,855.64	643.74	5,949.24	62,266.45	150.03	-	3,854.00	-	100,545.75
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	3,048,156.06	3,048,156.06
Bad Debt Expense	(50,708.36)	-	-	-	-	32,633.66	-	42,071.99	(2,288.46)	-	21,708.83
Interest	11,046.03	-	-	14.58	-	25.75	266.92	-	-	-	11,353.28
Scholarships	36,866.00	-	-	-	40,000.00	-	-	4,515,986.66	180,906.00	-	4,773,758.66
Other Operating Expenses	1,140,560.27	-	49,723.48	179,761.46	125,168.92	1,304,983.42	109,015.26	7,077.50	302,723.33	-	3,219,013.64
Total Operating Expenses	\$ 10,805,460.42	\$ -	\$ 349,649.13	\$ 3,950,826.96	\$ 1,685,865.44	\$ 5,451,144.76	\$ 3,072,462.94	\$ 4,659,638.90	\$ 1,338,842.93	\$ 3,048,156.06	\$ 34,362,047.54

UNAUDITED  
TEXAS STATE UNIVERSITY SYSTEM  
**LAMAR STATE COLLEGE PORT ARTHUR**  
Matrix of Operating Expenses Reported by Function  
For the Year Ended August 31, 2023

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
Salaries and Wages	\$ 5,738,998.69	\$ -	\$ 134,519.96	\$ 1,518,625.73	\$ 1,028,462.64	\$ 2,414,176.05	\$ 553,987.81	\$ 92,425.06	\$ 414,459.31	\$ -	\$ 11,895,655.25
Payroll Related Costs	2,035,443.02	-	66,055.10	531,193.52	410,017.82	787,226.98	222,011.94	111.89	120,097.69	-	4,172,157.96
Professional Fees and Services	81,948.50	-	28,588.82	121,048.08	56,245.48	308,362.86	550,008.22	-	52,338.95	-	1,198,540.91
Travel	135,500.74	-	5,849.88	47,026.18	18,563.56	33,574.90	2,816.09	-	65,168.32	-	308,499.67
Materials and Supplies	390,933.41	-	3,695.46	63,022.33	41,900.58	191,001.92	73,916.13	-	71,500.33	-	835,970.16
Communications and Utilities	-	-	341.91	126,607.92	-	9,040.96	726,337.61	-	10,687.34	-	873,015.74
Repairs and Maintenance	104,813.18	-	3,142.34	58,012.23	3,941.23	441,892.63	834,465.33	-	31,012.66	-	1,477,279.60
Rentals and Leases	41,627.43	-	3,582.70	13,399.97	12,128.48	10,273.66	1,893.90	-	8,674.22	-	91,580.36
Printing and Reproduction	5,061.62	-	1,945.63	1,460.23	3,350.08	39,311.13	2,598.38	-	1,855.24	-	55,582.31
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	2,768,295.76	2,768,295.76
Bad Debt Expense	131,699.47	-	-	-	-	-	-	10,503.31	1,095.72	-	143,298.50
Interest	12,011.47	-	-	-	-	15.20	340.46	-	-	-	12,367.13
Scholarships	110,922.06	-	-	-	-	-	-	3,617,947.98	231,495.69	-	3,960,365.73
Other Operating Expenses	1,036,563.88	-	36,241.80	296,038.79	149,676.63	1,259,103.59	96,839.26	19,600.00	285,326.85	-	3,179,390.80
Total Operating Expenses	<u>\$ 9,825,523.47</u>	<u>\$ -</u>	<u>\$ 283,963.60</u>	<u>\$ 2,776,434.98</u>	<u>\$ 1,724,286.50</u>	<u>\$ 5,493,979.88</u>	<u>\$ 3,065,215.13</u>	<u>\$ 3,740,588.24</u>	<u>\$ 1,293,712.32</u>	<u>\$ 2,768,295.76</u>	<u>\$ 30,971,999.88</u>

UNAUDITED  
**Texas State University System**  
**Lamar State College Port Arthur**  
**Statements of Cash Flows**  
**For the Year Ended August 31, 2024**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from Tuition and Fees	\$ 3,816,632.30	\$ 3,221,533.90
Proceeds from Auxiliaries	174,482.18	171,522.77
Proceeds from Other Operating Revenues	4,039,688.80	1,524,791.45
Payments to Suppliers for Goods and Services	(11,833,621.31)	(10,143,519.98)
Payments to Employees for Salaries	(13,433,500.84)	(11,244,289.58)
Payments to Employees for Benefits	(2,165,872.52)	(2,134,699.69)
Payments for Other Operating Expenses	-	-
Net Cash Provided (Used) by Operating Activities	<u>(19,402,191.39)</u>	<u>(18,604,661.13)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from State Appropriations	23,048,515.46	16,852,238.95
Proceeds from Gifts	1,285,283.47	2,729,946.45
Proceeds of Transfers from Other State Agencies	8,289,845.28	102,588.00
Proceeds from Grant Receipts	4,864,042.12	10,116,938.10
Proceeds from Other Noncapital Financing Activities	(97,820.63)	1,118,937.97
Payments for Transfers to Other State Agencies	(293,145.00)	(324,856.71)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>37,096,720.70</u>	<u>30,595,792.76</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from the Sale of Capital Assets	-	5,555.00
Payments for Additions to Capital Assets	(13,544,034.61)	(9,752,203.32)
Payments of Principal on Debt	(4,004,500.00)	(570,000.00)
Payments of Interest on Debt Issuance	(131,330.06)	(301,225.20)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(17,679,864.67)</u>	<u>(10,617,873.52)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Interest Income	267,821.41	159,167.59
Proceeds from Investment Income	472,200.58	414,154.03
Payments to Acquire Investments	-	-
Net Cash Provided (Used) by Investing Activities	<u>740,021.99</u>	<u>573,321.62</u>
Net Increase (Decrease) in Cash and Cash Equivalents	754,686.63	1,946,579.73
Cash and Cash Equivalents, September 1	<u>16,784,027.21</u>	<u>14,837,447.48</u>
Cash and Cash Equivalents, August 31	<u><u>\$ 17,538,713.84</u></u>	<u><u>\$ 16,784,027.21</u></u>



UNAUDITED  
**Texas State University System**  
**Lamar State College Port Arthur**  
**Statements of Cash Flows**  
**For the Year Ended August 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (26,474,628.34)	\$ (24,101,719.49)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization and Depreciation	3,048,156.06	2,768,295.76
Bad Debt Expense (Recovery)	21,708.83	143,298.50
On-Behalf Benefit Payments	2,346,454.48	1,985,159.35
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	18,287.21	(2,010,048.04)
(Increase) Decrease in Due from Other Agencies	211,840.06	(129,510.08)
(Increase) Decrease in Prepaid Items	(267,987.08)	433,367.83
(Increase) Decrease in Loans and Contracts	(34,826.76)	(59,518.78)
Increase (Decrease) in Payables	1,698,556.90	1,645,468.00
Increase (Decrease) in Due To Other Agencies	(72,792.34)	(85,282.90)
Increase (Decrease) in Unearned Revenues	(73,625.26)	103,346.13
Increase (Decrease) in Employees' Compensable Leave	91,100.30	52,298.92
Increase (Decrease) in Benefits Payable	85,677.31	651,365.66
Increase (Decrease) in Other Liabilities	(112.76)	(1,181.99)
Total Adjustments	<u>7,072,436.95</u>	<u>5,497,058.36</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (19,402,191.39)</u>	<u>\$ (18,604,661.13)</u>
<b>Non-Cash Transactions</b>		
Donation of Capital Assets	\$ -	\$ 2,076.00
Net Change in Fair Value of Investments	\$ 612,827.95	\$ 99,855.23
Borrowing Under Right to Use Leased Asset	\$ -	\$ -
Intangible Asset - PPP SCA	\$ -	\$ 1,398,670.00
Loss on Sale of Capital Assets	\$ (10,617.12)	\$ (2,115.63)

UNAUDITED

**Lamar State College Port Arthur**

**Notes to the Financial Statements**

**For the Years Ended August 31, 2024 and 2023**

**Note 1: Summary of Significant Accounting Policies**

**Reporting Entity**

Lamar State College Port Arthur (“LSCPA”) serves the State of Texas (the “State”) by providing a high-quality education to its residents and is based in Port Arthur, Texas.

The origins of LSCPA date back to its formation in 1909 when it operated as a nonprofit college through 1975. LSCPA merged with Lamar University, a State university, in 1975. LSCPA was first recognized as a separate component institution of the State in 1983 and, in 1991, was granted authority to issue degrees in its name, Lamar State College Port Arthur.

LSCPA is an agency of the State and a component of the Texas State University System (TSUS). TSUS was founded in 1911 and is the first higher education system established in Texas. Beginning as an administrative means to consolidate the support and management of State teacher colleges, TSUS has evolved into a network of higher education institutions stretching from the Texas-Louisiana border to the Big Bend region of west Texas. Today, seven component institutions offer a broad range of academic and career opportunities. Those seven institutions are located throughout the State and include LSCPA, Sam Houston State University, Lamar University, Sul Ross State University, Texas State University, Lamar Institute of Technology, and Lamar State College Orange.

TSUS is governed by a nine-member Board of Regents (the “Board”) appointed by the Governor. In addition, a nonvoting student regent is appointed annually to the Board. The Texas State University System Administration (“System Administration”), which is headed by a Board-appointed chancellor, is based in Austin, where it provides support to TSUS components.

TSUS is an agency of the State and is reported as one of six university systems and four independent universities that in total are presented as a major enterprise fund in the State’s Annual Comprehensive Financial Report.

TSUS and LSCPA have elected to define LSCPA’s reporting entity to include only activities in LSCPA’s name. LSCPA’s proportional share of liabilities in the name of TSUS is reported by TSUS. Transactions associated with bonds, pensions, and other postemployment benefits related to LSCPA’s activities in the name of TSUS are not reported by LSCPA. However, LSCPA has elected to make limited disclosures with respect to these matters in Notes 6, 9, and 11. The associated financial activities related to these items and required disclosures are made within TSUS’s *Annual Financial Report*.

No entities have been identified meeting Governmental Accounting Standards Board’s (GASB) definition of component units, which are legally separate entities and, accordingly, none are included within the reporting entity. As previously noted, LSCPA is considered by the State as one of the academic entities that comprises TSUS; however, each entity is considered an agency of the State. LSCPA is affiliated with one foundation and one alumni association that have the sole purpose of

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# Lamar State College Port Arthur

## Notes to the Financial Statements For the Years Ended August 31, 2024 and 2023

supporting the educational and other activities of the College.

LSCPA is affiliated with one foundation that has the sole purpose of supporting the educational and other activities of the College. The Lamar State College Port Arthur Foundation solicits donations and acts as a coordinator of gifts made by other parties.

The Lamar State College Port Arthur Foundation (the “Foundation”) is a separate legal entity registered with the IRS as a 501(c)(3) organization, and its efforts benefit LSCPA and its students. The Foundation is separately governed and operates autonomously from LSCPA, and its related activities are not included in LSCPA’s, TSUS’, or the State’s financial statements. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. Due to being a newly formed Foundation in FY 2024, the Foundation gave \$0 in scholarship money to LSCPA in FY 2024.

The Lamar Port Arthur Alumni Association (the “Association”) is a non-profit organization which was established for the purpose of cooperating with and working on behalf of LSCPA. Neither the transactions of the Association or its fund balances are reflected in the financial statements during the year ended August 31, 2024 and 2023. The Association is separately governed and operates autonomously from LSCPA, and its related activities are not included in LSCPA’s, TSUS’, or the State’s financial statements.

The accounting policies followed by LSCPA in maintaining accounts and in the preparation of the financial statements are in accordance with the Texas Comptroller of Public Accounts’ Reporting Requirement for the Fiscal 2024 Annual Financial Reports of State Agencies and Universities (the “Comptroller’s AFR Requirements”) and with generally accepted accounting principles in the United States of America (GAAP). GASB is responsible for establishing GAAP for state and local governments. The Comptroller’s AFR Requirements are designed to assist the Texas Comptroller of Public Accounts in compiling and preparing the State’s ACFR and, accordingly, have some untraditional elements, such as the prohibition of rounding, unique ordering and specific numbering of footnotes, and the inclusion of footnote titles when the subject matter does not apply.

### **Fund Structure**

The accompanying financial statements are presented on the basis of funds. A fund is considered a separate accounting entity. LSCPA 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 a business-type because the predominance of their funding comes through charges to students, sales of goods and services, and grant revenues.

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# Lamar State College Port Arthur

## Notes to the Financial Statements

For the Years Ended August 31, 2024 and 2023

### **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-type activity 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 producing and delivering goods in connection with the proprietary fund's 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 State's budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the "General Appropriations Act"). Additionally, TSUS prepares an annual budget, which represents anticipated sources of revenues and authorized uses. This budget is approved by TSUS' Board.

Unencumbered appropriations are generally subject to lapse 60 days after fiscal year end for which they were appropriated.

### **Assets, Liabilities, Deferred Inflows, and Net Position**

#### **Assets**

##### **Current and Non-Current Assets**

Current assets are those that are readily available to meet current operational requirements. Non-current assets are those that are not readily available to meet current operational requirements and, instead, are intended to support long-term institutional needs.

##### **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.

##### **Restricted Assets**

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets may 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 may also be included (as applicable).

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# Lamar State College Port Arthur

## Notes to the Financial Statements

For the Years Ended August 31, 2024 and 2023

### Investments

Investments are generally stated at fair value, with certain exceptions, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). Fair value, which is determined based on quoted market prices, is the amount at which an investment could be exchanged in a current transaction between parties other than in a forced or liquidation sale. Changes in unrealized gain (loss) on the carrying value of investments are reported as net increase (decrease) in fair value of investments in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

### Legislative Appropriations

This item represents the balance of general revenue funds at year end as calculated in the Texas State Comptroller's General Revenue Reconciliation.

### 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. The cost of these items is expensed when the items are used or consumed. Prepaid items reflect payments for costs applicable to future accounting periods.

### Capital Assets

Assets such as furniture, equipment, and vehicles with an individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized through August 31, 2024. Effective September 1, 2024, the aforementioned threshold increased to \$10,000 in accordance with the Comptroller's reporting requirements. Capitalization thresholds are also utilized for buildings and building improvements (\$100,000), infrastructure (\$500,000), and facilities and other improvements (\$100,000). Capital assets are recorded at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value. For fabricated assets financed by debt, construction period interest is capitalized as part of the capital asset cost. The capitalized interest is combined with the other costs associated with constructing the asset and depreciated over the appropriate useful life beginning when the asset is placed into service.

Capital assets are depreciated over the estimated useful life of the asset using the straight-line method based on allocation methods and estimated lives prescribed by the Statewide Property Accounting system. Depreciation is recorded as a periodic expense and accumulated in a contra-asset account as an offset to the asset book values. Depreciation expense is not allocated to functional categories for this Annual Financial Report.

Intangible capital assets are defined as assets that lack physical substance, are non-financial in nature, and have an initial useful life extending beyond a single reporting period. These assets are required to be reported if they are identifiable. Land use rights are capitalized if the cost meets or exceeds \$100,000. Purchased computer software is capitalized if the aggregate cost of



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# Lamar State College Port Arthur

## Notes to the Financial Statements

For the Years Ended August 31, 2024 and 2023

the purchase meets or exceeds \$100,000. Internally developed computer software has a capitalization threshold of \$1,000,000, and other intangible capital assets must be capitalized if the cost meets or exceeds \$100,000. Right to use leased assets are also considered intangibles. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method.

For leased assets, LSCPA capitalizes in accordance with GASB Statement No. 87, *Leases*, for all lease agreements with a net present value of future lease payments per unit exceeding \$100,000. LSCPA capitalizes in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, for SBITAs with a net present value of future subscription payments per contract exceeding \$500,000.

### Other Receivables

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 statement of net position date for which payment is pending.

#### Unearned Revenues

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

#### Other Payables - Current and Non-current

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.

#### Funds Held for Others

Current balances in funds held for others result from LSCPA acting as an agent or fiduciary for other organizations.

#### Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current 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.

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**Notes to the Financial Statements**

**For the Years Ended August 31, 2024 and 2023**

Lease Liabilities

Lease liabilities represent the amount recognized by the lessee on its financial statements regarding its leases. It is initially measured at the present value of the lease payments. Liabilities are reported separately as either current or non-current in the statement of net position.

SBITA Liabilities

A subscription liability is measured at the present value of payments, based on a contract, to be made during the subscription term. LSCPA, as a subscriber, will reduce the subscription liability as payments are made and recognize an outflow of resources for interest on the liability. The subscription liability is split into current and noncurrent portions. Additional information is available in Note 8, *Leases and SBITAs*.

Bonds Payable - General Obligation Bonds

General obligation bonds are accounted for in proprietary funds for business-type activities. These payables are reported as current liabilities (current for amounts due within one year) and long-term liabilities (non-current 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. TSUS reports all related balances.

Bonds Payable - Revenue Bonds

Revenue bonds are accounted for in the proprietary funds for business-type activities. These payables are reported as current liabilities (current for amounts due within one year) and long-term liabilities (non-current 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. TSUS reports all related balances.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources and deferred inflows of resources are defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as the consumption and acquisition of net assets by the College are applicable to future periods. Note 27, *Deferred Outflows of Resources and Deferred Inflows of Resources*, provides more details.

**Net Position**

The difference between fund assets and liabilities is “Net Position” on proprietary fund statements.

Net Investment in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that is attributed to the acquisition, construction, or improvement of those assets.

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# Lamar State College Port Arthur

## Notes to the Financial Statements

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### Net Position - Restricted

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted assets are available for use, restricted resources are used first, then unrestricted resources are used as needed.

**Expendable** - net position use is subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations, or that expire by the passage of time.

**Non-expendable** - net position use is subject to externally imposed stipulations that it be maintained permanently. Such assets include the principal of permanent endowment funds (as applicable).

### Net Position - Unrestricted

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

### Operating and Non-Operating Revenues and Expenses

**Operating revenues and expenses** - may include activities such as student tuition and fees, net sales and services of auxiliary enterprises, exchange basis federal, state, and local grants and contracts, and related expenses including depreciation, scholarships and fellowships, impairment losses, insurance recovery in the year of the loss, and incurred but not reported liabilities.

**Non-operating revenues and expenses** - may include activities such as gifts and contributions, insurance recoveries received in years subsequent to the loss, State appropriations, investment income, net change in fair value of investments, nonexchange basis of federal and state grants and contracts, and other non-operating items defined by GASB.

### **Interagency Activities and Transactions**

LSCPA has the following types of transactions among related agencies:

Transfers - Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund.

Reimbursements - Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one

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**For the Years Ended August 31, 2024 and 2023**

agency for another are recorded as expenditures in the reimbursing agency and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Receivables and Payables - Interagency 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.”

Sales and Purchases - Charges or collections for services rendered by one agency to another are recorded as revenues of the recipient agency and expenditures or expenses of the disbursing agency.

The composition of LSCPA’s interfund activities and transactions is 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, nonprofits, and government organizations impacted by COVID-19. LSCPA received funding primarily under two federal programs, the Governor’s Emergency Education Relief Fund (GEERF) and the Higher Education Emergency Relief Fund (HEERF). GEERF funding, awarded to the Governor’s Office and passed through the Texas Higher Education Coordinating Board to LSCPA, provides direct financial assistance to support students’ efforts to continue or restart their progress toward earning a post-secondary credential or degree.

HEERF funding, awarded directly to LSCPA, provides support to prevent, prepare for, and respond to COVID-19. Under the terms of the grant agreements, 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 other award, the HEERF-Institutional Allocation Award, may be used to cover costs associated with significant changes to the delivery of course instruction due to COVID-19, subject to certain restrictions outlined in the grant agreements. In addition to the funding programs above, LSCPA received federal stimulus funding through a program known as the Minority Serving Institutions Program. The revenues from these programs are earned by fulfilling the terms and conditions of the agreements with the funding agencies and are recognized when qualifying expenditures are incurred and eligibility requirements are met.

All activities related to GEERF and HEERF concluded as of August 31, 2023. A summary of funding awarded and expensed for the year ended August 31, 2024, and the balance of the unearned amounts are presented below:

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**Notes to the Financial Statements**

**For the Years Ended August 31, 2024 and 2023**

<b>Program</b>	<b>Total Awarded</b>	<b>Expensed/Earned</b>	<b>Unearned</b>
GEERF - Student Financial Aid	\$ 0.00	\$ 0.00	\$ 0.00
GEERF - Emergency Student Financial Aid	\$ 0.00	\$ 0.00	\$ 0.00
HEERF - Student Allocation	\$ 0.00	\$ 0.00	\$ 0.00
HEERF - Institutional Allocation	\$ 0.00	\$ 0.00	\$ 0.00
HEERF - Minority Serving Institutions	\$ 0.00	\$ 0.00	\$ 0.00
Total	\$ 0.00	\$ 0.00	\$ 0.00



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**Lamar State College Port Arthur**

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For the Years Ended August 31, 2024 and 2023**

**Note 2: Capital Assets**

A summary of changes in capital assets for the year ended August 31, 2024 is presented below:

<b>Capital Assets</b>	<b>Beginning Balance</b>	<b>Adjustments/ Reclass/Transfers</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Non-Depreciable Assets:					
Land	\$ 2,727,295.92	\$ -	\$ -	\$ -	\$ 2,727,295.92
Construction In Progress	598,288.13	(508,881.00)	13,042,795.06	-	13,132,202.19
Total Non-Depreciable Assets	3,325,584.05	(508,881.00)	13,042,795.06	-	15,859,498.11
Depreciable Assets:					
Buildings	66,086,131.80	-	136,500.00	-	66,222,631.80
Facilities and Other	4,066,872.41	508,881.00	-	-	4,575,753.41
Furniture and Equipment	6,185,000.66	-	207,731.67	(5,345.00)	6,387,387.33
Fleet Vehicles	1,145,999.72	-	167,625.00	(24,500.00)	1,289,124.72
Other Assets	3,224,785.57	-	-	-	3,224,785.57
Total Depreciable Assets at Historical Costs	80,708,790.16	508,881.00	511,856.67	(29,845.00)	81,699,682.83
Less Accumulated Depreciation for:					
Buildings	(31,881,619.56)	-	(2,078,284.57)	-	(33,959,904.13)
Facilities and Other	(2,336,297.67)	-	(133,949.45)	-	(2,470,247.12)
Furniture and Equipment	(3,253,943.39)	-	(529,787.59)	5,345.00	(3,778,385.98)
Fleet Vehicles	(351,536.28)	-	(124,995.01)	13,882.88	(462,648.41)
Other Assets	(2,932,306.78)	-	(55,333.20)	-	(2,987,639.98)
Total Accumulated Depreciation	(40,755,703.68)	-	(2,922,349.82)	19,227.88	(43,658,825.62)
Depreciable Assets, Net	39,953,086.48	508,881.00	(2,410,493.15)	(10,617.12)	38,040,857.21
Total Capital Assets, Net	\$ 43,278,670.53	\$ -	\$ 10,632,301.91	\$ (10,617.12)	\$ 53,900,355.32
<b>Intangible Right to Use Assets</b>	<b>Beginning Balance</b>	<b>Adjustments/ Reclass/Transfers</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Amortizable Assets IRTU:					
Buildings and Buildings Improvements	\$ 1,258,062.40	\$ -	\$ -	\$ -	\$ 1,258,062.40
Subscription Assets	-	-	-	-	-
Total Amortizable RTU Assets	1,258,062.40	-	-	-	1,258,062.40
Less Accumulated Amortization for:					
Buildings and Buildings Improvements	(230,644.77)	-	(125,806.24)	-	(356,451.01)
Subscription Assets	-	-	-	-	-
Total Accumulated Amortization	(230,644.77)	-	(125,806.24)	-	(356,451.01)
Total RTU Assets, Net	\$ 1,027,417.63	\$ -	\$ (125,806.24)	\$ -	\$ 901,611.39

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**Lamar State College Port Arthur**

**Notes to the Financial Statements  
For the Years Ended August 31, 2024 and 2023**

A summary of changes in capital assets for the year ended August 31, 2023 is presented below:

<b>Capital Assets</b>	<b>Beginning Balance</b>	<b>Adjustments/ Reclass/Transfers</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Non-Depreciable Assets:					
Land	\$ 2,627,254.92	\$ -	\$ 100,041.00	\$ -	\$ 2,727,295.92
Construction In Progress	1,071,547.00	(8,258,210.39)	7,784,951.52	-	598,288.13
Total Non-Depreciable Assets	3,698,801.92	(8,258,210.39)	7,884,992.52	-	3,325,584.05
Depreciable Assets:					
Buildings	58,112,760.41	7,784,516.39	188,855.00	-	66,086,131.80
Facilities and Other	4,066,872.41	-	-	-	4,066,872.41
Furniture and Equipment	4,514,865.96	473,694.00	1,214,564.80	(18,124.10)	6,185,000.66
Fleet Vehicles	694,957.72	-	465,867.00	(14,825.00)	1,145,999.72
Other Assets	3,224,785.57	-	-	-	3,224,785.57
Total Depreciable Assets at					
Historical Costs	70,614,242.07	8,258,210.39	1,869,286.80	(32,949.10)	80,708,790.16
Less Accumulated Depreciation for:					
Buildings	(29,942,414.49)	-	(1,939,205.07)	-	(31,881,619.56)
Facilities and Other	(2,204,468.55)	-	(131,829.12)	-	(2,336,297.67)
Furniture and Equipment	(2,873,490.64)	-	(398,576.85)	18,124.10	(3,253,943.39)
Fleet Vehicles	(248,508.45)	-	(110,182.20)	7,154.37	(351,536.28)
Other Assets	(2,869,610.50)	-	(62,696.28)	-	(2,932,306.78)
Total Accumulated Depreciation	(38,138,492.63)	-	(2,642,489.52)	25,278.47	(40,755,703.68)
Depreciable Assets, Net	32,475,749.44	8,258,210.39	(773,202.72)	(7,670.63)	39,953,086.48
Total Capital Assets, Net	\$ 36,174,551.36	\$ -	\$ 7,111,789.80	\$ (7,670.63)	\$ 43,278,670.53

<b>Intangible Right to Use Assets</b>	<b>Beginning Balance</b>	<b>Adjustments/ Reclass/Transfers</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Amortizable Assets IRTU:					
Buildings and Buildings Improvements	\$ 1,258,062.40	\$ -	\$ -	\$ -	\$ 1,258,062.40
Total Amortizable RTU Assets	1,258,062.40	-	-	-	1,258,062.40
Less Accumulated Amortization for:					
Buildings and Buildings Improvements	(104,838.53)	-	(125,806.24)	-	(230,644.77)
Total Accumulated Amortization	(104,838.53)	-	(125,806.24)	-	(230,644.77)
Total RTU Assets, Net	\$ 1,153,223.87	\$ -	\$ (125,806.24)	\$ -	\$ 1,027,417.63

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**Lamar State College Port Arthur**

**Notes to the Financial Statements**

**For the Years Ended August 31, 2024 and 2023**

**Note 3: Deposits, Investments, and Repurchase Agreements**

LSCPA 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, 2024, the carrying amount of deposits was \$2,720,207.10 as presented below:

Cash in Bank - Carrying Value			<u>\$ 2,720,207.10</u>
Proprietary Funds	Current Assets	Cash in Bank	1,276,643.61
Proprietary Funds	Current Assets	Restricted Cash in Bank	527,579.74
Proprietary Funds	Noncurrent Assets	Restricted Cash in Bank	915,983.75
<b>Cash in Bank per AFR</b>			<u><u>\$ 2,720,207.10</u></u>

As of August 31, 2023, the carrying amount of deposits was \$4,038,510.93 as presented below:

Cash in Bank - Carrying Value			<u>\$ 4,038,510.93</u>
Proprietary Funds	Current Assets	Cash in Bank	2,955,560.63
Proprietary Funds	Current Assets	Restricted Cash in Bank	223,863.70
Proprietary Funds	Noncurrent Assets	Restricted Cash in Bank	859,086.60
<b>Cash in Bank per AFR</b>			<u><u>\$ 4,038,510.93</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.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, LSCPA will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. LSCPA’s bank accounts are secured by FDIC and pledged collateral. LSCPA has no deposits that are at risk of recovery due to the failure of a depository financial institution. As of August 31, 2024, and 2023, the total bank balance was \$2,739,012.04 and \$3,209,602.48, respectively.

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposit. LSCPA held no exposure to foreign currency risk for deposits as of August 31, 2024.

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# Lamar State College Port Arthur

## Notes to the Financial Statements

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### Investments

LSCPA invests in both operating and endowment funds. LSCPA is authorized to invest in Operating and Endowment Funds as a prudent person in obligations and instruments as defined in the Texas State University System Investment Policy.

LSCPA investments adhere to various strategies. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three-to five-year period) without undue exposure to risk. The invested funds are particularly risk-averse to the probability of not meeting the total return goal. Liquidity must be considered and sufficient to meet spending needs and expenses. The total return goal can be achieved while assuming acceptable risk levels commensurate with “market volatility.” To achieve the total return goal, the assets will be invested to generate appreciation and/or dividend and interest income.

The endowment funds investment is expected to endure into perpetuity. Inflation is a key component in the performance objective. The long-term risk of not investing in equity securities outweighs the short-term volatility risk. As a result, the majority of assets are invested in equity or equity-like securities. Fixed income and fixed income-like securities and other diversifying strategies may act to lower the short-term volatility of the portfolio and/or provide stability, especially during periods of weak or negative equity markets. Other asset classes are included to provide diversification and incremental total return.

The portfolio is diversified to diminish risks associated with particular securities, market sectors, or industries.

### TexPool Investments at Amortized Cost

TexPool and TexPool Prime are managed conservatively to provide safe, efficient, and liquid investment alternatives to Texas governments. The accounts maintain a \$1.00 value per share price and are reported at amortized cost. TexPool Prime has a very conservative investment policy and aligns with Rule 2a-7 money-market practices. TexPool investments consist exclusively of U.S. government securities, repurchase agreements collateralized by U.S. government securities, and AAA-rated no-load money market mutual funds. TexPool Prime invests in the above, plus commercial paper and certificates of deposit. The funds are rated AAAm by Standard and Poor’s based on credit quality, market price exposure, and management. There is no penalty or limit for withdrawal.

### Fair Value of Investments

LSCPA 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 for inputs to valuation techniques:

**Level 1:** Quoted prices for identical investments in active markets;

**Level 2:** Observable inputs other than quoted market prices; or,

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**For the Years Ended August 31, 2024 and 2023**

**Level 3:** Unobservable inputs.

**Net Asset Value:** Net Asset Value Per Share (NAVPS) method is used when there is no readily determinable fair value.

As of August 31, 2024, the valuation of investments was as follows:

**BUSINESS-TYPE ACTIVITIES**

<b>Fair Value</b>	<b>Fair Value Hierarchy</b>			<b>Net Asset Value</b>	<b>August 31, 2024 Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
Corporate Asset and Mortgage Backed Securities	\$ 147,011.84	\$ -	\$ -	\$ -	\$ 147,011.84
Domestic Mutual Funds	590,641.13	-	-	-	590,641.13
Equity	156,249.64	-	-	-	156,249.64
Externally Managed Investments - Domestic	-	-	257,710.25	-	257,710.25
Externally Managed Investments - International	-	-	66,194.57	-	66,194.57
Fixed Income Money Market and Bond Mutual Fund	3,127,756.93	-	-	-	3,127,756.93
International Equity	127,262.18	-	-	-	127,262.18
International Mutual Funds	790,119.20	-	-	-	790,119.20
Other Commingled Funds	324,462.12	-	-	-	324,462.12
<b>Long-Term Investments</b>	<b>\$ 5,263,503.04</b>	<b>\$ -</b>	<b>\$ 323,904.82</b>	<b>\$ -</b>	<b>\$ 5,587,407.86</b>
<b>Amortized Cost</b>					
Other Commingled Funds - TexPool	\$ 146,852.51	\$ -	\$ -	\$ -	\$ 146,852.51
Other Commingled Funds - TexPool Prime	8,685,989.76	-	-	-	8,685,989.76
<b>Cash Equivalents</b>	<b>\$ 8,832,842.27</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,832,842.27</b>
<b>Total</b>					<b>\$ 14,420,250.13</b>

**BUSINESS-TYPE ACTIVITIES**

Proprietary Funds	Current Assets	Cash Equivalents	\$ 8,832,842.27
Proprietary Funds	Noncurrent Assets	Investments	5,587,407.86
		<b>Total Investments</b>	<b>\$ 14,420,250.13</b>

**Deposit and Investment Risk Factors**

The following paragraphs describe various types of risk related to Deposits and Investments.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, LSCPA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment policy limits holding of securities by counterparties to those involved with securities lending. As of August 31, 2024, LSCPA had no investments subject to custodial credit risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The TSUS investment policy requires that investments in debt securities have credit ratings recognized by the agencies of Standard and Poor's, Finch, and/or Moody's. For operating, a



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Short-Intermediate Term funds portfolio with an average credit quality of the entire portfolio is to be greater than or equal to A-, as defined by Standard and Poor's (A- by Finch, A3 for Moody's). The minimum credit quality of any diversified fund vehicle must be investment grade at the time of purchase. Operating Long-Term funds portfolios are intended to be invested in a similar manner to Endowment funds, but no more than 20% of the global fixed income and credit may be rated below investment grade, and no more than 20% of the total Operating Long-Term portfolio may be invested in emerging/frontier markets, a sub-set of international. An Operating Long-Term funds portfolio may only invest up to 60% of the market value of its total operating funds portfolio, exclusive of bond proceeds, in this type of investment strategy. In order to invest with managers who utilize alternative investments, LSCPA must retain an investment consultant. For the Endowment portfolio, risk is controlled through the portfolio diversification of market sector and maturity. Risk is further defined by prohibited investments and activities, and limited by maximum single purchase and maximum aggregate position percentages.

As of August 31, 2024, the credit quality distributions for securities with credit risk exposures were as follows:

	AAA	AA	A	BBB	BB	B	Unrated	Total
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating-Fixed Income	30,534.36	2,190.48	2,999.04	11,569.83	14,789.39	12,187.28	72,741.46	147,011.84
Corporate Asset and Mortgage Backed Securities	30,534.36	2,190.48	2,999.04	11,569.83	14,789.39	12,187.28	72,741.46	147,011.84
Endowment	-	-	-	-	-	-	13,725.07	13,725.07
Operating - Real Estate	185,080.25	-	-	-	-	-	-	185,080.25
Domestic Mutual Funds (use Misc in Wdesk)	185,080.25	-	-	-	-	-	13,725.07	198,805.32
Endowment	83,270.37	6,321.08	29,871.00	42,680.10	1,429.69	651.26	14,802.73	179,026.23
Operating-Fixed Income	1,234,732.32	91,356.55	488,597.62	706,798.34	70,894.14	75,516.20	271,312.41	2,939,207.58
Operating - Real Estate	6,762.97	558.10	183.38	118.00	2.39	-	383.50	8,008.34
Fixed Income Money Market and Bond Mutual Fund	1,324,765.66	98,235.73	518,652.00	749,596.44	72,326.22	76,167.46	286,498.64	3,126,242.15
Total	1,540,380.27	100,426.21	521,651.04	761,166.27	87,115.61	88,354.74	372,965.17	3,472,059.31

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure requirement. As of August 31, 2024, LSCPA was not subject to concentration of credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. LSCPA is not required to disclose interest rate risk.

**Foreign Currency Risk**

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. As of August 31, 2024, LSCPA was not aware of any material foreign currency risk.

**Reverse Repurchase, Securities Lending, and Derivative Investing**

LSCPA did not participate in reverse repurchase agreements, securities lending, or derivative investing during fiscal year 2024.

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**Note 4: Short-Term Debt**

LSCPA has no short-term debt to report as of August 31, 2024 and 2023.

**Note 5: Long-Term Liabilities**

The following changes occurred in liabilities during the fiscal year ended August 31, 2024 and 2023, respectively:

	Balance 9/1/2023	Additions	Reductions	Balance 8/31/2024	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 870,144.29	\$ -	\$ -	\$ 870,144.29	\$ 469,877.92	\$ 400,266.37
Right to Use Lease Obligations	1,036,025.73	-	123,010.31	913,015.42	124,370.62	788,644.80
	<u>\$ 1,906,170.02</u>	<u>\$ -</u>	<u>\$ 123,010.31</u>	<u>\$ 1,783,159.71</u>	<u>\$ 594,248.54</u>	<u>\$ 1,188,911.17</u>

	Balance 9/1/2022	Additions	Reductions	Balance 8/31/2023	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 817,845.37	\$ 529,194.43	\$ 476,895.51	\$ 870,144.29	\$ 469,877.92	\$ 400,266.37
Right to Use Lease Obligations	1,167,769.85	-	131,744.12	1,036,025.73	123,010.66	913,015.07
	<u>\$ 1,985,615.22</u>	<u>\$ 529,194.43</u>	<u>\$ 608,639.63</u>	<u>\$ 1,906,170.02</u>	<u>\$ 592,888.58</u>	<u>\$ 1,313,281.44</u>

**Bonds Payable**

See Note 6 for a discussion of bonded indebtedness.

**Employees' Compensable Leave**

**Annual Leave**

Full-time employees earn eight to twenty-one hours per month vacation leave (annual leave) depending on years of State employment. The State's policy is that employees may carry accrued vacation leave forward from one fiscal year to the next up to a maximum number of hours allowed based on their years of service. Employees with at least six months of State service who terminate employment are entitled to payment for all accumulated annual leave. LSCPA accrues the dollar value of annual leave benefits which are payable upon retirement, termination, or death of its employees. The amounts of these liabilities are reported in the statement of net position. The estimated liability is based on outstanding balances reported in the leave reporting system multiplied by the employee's respective salary rate.

**Sick Leave**

Sick leave is earned at the rate of eight hours per month and is paid only when an employee is absent due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave payment to an employee's estate is the lesser of one-half of the employee's accumulated entitlement

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or 336 hours. Sick leave accumulation from one fiscal year to the next is not limited. LSCPA recognizes the cost of sick leave when paid. The liability is not shown in the financial statements since historical payouts of sick leave have been minimal.

**Overtime and Compensatory Leave for FLSA Non-Exempt and Exempt Employees**

Under the federal Fair Labor Standards Act (FLSA) and State laws, overtime can be accumulated in lieu of immediate payment as compensatory leave for non-exempt employees up to a maximum of 240 hours. Unpaid accrued overtime for non-exempt employees is included in the calculation of current and long-term liabilities because these employees are eligible to be paid for these accruals upon death or termination. Overtime is calculated at a rate of 1.5 times an employee's normal rate of pay.

Non-exempt employees may earn compensatory leave when they work additional hours, but the number of hours worked in the work week does not exceed 40 hours. Compensatory time is calculated on an hour-for-hour basis and must be taken within one year from date earned or it lapses. There is no death or termination benefit for this type of compensatory leave, so no liability is reported in the financial statements.

**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. LSCPA participates in the Employees Retirement System of Texas (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.

**Notes and Loans Payable**

LSCPA had no notes and loans payable at August 31, 2024 and 2023.

**Claims and Judgements**

At August 31, 2024 and 2023, various lawsuits and claims involving LSCPA were pending. While the ultimate liability with respect to litigation and other claims asserted against LSCPA 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 LSCPA.

**Right to Use Lease Obligations**

See Note 8 for information about Right to Use Lease Obligations.

**Right to Use SBITA Obligations**

See Note 8 for information about Right to Use Subscription Obligations.

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**Notes to the Financial Statements**

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**Note 6: Bonded Indebtedness**

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

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

Debt service requirements attributable to LSCPA at August 31, 2024 were as follows:

Description	Year	Principal	Interest	Total
All Series	2025	\$ 2,739,932.00	\$ 1,399,188.95	\$ 4,139,120.95
	2026	2,925,740.00	1,626,186.20	4,551,926.20
	2027	3,068,828.00	1,482,813.10	4,551,641.10
	2028	3,764,667.00	1,332,156.90	5,096,823.90
	2029	4,070,475.00	1,146,754.86	5,217,229.86
	2030-2033	19,086,098.00	2,500,311.52	21,586,409.52
	2034-2037	-	-	-
	2038-2041	-	-	-
	2042-2045	-	-	-
	2046-2049	-	-	-
TOTALS		\$ 35,655,740.00	\$ 9,487,411.53	\$ 45,143,151.53

A portion of the debt represents Capital Construction Assistance Projects (CCAP) historically funded by the Texas Legislature through general revenue appropriations. LSCPA was appropriated \$4,004,500 and \$737,750 during the 2024 and 2023 fiscal years, respectively, for CCAP debt service. LSCPA expects future Legislative appropriations to meet debt service requirements for CCAP.

**Note 7: Derivatives**

LSCPA has no derivative instruments to report as of August 31, 2024 and 2023.

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**Note 8: Leases and Subscription-Based Technology Arrangements**

The Comptroller has established \$100,000 as the minimum threshold amount for the capitalization of leases. Lease agreements must be capitalized if the net present value of future lease payments per unit exceed this threshold. LSCPA entered into a lease arrangement for the use of building space. The future minimum lease payments under right to use lease obligations as of August 31, 2024 related to this building space were as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Future Minimum Lease Payments</b>
2025	124,370.62	9,417.38	133,788.00
2026	125,745.62	8,042.38	133,788.00
2027	127,252.36	6,535.64	133,788.00
2028	128,541.38	5,246.62	133,788.00
2029	129,962.49	3,825.51	133,788.00
2030-2032	277,142.59	3,453.15	280,595.74
<b>Totals</b>	<b>\$ 913,015.06</b>	<b>\$ 36,520.68</b>	<b>\$ 949,535.74</b>

The Comptroller has established \$500,000 as the minimum threshold amount for subscription-based information technology arrangements (SBITA) contract capitalization. SBITA agreements must be capitalized if the net present value of future subscription payments per contract exceeds this threshold. LSCPA has entered into various agreements for IT subscriptions as of August 31, 2024 and August 31, 2023. These agreements range in terms up to year 2027. In fiscal year 2024, the total capitalizable subscription payments were \$0.

LSCPA entered into a SBITA that met the capitalization threshold as of August 31, 2024. However, the project remains in the initial implementation stage and has yet to go live. As a result, in accordance with the provisions of GASB 96, the payments made during this phase have been classified to prepaid expense in the amount of \$238,479. The future minimum subscription payments under the right to use subscription obligation will be determined when the project is complete in FY 2025 and the subscription term commences.

LSCPA did not have any SBITAs as of August 31, 2023 that qualified for capitalization as determined by the Comptroller; as a result, the associated costs were expensed when incurred.

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**Note 9: Defined Benefit Pension Plans and Defined Contribution Plan**

Defined Benefit Pension Plan - Teacher Retirement System of Texas

LSCPA participates in a cost-sharing, multi-employer, defined benefit pension plan administered by the Teacher Retirement System of Texas (TRS). TRS provides retirement, disability annuities, and death and survivor benefits. The benefit and contribution provisions of TRS are authorized by state law and may be amended by the Legislature.

In accordance with the Reporting Requirements for Annual Financial Reports of State Agencies and Universities (the Reporting Requirements) promulgated by the Texas Comptroller of Public Accounts, TSUS 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 LSCPA are treated as employees of TSUS 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 LSCPA. Recording and disclosure of this information occurs for TSUS as a whole in the consolidated Annual Financial Report of TSUS. The State and TSUS share responsibility for funding their proportional shares of the obligations of TRS.

All LSCPA 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 TRS. 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. TRS does not provide automatic post-employment benefit changes, including automatic cost-of-living adjustments (COLA).

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 8.25% and 8.0% of gross earnings for 2024 and 2023, respectively, while employer contributions were 8.25% and 8.00% of the participants' gross earnings for 2024 and 2023, respectively. Depending upon the source of funding for a participant's salary, LSCPA may be required to make contributions in lieu of the State.

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Contributions to TRS for the year ended August 31, 2024 and 2023, attributable to LSCPA's portion of the pension obligation were as follows:

	<b>Year ended August 31, 2024</b>
Employee Contributions	\$ 780,202.77
Employer Contributions	<u>780,202.77</u>
<b>Total</b>	<u><u>\$1,560,405.54</u></u>
	<b>Year ended August 31, 2023</b>
Employee Contributions	\$ 670,073.76
Employer Contributions	<u>670,073.76</u>
<b>Total</b>	<u><u>\$1,340,147.52</u></u>

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](http://www.trs.state.gov).

Defined Contribution Plan - Optional Retirement Program

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 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, LSCPA 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 2024 and FY 2023. 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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**For the Years Ended August 31, 2024 and 2023**

Contributions made by the participants and LSCPA for the fiscal year ended August 31, 2024 and 2023 were as follows:

	<b>Year ended August 31, 2024</b>
Member Contributions	\$ 198,230.52
Employer Contributions	<u>209,781.66</u>
<b>Total</b>	<b><u>\$ 408,012.18</u></b>

	<b>Year ended August 31, 2023</b>
Member Contributions	\$ 166,552.37
Employer Contributions	<u>177,762.80</u>
<b>Total</b>	<b><u>\$ 344,315.17</u></b>

Since contributions are invested in individual annuity contracts, neither the State nor LSCPA have any liability for ORP. Further information in regards to ORP can be obtained from the Texas Higher Education Coordinating Board website at [www.highered.texas.gov](http://www.highered.texas.gov).

**Note 10: Deferred Compensation**

LSCPA does not serve as an administrative agency as defined by the Texas Comptroller with respect to its Note 10; however, State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Texas Government Code Annotated, Section 609.001. Two plans are available for employees' participation - TRS and ORP. The assets of the plans do not belong to LSCPA, TSUS, or the State. LSCPA, TSUS, or the State have no liability related to the plans.

**Note 11: Postemployment Benefits Other Than Pensions**

In addition to providing pension benefits, the State contributes to a plan that provides health care and life insurance benefits for retired employees of LSCPA, their spouses, and beneficiaries. These other postemployment benefits (OPEB), authorized by statute and contributions, are established by the General Appropriations Act.

ERS administers a program that provides postemployment health care, life, and dental insurance benefits to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551. ERS implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. Complete disclosure of the State's OPEB can be found in the State's Annual Comprehensive Financial Report.

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Liabilities associated with OPEB provided by the State for employees providing services for LSCPA are reported by TSUS. Additionally, full disclosures of OPEB as required by GASB 74 are reported by TSUS.

**Note 12: Interfund Activity and Transactions**

As explained in Note 1, Interfund and Interagency 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

LSCPA 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.

As of August 31, 2024 and 2023, LSCPA has not participated in any interfund borrowing.

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Individual balances and activity at August 31, 2024 are as follows:

	<b>Due From Other Agencies</b>	<b>Due To Other Agencies</b>	<b>Source</b>
Appd Fund 9999, D23, Fund 7999			
Agency 320, D23 Fund 7999	\$ 10,929.59	\$ -	Federal
Agency 730, D23 Fund 7999	49,846.51	-	Federal
Agency 756, D23 Fund 7999	57,679.99		Local
Agency 758, D23 Fund 7999	-	29,395.00	Local
Agency 781, D23 Fund 0325	-	1,107.77	Federal
Agency 781, D23 Fund 7999	78,680.46	-	Federal
Total Due From/To Other Agencies	<u>\$ 197,136.55</u>	<u>\$ 30,502.77</u>	
	<b>Transfers From Other Agencies</b>	<b>Transfers To Other Agencies</b>	
Mandatory and Non-Mandatory Transfers			
Appd Fund 9999, D23 Fund 9999			
Agency 758, D23 Fund 9999	\$ -	\$ 131,330.06	Local
Appd Fund 9999, D23 Fund 9999			
Agency 756, D23 Fund 9999	57,679.99	-	Local
Agency 758, D23 Fund 9999	7,712,491.10	293,145.00	Local
Agency 787, D23 Fund 9999	227,080.11	-	Local
Agency 789, D23 Fund 9999	290,326.08	-	Local
Agency 902, D23 Fund 0210	2,268.00	-	State
Total Transfers From/To Other Agencies	<u>\$ 8,289,845.28</u>	<u>\$ 424,475.06</u>	
	<b>Legislative Transfers From Other Agencies</b>	<b>Legislative Transfers To Other Agencies</b>	
Appd Fund 0001, D23 Fund 0001			
Agency 902, D23 Fund 0001	\$ 23,620.00	\$ -	State
Total I Agency 758, D23 Fund 0001	<u>-</u>	<u>4,004,500.00</u>	General Revenue
	<u>\$ 23,620.00</u>	<u>\$ 4,004,500.00</u>	

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**For the Years Ended August 31, 2024 and 2023**

Individual balances and activity at August 31, 2023 are as follows:

	<b>Due From Other Agencies</b>	<b>Due To Other Agencies</b>	<b>Source</b>
Appd Fund 9999, D23, Fund 7999			
Agency 320, D23 Fund 7999	\$ 289,262.71	\$ -	State
Agency 730, D23 Fund 7999	13,114.30	-	Federal
Agency 781, D23 Fund 0001	-	5,500.28	State
Agency 781, D23 Fund 0325	-	97,794.84	Federal
Agency 781, D23 Fund 7999	106,224.54	-	Federal
Agency 787, D23 Fund 7999	375.06	-	Local
Total Due From/To Other Agencies	<u>\$ 408,976.61</u>	<u>\$ 103,295.12</u>	
	<b>Transfers From Other Agencies</b>	<b>Transfers To Other Agencies</b>	
Mandatory Transfers			
Appd Fund 9999, D23 Fund 9999			
Agency 758, D23 Fund 9999	\$ -	\$ 133,475.20	Local
Appd Fund 9999, D23 Fund 9999			
Agency 753, D23 Fund 9999	-	50,000.00	Local
Agency 758, D23 Fund 9999	100,000.00	274,856.71	Local
Agency 902, D23 Fund 0210	2,588.00	-	State
Total Transfers From/To Other Agencies	<u>\$ 102,588.00</u>	<u>\$ 458,331.91</u>	
	<b>Legislative Transfers From Other Agencies</b>	<b>Legislative Transfers To Other Agencies</b>	
Appd Fund 0001, D23 Fund 0001			
Agency 902, D23 Fund 0001	\$ 3,726.00	\$ -	State
Agency 758, D23 Fund 0001	-	737,750.00	General Revenue
Total Legislative Transfers	<u>\$ 3,726.00</u>	<u>\$ 737,750.00</u>	

**Note 13: Continuance Subject to Review**

LSCPA is not subject to a review of continuance.

**Note 14: Adjustments to Fund Balances and Net Position**

LSCPA does not have anything to report for adjustments to fund balances and net position.

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**Lamar State College Port Arthur**

**Notes to the Financial Statements**

**For the Years Ended August 31, 2024 and 2023**

**Note 15: Contingencies and Commitments**

**Claims and Judgements**

At August 31, 2024 and 2023, various lawsuits and claims involving LSCPA were pending. While the ultimate liability with respect to litigation and other claims asserted against LSCPA 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 LSCPA.

**Federal Assistance**

LSCPA 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.

**Arbitrage**

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government.

TSUS monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. TSUS estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition. Consistent with TSUS' and LSCPA's reporting of bonds at TSUS' level, any arbitrage liability would be reported by TSUS and not LSCPA.

**Construction Commitments**

LSCPA has outstanding capital commitments for various construction projects at various stages in the amount of \$40,731,326.95 at August 31, 2024.

**Note 16: Subsequent Events**

LSCPA has no subsequent events to report as of August 31, 2024 and 2023.

**Note 17: Risk Management**

**Liability Recognition and Experience**

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

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# Lamar State College Port Arthur

## Notes to the Financial Statements For the Years Ended August 31, 2024 and 2023

years. There were no liabilities to report during the fiscal year ended August 31, 2024 and 2023, respectively.

### Civil Claims

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

### Unemployment Compensation

The State provides coverage for unemployment benefits for LSCPA employees from appropriations made to the Texas Workforce Commission. The current General Appropriations Act provides that LSCPA must reimburse the general revenue fund from LSCPA appropriations at 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, 2024 and 2023.

### 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, 77<sup>th</sup> 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, 2024 and 2023 amounted to \$40,765.06 and \$31,902.38, respectively.

### Fire and Extended Coverage

LSCPA 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 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. LSCPA filed an insurance claim due to the impact of Winter Storm Uri in February 2021. It affected several buildings, but mainly the Student Center Building. Emergency repairs to mitigate further damage and then repairs to restore property occurred during FY 2021. This claim has been closed and payments have been received during FY 2024.

### Motor Vehicle

State-owned vehicles of the component institutions of TSUS are exempt from compulsory liability insurance requirements of the State. This exemption appears in the Texas Transportation Code; Subtitle D Motor Vehicle Safety Responsibility; Chapter 601 Motor Vehicle Safety Responsibility

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**Lamar State College Port Arthur**

**Notes to the Financial Statements**

**For the Years Ended August 31, 2024 and 2023**

Act; Subchapter A General Provisions; Section 007 Applicability of Chapter to Government Vehicle. As such, auto liability coverage is provided under the TSUS Auto Liability Plan with the following limits of \$250,000 per person, \$500,000 per occurrence for bodily injury, and \$100,000 per occurrence for property loss. The self-insurance retention limit is \$75,000.

**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 LSCPA is reported in a consolidated format with TSUS which is reported as a component of the State. Management's Discussion and Analysis as it relates to TSUS can be found in the State's basic financial statements.

**Note 19: The Financial Reporting Entity**

See Reporting Entity as discussed in Note 1.

**Note 20: Stewardship, Compliance, and Accountability**

LSCPA has no material violations of finance-related and contractual provisions. Per state laws, LSCPA cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net position.

**Note 21: Undefined by Texas Comptroller**

Reserved for future use by Texas Comptroller.

**Note 22: Donor Restricted Endowments**

LSCPA has no cumulative net appreciation on investments of donor restricted endowments to report as of August 31, 2024 and 2023.

**Note 23: Extraordinary and Special Items**

No items have been identified meeting the criteria of extraordinary or special items as of August 31, 2024 and 2023.

**Note 24: Disaggregation of Receivable and Payable Balances**

Balances of receivables and payables reported on the Statements of Net Position are not obscured by aggregation. There are no significant receivable balances expected to be collected beyond one year of the date of the financial statements. Accounts receivable for tuition are presented net of allowances for doubtful accounts of \$173,370.55 and \$181,598.02 as of August 31, 2024 and 2023, respectively.



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Notes to the Financial Statements

For the Years Ended August 31, 2024 and 2023

Note 25: Termination Benefits

LSCPA has no termination benefits to report as of August 31, 2024 and 2023.

Note 26: Segment Information

LSCPA has no segments to report as of August 31, 2024 and 2023.

Note 27: Public-Private and Public-Public Partnerships

LSCPA and TSUS (the transferor) entered into a public-private partnership (PPP) arrangement in March 2016 with ITEX Development, LLC (ITEX) and Seahawk Landing, LLC (Seahawk) (the operator), in which ITEX agreed to design and build apartments (Seahawk Landing) and then operate the apartments for 30 years. The term of 30 years can be extended for two (2) successive five (5) year periods with 180 days prior notice to the expiration of the initial 30-year agreement. During the term of the arrangement, Seahawk is entitled to collect and retain rent generated by the apartment. LSCPA does not receive any revenue from the arrangement. As part of the agreement, LSCPA entered into a ground lease for the term of the arrangement to allow the use of LSCPA's land by ITEX. The PPP does meet all the criteria to qualify as a service concession arrangement (SCA). The estimated historical cost of the apartments is \$1,398,670. In accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), implemented during fiscal year August 31, 2023, the balance is presented as a non-current PPP asset receivable. The balance will remain unchanged due to the fact that the apartments must remain in their original condition throughout the PPP arrangement. ITEX and Seahawk are not components of LSCPA or TSUS.

<u>Arrangement Name</u>	<u>Construction State</u>	<u>Term of Concession</u>	<u>Begin</u>	<u>End</u>
Seahawk Landing	Complete	30 years	2016	2046

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

In fiscal year 2023, LSCPA reported deferred inflows in connection with its PPP SCA due to the implementation of GASB 94. The balance of the PPP SCA (see Note 27) is \$1,279,634.26 and \$1,339,152.13 at August 31, 2024 and 2023, respectively. The amount represents the unamortized balance of the PPP SCA arrangement as described in Note 27.

Note 29: Troubled Debt Restructuring

LSCPA has no troubled debt restructuring to report as of August 31, 2024 and 2023.

Note 30: Non-Exchange Financial Guarantees

LSCPA has no non-exchange financial guarantees to report as of August 31, 2024 and 2023.

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**Lamar State College Port Arthur**

**Notes to the Financial Statements**

**For the Years Ended August 31, 2024 and 2023**

**Note 31: Tax Abatements**

LSCPA has no tax abatements to report as of August 31, 2024 and 2023.

**Note 32: Fund Balances**

LSCPA's financial statements are presented for business-type activities as of August 31, 2024 and 2023.

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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, 2024**

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	Agy #	Univ #	Identifying #	Agency or Univ. Amount	PASS THROUGH FROM		Total Pass Through & Direct Program	Expenditures	Pass Thru To & Expenditures
						Direct Program Amount				
U.S. Department of Education										
Direct Programs:										
Student Financial Assistance Cluster:										
Federal Supplemental Education Opportunity Grants	84.007				\$ -	\$ 115,093.00	\$ 115,093.00	\$ 115,093.00	\$ 115,093.00	\$ 115,093.00
Federal Direct Student Loans	84.268				-	2,360,738.00	2,360,738.00	2,360,738.00	2,360,738.00	2,360,738.00
Federal Work-Study Program	84.033				-	73,613.93	73,613.93	73,613.93	73,613.93	73,613.93
Federal Pell Grant Program	84.063				-	4,729,437.12	4,729,437.12	4,729,437.12	4,729,437.12	4,729,437.12
Administrative Cost Recovery	84.063				-	5,605.00	5,605.00	5,605.00	5,605.00	5,605.00
Total Student Financial Assistance Cluster					-	7,284,487.05	7,284,487.05	7,284,487.05	7,284,487.05	7,284,487.05
Higher Education Institutional Aid, Title V Part A (DHSI)	84.031S				-	666,375.00	666,375.00	666,375.00	666,375.00	666,375.00
					-	666,375.00	666,375.00	666,375.00	666,375.00	666,375.00
Pass Through From:										
Texas Higher Education Coordinating Board		781								
Vocational Education Basic Grants to States	84.048A				355,036.46	-	355,036.46	355,036.46	355,036.46	355,036.46
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C				62,182.09	-	62,182.09	62,182.09	62,182.09	62,182.09
					417,218.55		417,218.55	417,218.55	417,218.55	417,218.55
Totals - U.S. Department of Education					417,218.55	7,950,862.05	8,368,080.60	8,368,080.60	8,368,080.60	8,368,080.60
U.S. Department of Commerce										
Direct Programs:										
Public Works and Economic Adjustment Assistance Programs (CDL)	11.307				-	-	-	-	-	-
Economic Adjustment Assistance (Armory)	11.307				-	-	-	-	-	-
Economic Adjustment Assistance (Allied Health)	11.307				-	129,000.00	129,000.00	129,000.00	129,000.00	129,000.00
Totals - U.S. Department Commerce					-	129,000.00	129,000.00	129,000.00	129,000.00	129,000.00
U.S. Department of Labor										
Pass Through From:										
Texas Workforce Commission		320								
WIOA Dislocated Worker Formula Grants	17.278				36,813.71	-	36,813.71	36,813.71	36,813.71	36,813.71
Employment Service/Wagner-Peyser Funded Activities	17.207				212,072.72	-	212,072.72	212,072.72	212,072.72	212,072.72
Totals - U.S. Department of Labor					248,886.43	-	248,886.43	248,886.43	248,886.43	248,886.43
Small Business Administration										
Pass Through From:										
University of Houston		730								
U.S. Small Business Administration	59.037				80,143.73	-	80,143.73	80,143.73	80,143.73	80,143.73
Totals - Small Business Administration					80,143.73	-	80,143.73	80,143.73	80,143.73	80,143.73
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 746,248.71	\$ 8,079,862.05	\$ 8,826,110.76	\$ 8,826,110.76	\$ 8,826,110.76	\$ 8,826,110.76

Note 1 is "not applicable."

**Note 2: Reconciliation:**

Federal Revenue - Operating (SRECNP)	\$ 855,081.93
Federal Pass Through Revenue (SRECNP)	746,248.71
Federal Revenue - Nonoperating (SRECNP)	4,864,042.12

6,465,372.76

## Reconciling Item:

Federal Direct Student Loans	2,360,738.00
------------------------------	--------------

Total Pass Through and Expenditures Per Federal Schedule

\$ 8,826,110.76

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

Note 8 is "not applicable."

Note 9 is "not applicable."

Note 10 is "no."

Notes 11, 12, and 13 are "not applicable."

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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, 2024**

	<u>Agency #</u>	<u>Amount</u>
<b>Pass Through From:</b>		
Texas Higher Education Coordinating Board	781	
College Work Study Program		\$ 6,827.00
HB8 Innovation & Collaboration		250,000.00
Professional Nursing Shortage Reduction Program		126,646.15
Texas Education Opportunity Grant		747,471.00
HB8 FAST Transfer		1,157,860.00
Total State Grant Pass Through Revenue		<u>\$ 2,288,804.15</u>

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**LAMAR STATE COLLEGE PORT ARTHUR**

**SCHEDULE 2A - Miscellaneous Bond Information**

**For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

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**LAMAR STATE COLLEGE PORT ARTHUR**

**SCHEDULE 2B - Changes in Bonded Indebtedness**

**For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

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**SCHEDULE 2C - Debt Service Requirements**

**For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED



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**LAMAR STATE COLLEGE PORT ARTHUR**

**SCHEDULE 2D - Analysis of Funds Available for Debt Service**

**For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

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**SCHEDULE 2E - Defeased Bonds Outstanding**

**For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

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**SCHEDULE 2F - Early Extinguishment and Refunding**

**For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

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**Lamar State College Port Arthur**  
**Schedule 3 - Reconciliation of Cash in State Treasury**  
**August 31, 2024**

			<b>Current Year</b>
<b>Cash in State Treasury</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Local Revenue Fund 0286	\$ 5,980,765.27	\$ -	\$ 5,980,765.27
Local Revenue Fund 0325	-	3,199.20	3,199.20
<b>Total Cash in State Treasury (SNP)</b>	<b>\$ 5,980,765.27</b>	<b>\$ 3,199.20</b>	<b>\$ 5,983,964.47</b>

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## LAMAR STATE COLLEGE PORT ARTHUR

### SCHEDULE 4 - Higher Education Fund For the Fiscal Year Ended August 31, 2024

<b>BALANCE AT SEPTEMBER 1, 2023</b>	<u>\$ 6,357,530.63</u>
<b>REVENUES</b>	
HEF Appropriations	<u>2,283,992.00</u>
Total Revenues	<u>2,283,992.00</u>
<b>EXPENSES</b>	
Other Expenses	1,342,783.45
Construction in Progress	<u>563,591.46</u>
Total Expenditures	<u>1,906,374.91</u>
<b>BALANCE AT AUGUST 31, 2024</b>	<u><u>\$ 6,735,147.72</u></u>

