

LAMAR STATE COLLEGE ORANGE



Annual Financial Report

Fiscal Year 2020

(September 1, 2019 - August 31, 2020)

*A Member of the Texas State University System
An Equal Opportunity Institution*



November 20, 2020

Office of the President

The Honorable Greg Abbott
Governor of Texas

The Honorable Glenn Hegar
Comptroller of Public Accounts

Jerry McGinty, Director
Legislative Budget Board

Lisa Collier
First Assistant State Auditor

To Agency Heads Addressed:

We are pleased to submit the Annual Financial Report (AFR) of Lamar State College Orange for the fiscal year ended August 31, 2020, in compliance with Texas Government Code Annotated, §2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Mary Wickland, Vice President for Finance and Operations at 409-882-3372.

Sincerely,

Thomas Johnson, Ed.D.
President

TAJ/jo



Business Office

Phone: 409/882-3363

Fax: 409/670-4361

November 20, 2020

Dr. Thomas Johnson
President
Lamar State College-Orange
Orange, Texas 77630

Dear Dr. Johnson:

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

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

The accompanying Annual Financial Report will be considered for audit by the State Auditor as part of the audit of the State's Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the statements and related information contained in this report.

If you have any questions, please contact Jamie Oltz at (409) 882-3356 or Mary Wickland at (409) 882-3372.

Respectfully Submitted,

Jamie Oltz
Controller

Approved:

Mary Wickland
Vice President for Finance and Operations

LAMAR STATE COLLEGE-ORANGE

410 Front Street ♦ Orange, Texas ♦ Phone: 409/883-7750 ♦ Fax: 409/882-5096

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UNAUDITED

LAMAR STATE COLLEGE ORANGE

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TEXAS STATE UNIVERSITY SYSTEM
Lamar State College Orange
Organizational Data as of August 31, 2020

BOARD OF REGENTS

OFFICERS

William F. Scott.....Chair

David Montagne.....Vice Chair

MEMBERS

	<u>City (Texas)</u>	<u>Term Expires</u>
William F. Scott	Nederland	2025
J. David Montagne	Beaumont	2021
Charlie Amato	San Antonio	2025
Duke Austin	Houston	2023
Gary Crain	The Hills	2023
Dr. Veronica M. Edwards	San Antonio	2021
Don Flores	El Paso	2025
Nicki Harle	Baird	2023
Alan L. Tinsley	Madisonville	2021
Amanda Lee, Student	Huntsville	2021

ADMINISTRATIVE OFFICERS

SYSTEM OFFICE

Brian McCall.....Chancellor

Nelly Herrera.....Vice Chancellor and General Counsel

Daniel Harper.....Vice Chancellor for Finance

John Hayek Vice Chancellor for Academic Affairs

LAMAR STATE COLLEGE ORANGE

Thomas A. Johnson.....President

Mary Wickland.....Vice President for Finance and Operations

Wendy Elmore.....Executive Vice President

Texas State University System
Lamar State College Orange
Statement of Net Position
August 31, 2020

	As of August 31, 2020	As of August 31, 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents: (Note 3)		
Cash on Hand (Including Petty Cash)	\$ 1,500.00	\$ 900.00
Cash in Bank	920,213.07	587,663.38
Cash in State Treasury (Schedule 3)	1,921,671.24	655,345.81
Cash Equivalents	22,828,530.41	23,335,668.40
Restricted:		
Cash and Cash Equivalents: (Note 3)		
Cash Equivalents	844,886.54	650,252.92
Legislative Appropriations	4,289,717.16	3,217,315.62
Receivables:		
Federal	714,545.26	440,716.58
Interest	882.14	1,243.41
Accounts - Tuition	984,387.41	764,878.27
Allowance Accounts	(104,748.00)	(107,342.00)
Due From Other Agencies (Note 12)	94,907.33	103,578.00
Prepaid Items	539,981.21	715,485.11
Loans and Contracts	415,473.28	728,605.09
Allowance - Loans & Contracts	(182,893.65)	(182,526.65)
Total Current Assets	33,269,053.40	30,911,783.94
Noncurrent Assets:		
Restricted:		
Cash and Cash Equivalents: (Note 3)		
Cash in Bank	-	144,124.50
Cash Equivalents	4,374,667.55	2,712,572.52
Capital Assets: (Note 2)		
Non-Depreciable:		
Land and Land Improvements	1,947,674.79	1,802,367.86
Construction in Progress	-	-
Depreciable or Amortizable:		
Buildings and Building Improvements	46,373,446.23	45,992,213.90
Less Accumulated Depreciation	(19,242,141.07)	(17,707,704.90)
Facilities and Other Improvements	938,654.00	938,654.00
Less Accumulated Depreciation	(914,639.31)	(888,442.83)
Furniture and Equipment	4,386,499.78	4,280,809.08
Less Accumulated Depreciation	(2,749,768.86)	(2,979,424.81)
Vehicles, Boats, and Aircraft	113,342.07	111,999.07
Less Accumulated Depreciation	(46,981.30)	(49,754.54)
Other Capital Assets	3,564,562.09	3,536,971.44
Less Accumulated Depreciation	(3,184,387.05)	(3,112,771.88)
Computer Software - Intangible	3,424,825.38	2,948,861.21
Less Accumulated Amortization	(2,964,726.67)	(2,948,861.21)
Total Non-Current Assets	36,021,027.63	34,781,613.41
Total Assets	69,290,081.03	65,693,397.35

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Texas State University System
Lamar State College Orange
Statement of Net Position
August 31, 2020

	As of August 31, 2020	As of August 31, 2019
LIABILITIES		
Current Liabilities:		
Payables From:		
Accounts Payable	528,550.62	182,822.55
Payroll Payable	869,417.27	736,267.88
Unearned Revenues	2,783,559.00	2,832,969.90
Due to Other Agencies (Note 12)	2,647.76	-
Employees' Compensable Leave (Note5)	216,174.56	21,114.51
Funds Held for Others	48,663.70	20,718.60
Other Current Liabilities	1,425.15	3,153.15
Total Current Liabilities	4,450,438.06	3,797,046.59
Noncurrent Liabilities:		
Employees Compensable Leave (Note 5)	194,409.82	291,244.17
Other Non-Current Liabilities	1,360,698.71	1,376,250.71
Total Noncurrent Liabilities	1,555,108.53	1,667,494.88
Total Liabilities	6,005,546.59	5,464,541.47
NET POSITION		
Net Investment in Capital Assets	31,646,360.08	31,924,916.39
Restricted for		
Capital Projects	2,927,078.00	1,523,992.66
Other	1,117,787.62	910,703.78
Funds Held as Permanent Investments		
Non-Expendable:		
Endowment Funds	5,524.00	5,524.00
Unrestricted	27,587,784.74	25,863,719.05
Total Net Position	\$ 63,284,534.44	\$ 60,228,855.88

See accompanying Notes to the Financial Statements

Texas State University System
Lamar State College Orange
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2020

	<u>As of August 31, 2020</u>	<u>As of August 31, 2019</u>
OPERATING REVENUES		
Tuition and Fees - Pledged	\$ 6,843,442.77	\$ 8,491,045.48
Tuition and Fees - Discounts/Allowances	(2,752,577.50)	(3,291,570.68)
Other Sales of Goods and Services - Pledged	118,221.88	211,026.69
Federal Revenue-Operating	1,018,352.18	579,679.36
Federal Pass Through Revenue	409,742.40	471,437.10
State Grant Pass Through Revenue	814,236.48	776,904.42
Other Operating Revenues - Pledged	<u>369,503.61</u>	<u>392,779.62</u>
Total Operating Revenues	<u>6,820,921.82</u>	<u>7,631,301.99</u>
OPERATING EXPENSES		
Instruction	7,058,663.53	6,812,416.60
Public Service	928,434.78	813,865.35
Academic Support	2,461,169.89	2,598,530.84
Student Services	1,862,182.54	1,582,974.98
Institutional Support	3,384,805.67	3,066,657.97
Operation and Maintenance of Plant	1,789,665.69	1,905,650.36
Scholarship and Fellowships	3,216,757.94	2,318,130.14
Depreciation and Amortization	<u>2,019,464.13</u>	<u>1,985,334.74</u>
Total Operating Expenses	<u>22,721,144.17</u>	<u>21,083,560.98</u>
Operating Income (Loss)	<u>(15,900,222.35)</u>	<u>(13,452,258.99)</u>

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Texas State University System
Lamar State College Orange
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2020

	As of August 31, 2020	As of August 31, 2019
NONOPERATING REVENUES (EXPENSES):		
Legislative Revenue (GR)	10,449,161.00	8,056,076.00
Additional Appropriations (GR)	2,141,412.06	1,966,793.98
Federal Revenue	3,888,738.10	2,927,208.05
Gifts - Non-Pledged	645,769.80	289,373.39
Gain (Loss) on Sale of Capital Assets	(3,249.20)	(87,596.27)
Investment Income (Expense) - Non-Pledged	9,181.77	15,933.86
Investment Income (Expense) - Pledged	312,231.96	629,088.49
Other Nonoperating Revenues (Expenses)	(558,139.91)	4,739.10
Total Nonoperating Revenues (Expenses)	16,885,105.58	13,801,616.60
Income (Loss) before Capital Contributions, Endowments, and Transfers	984,883.23	349,357.61
 CAPITAL CONTRIBUTIONS, ENDOWMENTS, AND TRANSFERS		
Capital Appropriations (HEF)	1,694,343.00	1,694,343.00
Special Items		
Transfers-In (Note 12)	1,801,284.05	455,832.96
Transfers-Out (Note 12)	(231,553.38)	(158,360.70)
Legislative Transfers-In (Note 12)	13,795.00	11,548.00
Legislative Transfers-Out (Note 12)	(1,206,815.00)	(1,259,659.00)
Legislative Appropriations Lapsed	(258.34)	(29,443.41)
Total Other Revenues, Expenses, Gains/Losses and Transfers	2,070,795.33	714,260.85
CHANGE IN NET POSITION	3,055,678.56	1,063,618.46
Total Net Position, September 1	60,228,855.88	59,165,237.42
Restatements		
Net Position, September 1, as Restated	60,228,855.88	59,165,237.42
TOTAL NET POSITION, August 31	\$ 63,284,534.44	\$ 60,228,855.88

See accompanying Notes to the Financial Statements

UNAUDITED

Texas State University System
Lamar State College Orange
Matrix of Operating Expenses Reported by Combined Funds Total
For the Fiscal Year Ended August 31, 2020

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprise Expenditures	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	-
Salaries and Wages	4,519,149.63	-	264,649.28	982,619.92	1,040,002.08	1,817,324.15	388,669.75	60,596.76	-	-	9,073,011.57
Payroll Related Costs	1,457,557.32	-	99,730.14	378,454.58	401,199.99	571,223.27	166,664.16	588.92	-	-	3,075,418.38
Professional Fees and Services	366,833.23	-	386,199.04	402,921.19	30,295.00	112,311.19	129,146.40	-	-	-	1,427,706.05
Travel	20,510.64	-	3,335.75	7,808.84	13,628.85	54,144.49	300.00	-	-	-	99,728.57
Materials and Supplies	312,042.75	-	19,014.80	343,908.25	233,099.05	143,514.26	87,322.74	41,407.93	-	-	1,180,309.78
Communication and Utilities	950.00	-	41,557.81	105,986.44	17,178.26	55,174.00	397,151.82	-	-	-	617,998.33
Repairs and Maintenance	7,382.26	-	72,145.72	213,298.68	59,038.54	115,913.69	599,523.53	-	-	-	1,067,302.42
Rentals and Leases	320.00	-	27,939.70	1,859.52	5,928.14	19,930.21	956.24	-	-	-	56,933.81
Printing and Reproduction	17,352.36	-	1,178.00	2,230.24	14,583.91	(39,241.38)	804.80	-	-	-	(3,092.07)
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	2,019,464.13	2,019,464.13
Bad Debt Expense	30,487.27	-	-	2,459.85	3,898.07	-	-	-	-	-	36,845.19
Interest	-	-	-	-	-	-	-	-	-	-	-
Scholarships	184,486.66	-	-	-	13,116.32	250.00	16,220.00	3,114,164.33	-	-	3,328,237.31
Other Operating Expenses	141,591.41	-	12,684.54	19,622.38	30,214.33	534,261.79	2,906.25	-	-	-	741,280.70
Total Operating Expenses	7,058,663.53	-	928,434.78	2,461,169.89	1,862,182.54	3,384,805.67	1,789,665.69	3,216,757.94	-	2,019,464.13	22,721,144.17

Texas State University System
Lamar State College Orange
Matrix of Operating Expenses Reported by Combined Funds Total
For the Fiscal Year Ended August 31, 2019

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprise Expenditures	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	-
Salaries and Wages	4,167,525.74	-	411,754.81	1,194,601.29	896,514.73	1,501,379.21	342,411.92	68,726.84	-	-	8,582,914.54
Payroll Related Costs	1,293,998.14	-	149,427.47	422,844.42	327,408.30	478,740.91	151,672.44	563.05	-	-	2,824,654.73
Professional Fees and Services	448,968.72	-	58,977.57	392,692.76	27,430.50	205,907.11	23,340.98	-	-	-	1,157,317.64
Travel	59,128.84	-	7,115.07	15,880.05	32,490.92	60,522.49	2,101.13	-	-	-	177,238.50
Materials and Supplies	474,261.01	-	69,479.72	298,983.48	163,557.39	200,379.22	25,284.16	935.95	-	-	1,232,880.93
Communication and Utilities	339.27	-	30,176.20	111,302.67	30,374.07	60,041.03	394,981.30	-	-	-	627,214.54
Repairs and Maintenance	13,418.66	-	61,553.00	151,335.53	6,942.54	67,494.64	733,677.92	-	-	-	1,034,422.29
Rentals and Leases	1,816.50	-	9,120.57	1,853.55	11,714.93	18,740.08	-	-	-	-	43,245.63
Printing and Reproduction	32,794.60	-	1,363.15	1,514.60	17,729.99	(54,558.34)	-	-	-	-	(1,156.00)
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	1,985,334.74	1,985,334.74
Bad Debt Expense	10,373.76	-	-	-	1,282.60	-	-	-	-	-	11,656.36
Interest	-	-	-	-	-	-	4.58	-	-	-	4.58
Scholarships	85,165.30	-	1,050.00	-	10,337.13	500.00	-	2,247,904.30	-	-	2,344,956.73
Other Operating Expenses	224,626.06	-	13,847.79	7,522.49	57,191.88	527,511.62	232,175.93	-	-	-	1,062,875.77
Total Operating Expenses	6,812,416.60	-	813,865.35	2,598,530.84	1,582,974.98	3,066,657.97	1,905,650.36	2,318,130.14	-	1,985,334.74	21,083,560.98

Texas State University System
Lamar State College Orange
Statement of Cash Flows
For the Year Ended August 31, 2020

	<u>As of August 31, 2020</u>	<u>As of August 31, 2019</u>
Cash Flows from Operating Activities		
Receipts from Customers	118,221.88	211,026.69
Proceeds from Tuition and Fees	3,586,324.12	4,984,319.63
Proceeds from Other Operating Revenues	2,562,785.04	1,367,782.33
Payments to Suppliers for Goods and Services	(7,868,275.87)	(7,976,623.41)
Payments to Employees for Salaries	(9,073,011.57)	(8,582,914.54)
Payments to Employees for Benefits	(1,469,124.77)	(1,484,992.78)
Payments for Loans Provided	313,498.81	756,350.39
	<u>(11,829,582.36)</u>	<u>(10,725,051.69)</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Noncapital Financing Activities		
Proceeds from Debt Issuance	1,772,280.00	65,000.00
Proceeds from State Appropriations	11,717,983.27	9,406,202.66
Proceeds of Transfers from Other State Agencies	29,004.05	391,941.95
Proceeds from Gifts	645,769.80	289,373.39
Proceeds from Grant Receipts	3,888,738.10	2,927,208.05
Proceeds from Other Noncapital Financing Activities		4,739.10
Payments for Transfers to Other State Agencies	(178,196.84)	(158,086.19)
Payments for Other Noncapital Financing Uses	(558,139.91)	
	<u>17,317,438.47</u>	<u>12,926,378.96</u>
Net Cash Provided by Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Proceeds from the Sale of Capital Assets		200.00
Proceeds from Other Capital and Related Financing Activities	2,226.72	1,643.48
Payments for Additions to Capital Assets	(1,744,157.02)	(594,022.90)
Payments of Principal on Debt	(733,858.26)	(700,997.00)
Payments of Interest on Debt Issuance	(528,540.00)	(561,688.98)
	<u>(3,004,328.56)</u>	<u>(1,854,865.40)</u>
Net Cash Provided by Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Proceeds from Investment Income	321,413.73	645,022.35
	<u>321,413.73</u>	<u>645,022.35</u>
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	2,804,941.28	991,484.22
Cash and Cash Equivalents, September 1	<u>28,086,527.53</u>	<u>27,095,043.31</u>
Cash and Cash Equivalents, September 1 - Restated	<u>28,086,527.53</u>	<u>27,095,043.31</u>
Cash and Cash Equivalents, August 31	<u>\$ 30,891,468.81</u>	<u>\$ 28,086,527.53</u>

Reconciliation of Operating Income (Loss) to

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Texas State University System
Lamar State College Orange
Statement of Cash Flows
For the Year Ended August 31, 2020

	As of August 31, 2020	As of August 31, 2019
Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (15,900,222.35)	\$ (13,452,258.99)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization and Depreciation	2,019,464.13	1,985,334.74
Bad Debt Expense	36,845.19	11,656.36
On-Behalf Benefit Payments	1,508,067.91	1,367,915.96
(Increase) Decrease in Receivables	(523,745.07)	(216,335.24)
(Increase) Decrease in Prepaid Expenses	175,503.90	(129,201.99)
(Increase) Decrease in Loans and Contracts	313,498.81	756,350.39
Increase (Decrease) in Payables	348,375.83	(81,590.01)
Increase (Decrease) in Deposits	(17,280.00)	(10,597.16)
Increase (Decrease) in Unearned Revenue	(49,410.90)	(852,897.30)
Increase (Decrease) in Compensated Absence Liability	98,225.70	(28,254.01)
Increase (Decrease) in Other Liabilities	161,094.49	(75,174.44)
Total Adjustments	4,070,639.99	2,727,207.30
Net Cash Provided by Operating Activities	\$ (11,829,582.36)	\$ (10,725,051.69)

See accompanying Notes to the Financial Statements

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LAMAR STATE COLLEGE ORANGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 and 2019

Note 1: Summary of Significant Accounting Policies

Entity

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

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

Fund Structure

The accompanying financial statements are presented on the basis of funds. A fund is considered a separate accounting entity. The fund designation for institutions of higher education is a Business Type Activity within the Proprietary Fund Type.

Proprietary Funds

Business Type Activity

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

Component Units

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

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Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Business activity type funds (proprietary funds) are accounted for using the full accrual basis of accounting. Under the 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 funds principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Budget and Budgetary Accounting

The operating budget is prepared annually and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

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

Assets, Liabilities, and Fund Balances/Net Position

ASSETS

Cash and Cash Equivalents

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

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with **GASB Statement 31-Accounting and Financial Reporting for Certain Investments and for External Investment Pools**.

For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with **GASB Statement 25 - Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans**. Securities lent are reported as assets on the Statement of Net Position. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Restricted Assets

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

Inventories and Prepaid Items

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

Capital Assets

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

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

Current Receivables - Other

The disaggregation of other receivables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivables and Payables Balances." 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.

Other Payables – Current and Noncurrent

Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of

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leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the Statement of Net Position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Capital Lease Obligations

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

Bonds Payable - General Obligation Bonds and Revenue Bonds

General Obligation and Revenue bonds are generally accounted for in the proprietary funds by institutions of higher education. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the Statement of Net Position. Bond proceeds and principal payments are reported in the Statement of Cash Flows.

NET POSITION

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservation of Fund Balance

Fund Balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditures.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserve for Consumable Inventories

This represents the amount of supplies, postage and prepaid assets to be used in the next fiscal year.

Unreserved/Undesignated

This represents the unappropriated balance at year-end.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted net assets consist of net assets which do not meet the definition of the two *preceding* categories. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

INTERFUND TRANSACTIONS AND BALANCES

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

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

The composition of Lamar State College Orange’s Interfund activities is presented in Note 12.

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CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act authorized more than \$2 trillion in relief to individuals, businesses, and nonprofit and government organizations impacted by COVID-19. Lamar State College Orange received and expects to receive 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 State of Texas Governor’s Office and passed through the Texas Higher Education Coordinating Board to Lamar State College Orange, provides direct financial assistance to support students’ efforts to continue or restart their progress toward earning a post-secondary credential or degree. Initial GEERF awards totaling \$28,469 are being awarded to maintain need-based financial aid programs and keep more students enrolled at colleges and universities. The initial awards are being followed by an additional \$29,462 in emergency student support to allow students whose families have been severely financially impacted by COVID-19 to stay enrolled in higher education.

HEERF funding, awarded directly to Lamar State College Orange, provides support to prevent, prepare for, and respond to COVID-19. Lamar State College Orange’s award totaled \$1,043,319. Under the terms of the grant agreements, at least 50% of the funds are used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to COVID-19. The remainder of the award may be used to cover costs associated with significant changes to the delivery of instruction due to COVID-19, subject to certain restrictions outlined in the grant agreements.

A summary of CARES Act funding awarded, expensed as of August 31, 2020, and the balance of the unearned amounts are presented below:

Program	Total Awarded	Expensed/Earned	Unearned
GEERF – Student Financial Aid	\$28,469.00	\$21,525.00	\$6,944.00
GEERF – Emergency Student Financial Aid	\$29,462.00	\$0	\$29,462.00
HEERF – Student Allocation	\$521,660.00	\$521,660.00	\$0
HEERF – Institutional Allocation	\$521,659.00	\$521,659.00	\$0
MSI/SIP/PPOHA/PBS	\$0	\$0	\$0
Total	\$1,101,250.00	\$1,064,844.00	\$36,406.00

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Note 2: Capital Assets

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

		Balance					Balance
	Capital Assets	9/1/2019	Adjustments	Reclass	Additions	Deletions	8/31/2020
Non-Depreciable or Non-Amortizable Assets:							
	Land & Land Improvements	\$ 1,802,367.86	\$ -	\$ -	\$ 145,306.93	\$ -	\$ 1,947,674.79
	Total Non-Depreciable or Non-Amortizable Assets	\$ 1,802,367.86	\$ -	\$ -	\$ 145,306.93	\$ -	\$ 1,947,674.79
Depreciable Assets:							
	Buildings and Building Improvements	\$ 45,992,213.90	\$ -	\$ -	\$ 381,232.33	\$ -	\$ 46,373,446.23
	Facilities and Other Improvements	938,654.00	-	-	-	-	938,654.00
	Furniture and Equipment	4,280,809.08	-	-	698,762.94	(593,072.24)	4,386,499.78
	Vehicles, Boats, and Aircraft	111,999.07	-	-	15,300.00	(13,957.00)	113,342.07
	Other Capital Assets	3,536,971.44	-	-	27,590.65	-	3,564,562.09
	Total Depreciable Assets, Net	\$ 54,860,647.49	\$ -	\$ -	\$ 1,122,885.92	\$ (607,029.24)	\$ 55,376,504.17
Less: Accumulated Depreciation for:							
	Buildings and Improvements	\$ (17,707,704.90)	\$ -	\$ -	\$ (1,534,436.17)	-	\$ (19,242,141.07)
	Facilities and Other Improvements	(888,442.83)	-	-	(26,196.48)	-	(914,639.31)
	Furniture and Equipment	(2,979,424.81)	-	-	(360,167.09)	589,823.04	(2,749,768.86)
	Vehicles, Boats, and Aircraft	(49,754.54)	-	-	(11,183.76)	13,957.00	(46,981.30)
	Other Capital Assets	(3,112,771.88)	-	-	(71,615.17)	-	(3,184,387.05)
	Total Accumulated Depreciation	\$ (24,738,098.96)	\$ -	\$ -	\$ (2,003,598.67)	\$ 603,780.04	\$ (26,137,917.59)
Amortizable Assets - Intangible:							
	Computer Software	\$ 2,948,861.21	\$ -	\$ -	\$ 475,964.17	-	\$ 3,424,825.38
	Total Amortizable Assets - Intangible	\$ 2,948,861.21	\$ -	\$ -	\$ 475,964.17	\$ -	\$ 3,424,825.38
Accumulated Amortization							
	Computer Software	\$ (2,948,861.21)	\$ -	\$ -	\$ (15,865.46)	\$ -	\$ (2,964,726.67)
	Total Accumulated Amortization	\$ (2,948,861.21)	\$ -	\$ -	\$ (15,865.46)	\$ -	\$ (2,964,726.67)
	Total Business-Type Activities	\$ 31,924,916.39	\$ -	\$ -	\$ (275,307.11)	\$ (3,249.20)	\$ 31,646,360.08

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

	Balance					Balance
Capital Assets	9/1/2018	Adjustments	Reclass	Additions	Deletions	8/31/2019
Non-Depreciable or Non-Amortizable Assets:						
Land & Land Improvements	\$ 1,802,367.86	\$ -	\$ -	\$ -	\$ -	\$ 1,802,367.86
Total Non-Depreciable or Non-Amortizable Assets	\$ 1,802,367.86	\$ -	\$ -	\$ -	\$ -	\$ 1,802,367.86
Depreciable Assets:						
Buildings and Building Improvements	\$ 45,690,458.20	\$ -	\$ -	\$ 301,755.70	\$ -	\$ 45,992,213.90
Facilities and Other Improvements	938,654.00	-	-	-	-	938,654.00
Furniture and Equipment	4,296,404.88	(167,228.46)	-	192,585.00	(40,952.34)	4,280,809.08
Vehicles, Boats, and Aircraft	52,552.94	-	-	69,256.13	(9,810.00)	111,999.07
Other Capital Assets	3,506,545.37	-	-	30,426.07	-	3,536,971.44
Total Depreciable Assets, Net	\$ 54,484,615.39	\$(167,228.46)	\$ -	\$ 594,022.90	\$ (50,762.34)	\$ 54,860,647.49
Less: Accumulated Depreciation for:						
Buildings and Improvements	\$ (16,174,640.58)	\$ -	\$ -	\$ (1,533,064.32)		\$ (17,707,704.90)
Facilities and Other Improvements	(862,246.35)	-	-	(26,196.48)		(888,442.83)
Furniture and Equipment	(2,872,883.71)	167,228.46	-	(314,270.35)	40,500.79	(2,979,424.81)
Vehicles, Boats, and Aircraft	(52,552.94)	-	-	(7,011.60)	9,810.00	(49,754.54)
Other Capital Assets	(3,038,098.69)	-	-	(74,673.19)	-	(3,112,771.88)
Total Accumulated Depreciation	\$ (23,000,422.27)	\$ -	\$ -	\$ (1,955,215.94)	\$ 50,310.79	\$ (24,738,098.96)
Amortizable Assets - Intangible:						
Computer Software	\$ 3,129,574.21	\$ -	\$ -	\$ -	\$ (180,713.00)	\$ 2,948,861.21
Total Amortizable Assets - Intangible	\$ 3,129,574.21	\$ -	\$ -	\$ -	\$ (180,713.00)	\$ 2,948,861.21
Accumulated Amortization						
Computer Software	\$ (3,012,110.69)	\$ -	\$ -	\$ (30,118.80)	\$ 93,368.28	\$ (2,948,861.21)
Total Accumulated Amortization	\$ (3,012,110.69)	\$ -	\$ -	\$ (30,118.80)	\$ 93,368.28	\$ (2,948,861.21)
Total Business-Type Activities	\$ 33,404,024.50	\$(167,228.46)	\$ -	\$ (1,391,311.84)	\$ (87,796.27)	\$ 31,924,916.39

Note 3: Deposits, Investments and Repurchase Agreements

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

Deposits of Cash in Bank

As of August 31, 2020, the carrying amount of deposits was \$920,213.07 as presented below.

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Carrying Amount	
Governmental Funds Current Demand Deposits	
Proprietary Funds Current Demand Deposits	\$920,213.07
Proprietary Funds Current Restricted Money Market Accounts	
Fiduciary Funds Current Demand Deposits	
Total Cash in Bank per GL Account	\$920,213.07
Proprietary Funds Current Assets Cash in Bank	\$920,213.07
Proprietary Funds Current Assets Restricted Cash in Bank	\$0
Total Deposits Carrying Amounts	\$920,213.07

As of August 31, 2019, the carrying amount of deposits was \$731,787.88 as presented below.

Carrying Amount	
Governmental Funds Current Demand Deposits	
Proprietary Funds Current Demand Deposits	\$731,787.88
Proprietary Funds Current Restricted Money Market Accounts	
Fiduciary Funds Current Demand Deposits	
Total Cash in Bank per GL Account	\$731,787.88
Proprietary Funds Current Assets Cash in Bank	\$587,663.38
Proprietary Funds Current Assets Restricted Cash in Bank	\$144,124.50
Total Deposits Carrying Amounts	\$731,787.88

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Combined Statement of Net Position as part of the “cash and cash equivalents” and “securities lending collateral” accounts.

As of August 31, 2020, the total bank balance was as follows:

Business-Type Activities	\$974,931.22	Fiduciary Funds	-0-	Discrete Component Units	-0-
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As of August 31, 2019, the total bank balance was as follows:

Business-Type Activities	\$769,864.11	Fiduciary Funds	-0-	Discrete Component Units	-0-
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Investments

Lamar State College Orange is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Endowment Funds may be invested in accordance with the Uniform Management of Institutional Funds Act, Property Code Chapter 163. Such investments include: (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

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Fair Value of Investments

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

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

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

Business – Type Activities	Carrying Value	Fair Value
Other Commingled Funds (Texpool)		\$28,048,084.50
Total		\$28,048,084.50

Business – Type Activities		
Texpool		\$28,048,084.50
Total Investments		
Consisting of the following:		
Proprietary Funds Current Cash Equivalents		\$22,828,530.41
Proprietary Funds Current Restricted Cash Equivalent		844,886.54
Proprietary Funds Non-Current Restricted Cash Equivalent		4,374,667.55
Total Investments per Financial Statements		\$28,048,084.50

As of August 31, 2019, the fair value of investments were categorized as a Level 1 input and are as presented as follows:

Business – Type Activities	Carrying Value	Fair Value
Other Commingled Funds (Texpool)		\$26,698,493.84
Total		\$26,698,493.84

Business-Type Activities		
Texpool		\$26,698,493.84
Total Investments		
Consisting of the following:		
Proprietary Funds Current Cash Equivalents		\$23,335,668.40
Proprietary Funds Current Restricted Cash Equivalent		650,252.92
Proprietary Funds Non-Current Restricted Cash Equivalent		2,712,572.52
Total Investments per Financial Statements		\$26,698,493.84

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Note 4: Short Term Debt

Lamar State College Orange has no short-term debt as of August 31, 2020 and 2019.

Note 5: Long Term Liabilities

Compensable Leave

A state employee is entitled to be paid for any unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. An expense and liability for Business Type Activities are recorded in the accounts as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

During the year ended August 31, 2020 the following changes occurred in liabilities.

Business-Type Activities	Balance 09/01/19	Additions	Reductions	Balance 08/31/20	Amount Due Within One Year
Compensable Leave	\$312,358.68	\$216,174.56	\$117,948.86	\$410,584.38	\$216,174.56

During the year ended August 31, 2019, the following changes occurred in liabilities.

Business-Type Activities	Balance 09/01/18	Additions	Reductions	Balance 08/31/19	Amount Due Within One Year
Compensable Leave	\$340,612.69	\$21,114.51	\$49,368.52	\$312,358.68	\$21,114.51

Bonds Payable

See Note 6 for a discussion of Bonds Payable.

Claims and Judgements

As of August 31, 2020 and 2019 no lawsuits involving Lamar State College – Orange were pending.

Other Non-current Liabilities

See Note 15 for a discussion of the addition to other non-current liabilities.

Note 6: Bonded Indebtedness

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

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

**DEBT SERVICE REQUIREMENTS ATTRIBUTABLE
TO LAMAR STATE COLLEGE ORANGE**

Description	Year	Principal	Interest	Total
All Series	2021	947,159.00	523,865.36	1,471,024.36
	2022	980,000.00	480,423.90	1,460,423.90
	2023	905,000.00	432,530.26	1,337,530.26
	2024	950,000.00	388,463.06	1,338,463.06
	2025	990,000.00	348,929.80	1,338,929.80
	2026-2030	5,135,000.00	1,084,710.80	6,219,710.80
	2031-2032	2,005,000.00	130,172.00	2,135,172.00
	Totals	11,912,159.00	3,389,095.18	15,301,254.18

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The Institution was appropriated \$918,315 and \$919,559 during the 2020 and 2019 fiscal years, respectively, for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet the debt service for Tuition Revenue Bonds.

Note 7: Derivative

Lamar State College Orange has no derivative instruments as of August 31, 2020 and 2019.

Note 8: Leases

Lamar State College Orange has entered into operating lease obligations for equipment as of August 31, 2020 and August 31, 2019. Rental expense was \$54,446.49 and \$30,922.08 (fund type – proprietary fund) for operating leases for the fiscal year ended August 31, 2020 and 2019, respectively. No capital leases exist for the fiscal years ending August 31, 2020 and 2019 respectively.

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

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Fiscal Year			FY20	FY19
2020				68,422.02
2021			27,212.76	27,212.76
2022			17,043.66	24,212.76
2023			1,653.96	3,543.66
2024			689.15	689.15
2025-2029				-
			\$ 46,599.53	\$ 124,080.35

Note 9: Defined Benefit Pension Plans and Defined Contribution Plans

Teacher Retirement System of Texas (TRS)

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

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

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

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.

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

	Year ended August 31, 2020
Employee Contributions	\$ 475,267.57
Employer Contributions	462,923.25
Total	\$ 938,190.82

	Year ended August 31, 2019
Employee Contributions	\$ 432,730.15
Employer Contributions	385,151.79
Total	\$ 817,881.94

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

In accordance with the Reporting Requirements for Annual Financial Reports of State Agencies and Universities (Reporting Requirements) promulgated by the Texas Comptroller of Public Accounts, the Texas State University System has implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, which includes the net pension expense, net pension liability, and related deferred inflows and outflows. Under the Reporting Requirements, employees of the College are treated as employees of the System for GASB 68 reporting; therefore, these financial statements neither

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record nor disclose the net pension expense, net pension liability, or related deferred inflows and outflows attributable to the College. Recording and disclosure of this information occurs for the System as a whole in the consolidated Annual Financial Report of the Texas State University System (TSUS). The State of Texas and TSUS share responsibility for funding their proportional shares of the obligations of this plan.

Optional Retirement Program (ORP)

The state has also established an optional retirement program (ORP) for institutions of higher education. Participation in ORP is in lieu of participating in the Teacher Retirement System and is available to certain eligible employees. Employees eligible for participation in ORP are defined in Texas Administrative Code § 25.4. ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. Depending upon the source of funding for the employee's compensation, the College may be required to make the employer contributions in lieu of the State.

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

The amounts contributed by plan members and by Lamar State College Orange (Employer) for the fiscal year ended August 31, 2020 and 2019, respectively are:

	Year Ended August 31, 2020
Member Contributions	\$ 143,151.00
Employer Contributions	153,572.00
TOTALS	\$ 296,723.00
	Year Ended August 31, 2019
Member Contributions	\$ 145,247.00
Employer Contributions	156,635.00
TOTALS	\$ 301,882.00

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

Note 10: Deferred Compensation (Administering Agencies Only)

Not Used

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Note 11: Postemployment Benefits Other Than Pensions (Administering Agencies only)

Not Used

Note 12: Interfund Activity and Transactions

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

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

Lamar State College Orange experienced routine transfers with other State agencies, which were consistent with the activities of the fund making the transfer. Repayment of interagency balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2020 follows:

	Due From Other Agencies	Due to Other Agencies	Source
Agency 320, D23, Fund 7999	\$31,610.33		
Agency 781, D23, Fund 7999	\$63,297.00		
Agency 320, D23, Fund 0001		\$2,647.76	
Total Due From/To Other Agencies	\$94,907.33	\$2,647.76	

	Legislative TRANSFERS IN	Legislative TRANSFERS OUT
General Revenue (0001) TRB		\$918,315.00
General Revenue (0001) TSUS Bond		\$288,500.00
Agency 403, D23, Fund 001	\$13,795.00	
Total Legislative Transfers	\$13,795.00	\$1,206,815.00

	TRANSFERS IN	TRANSFERS OUT	SOURCE
Agency 758, D23, Fund 7999		\$177,830.00	Designated Funds
Agency 758, D23, Fund 7999		\$ 53,356.54	Designated Funds
Agency 758, D23, Fund 7999		\$366.84	ECP Interest
Agency 902, D23, Fund 0599	\$20,897.05		
Agency 902, D23, Fund 0210	\$ 8,107.00		
Agency 758, D23, Fund 7999	\$1,772,280.00		Bonds
Total Transfers	\$1,801,284.05	\$231,553.38	

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Individual balances and activity at August 31, 2019 follows:

	Due From Other Agencies	Due to Other Agencies	Source
Agency 320, D23, Fund 7999	\$94,410.00		
Agency 781, D23, Fund 7999	\$9,168.00		
Agency 789, D23, Fund 7999		\$3,125.00	
Total Due From/To Other Agencies	\$103,578.00	\$3,125.00	

	Legislative TRANSFERS IN	Legislative TRANSFERS OUT	
General Revenue (0001) TRB		\$919,559.00	
General Revenue (0001) TSUS Bond			\$340,100.00
Agency 403, D23, Fund 001	\$11,548.00		
Total Legislative Transfers	\$11,548.00		\$1,259,659.00

	TRANSFERS IN	TRANSFERS OUT	SOURCE
Agency 758, D23, Fund 7999		\$156,977.20	Designated Funds
Agency 758, D23, Fund 7999		\$ 1,383.50	Designated Funds
Agency 902, D23, Fund 0599	\$ 385,214.95		
Agency 902, D23, Fund 0210	\$6,727.00		
Total Transfers	\$391,941.95	\$158,360.70	

Note 13: Continuance Subject to Review

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

Note 14: Adjustments to Fund Balances and Net Position

Lamar State College Orange had no adjustments to Fund Balances or Net Position to report as of August 31, 2020 and August 31, 2019

Note 15: Contingencies and Commitments

At August 31, 2020 and 2019 no lawsuits and claims involving Lamar State College Orange were pending. However, for Hurricane Ike damages incurred by the campus in 2008, there is a probable repayment to the Texas Division of Emergency Management (TDEM) in the amount of \$1,347,872.36 which has been accrued.

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Note 16: Subsequent Events

Not Used

Note 17: Risk Management

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

Workers' Compensation: The administration of the State's employee workers' compensation program is vested with the State Office of Risk Management (SORM). In accordance with H.B. No. 1203, 77th Legislature, SORM developed and imposed a formula-driven charge for workers' compensation costs upon participating agencies. The workers' compensation assessment is prepaid to SORM through an Interagency Contract for risk management services and workers' compensation coverage for its employees in compliance with TEX.LABOR CODE Chapter 412 and Chapter 501. The assessment paid during the fiscal year ended August 31, 2020 and 2019 amounted to \$15,529.53 and \$11,136.90, respectively.

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

Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 bodily injury and \$25,000 property damage. However, Lamar State College Orange has chosen to carry liability insurance on their licensed vehicles in the amount of \$1,000,000 combined single liability amount. The coverage exceeds the extent of the waivers of state immunity in the Tort Claims Act.

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

Lamar State College Orange assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance, nor is the College

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involved in any risk pool with other government entities for these risks.

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

Note 18: Management's Discussion and Analysis

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

Note 19: The Financial Reporting Entity

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

Lamar State College Orange Foundation, Inc. is a non-profit organization, which was established in December 1983, to support the development and promotion of Lamar State College – Orange, its students, faculty, staff, and physical facilities. Neither the balance nor the transactions of this organization's fund are reflected in the financial statements during the year ended August 31, 2020 and 2019. Lamar State College Orange received \$193,000.00 and \$0 from the Lamar State College Orange Foundation during the year ended August 31, 2020 and 2019, respectively.

Note 20: Stewardship, Compliance and Accountability

Not Used

Note 21: Not Applicable to the AFR Reporting Requirements Process

Not Used

Note 22: Donor-Restricted Endowments

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

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Note 23: Extraordinary and Special Items

Lamar State College Orange has no Special or Extraordinary Items as of August 31, 2020 and August 31, 2019.

Note 24: Disaggregation of Receivable and Payable Balances

Current Receivables and Other Current and Non-current Liabilities as of August 31, 2020 are comprised of the following:

Federal Receivables		
Scholarships	\$	714,545.26
Other Liabilities - Current		
Refundable Student Deposits	\$	1,425.15
Other Liabilities - Noncurrent		
Refundable Student Deposits	\$	12,826.35
Due to FEMA		1,347,872.36
Total Other Liabilities - Current	\$	1,360,698.71

Current Receivables and Other Current and Non-current Liabilities as of August 31, 2019 are comprised of the following:

Federal Receivables		
Scholarships	\$	440,716.58
Other Liabilities - Current		
Refundable Student Deposits	\$	3,153.15
Other Liabilities - Noncurrent		
Refundable Student Deposits	\$	28,378.35
Due to FEMA		1,347,872.36
Total Other Liabilities - Current	\$	1,376,250.71

Note 25: Termination Benefits

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

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Note 26: Segment Information

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

Note 27: Service Concession Arrangements

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

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

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

Note 29: Troubled Debt Restructuring

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

Note 30: Non-Exchange Financial Guarantees

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

Note 31: Tax Abatements

Lamar State College Orange has not entered into any tax abatement agreements to report as of August 31, 2020 and 2019.

Note 32: Governmental Fund Balances

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

LAMAR STATE COLLEGE ORANGE
SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended August 31, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Pass-Through From			
		Identifying Number	Agy/ Univ #	Agencies Or Univ Amount	Non-State Entities Amount
U.S. Department of Education					
Pass-Through From:					
The Higher Education Coordinating Board					
Vocational Education-Basic Grant	84.048		781	259,344.00	
Department of Homeland Security					
Pass-Through From:					
Texas Department of Public Safety					
	97.036				
Sam Houston State University					
Plant and Animal Disease, Pest Control and Animal Car					
	10.025		753	13,218.40	
Texas Workforce Commission					
Pass-Through From:					
Apprenticeship (St Adm Mtch Grants Supp Nutr)					
	10.561		320		
Apprenticeship (WIA Disl Worker Formula Grants)					
	17.278		320	137,180.00	
Apprenticeship (Temp Assist for Needy Families)					
	93.558		320		
Sub-Total				<u>409,742.40</u>	<u>-</u>
Student Financial Assistance Cluster					
U. S. Department of Education					
Direct Programs:					
Federal Supplemental Opport. Ed. Grants					
	84.007				
Federal Work-Study Program					
	84.033				
Federal Pell Grant Program					
	84.063				
Federal Direct Student Loans					
	84.268				
Emergency Assistance for Institutions of HE					
	84.938T				
CARES Act Student Portion					
	84.425E				
CARES Act Institution Portion					
	84.425F				
Total Student Financial Assistance Cluster Programs				<u>-</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 409,742.40</u>	<u>\$ -</u>

Note 2: Reconciliation:

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Per Proprietary Statement of Changes in Revenues, Expenses and Net Position		
Proprietary Funds - Federal Revenue (SCRECNP)		\$ 4,907,090.28
Proprietary Funds - Federal Pass-Through Revenue (SCRECNP)		409,742.40
Reconciling Item: New Loans Processed		
Federal Direct Student Loans		<u>1,697,118.00</u>
Total Pass Through and Expenditures per Federal Schedule		<u>\$ 7,013,950.68</u>

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/CFDA Number/ Program Name	New Loans Processed	Admin Costs Recovered	Total Loans Processed & Admi. Costs Recovered	Ending Balances of Previous Year's Loans
Department of Education				
Federal Direct Student Loans 84.268	\$ 1,697,118.00	0	\$ 1,697,118.00	0
Total Department of Education	\$ 1,697,118.00	0	\$ 1,697,118.00	0

Notes 1, 4, 5, 6, and 7 are non-applicable.

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Direct Program Amount	Total Pass Throughs from and Direct Program	Pass-Through To			Expenditures	Total Pass-Through To & Expenditures
		Agy/ Univ. #	State Agy or Univ Amount	Non-State Entities Amount		
	259,344.00				259,344.00	259,344.00
	-				-	-
	-				-	-
	-				-	-
	13,218.40				13,218.40	13,218.40
	-				-	-
	-				-	-
	-				-	-
	137,180.00				137,180.00	137,180.00
	-				-	-
<u>-</u>	<u>409,742.40</u>	<u>-</u>	<u>-</u>		<u>409,742.40</u>	<u>409,742.40</u>
62,407.00	62,407.00				62,407.00	62,407.00
52,176.76	52,176.76				52,176.76	52,176.76
3,537,355.67	3,537,355.67				3,537,355.67	3,537,355.67
1,697,118.00	1,697,118.00				1,697,118.00	1,697,118.00
211,831.85	211,831.85				211,831.85	211,831.85
521,660.00	521,660.00				521,660.00	521,660.00
521,659.00	521,659.00				521,659.00	521,659.00
<u>6,604,208.28</u>	<u>6,604,208.28</u>	<u>-</u>	<u>-</u>		<u>6,604,208.28</u>	<u>6,604,208.28</u>
<u>\$ 6,604,208.28</u>	<u>\$ 7,013,950.68</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 7,013,950.68</u>	<u>\$ 7,013,950.68</u>

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LAMAR STATE COLLEGE ORANGE
SCHEDULE 1B
SCHEDULE OF STATE PASS THROUGHS FROM/TO STATE AGENCIES
For the Fiscal Year Ended August 31, 2020

Pass Through From:

Texas Higher Education Coordinating Board (Agency 781)	
Texas Educational Opportunity	\$ 324,385.00
College Work Study	9,863.00
Texas Workforce Commission (Agency 320)	
Apprenticeship	315,984.00
Skills Development	126,672.42
Total Pass Through From Other Agencies	<u>\$ 776,904.42</u>

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**LAMAR STATE COLLEGE ORANGE
SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION
For the Fiscal Year Ended August 31, 2020**

SCHEDULE NOT USED

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**LAMAR STATE COLLEGE ORANGE
SCHEDULE 2B
CHANGES OF BOND INDEBTEDNESS
For the Fiscal Year Ended August 31, 2020**

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE ORANGE
SCHEDULE 2C
DEBT SERVICE REQUIREMENTS SCHEDULE
For the Fiscal Year Ended August 31, 2020**

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE ORANGE
SCHEDULE 2D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2020**

SCHEDULE NOT USED

UNAUDITED

LAMAR STATE COLLEGE ORANGE
SCHEDULE 2E
SCHEDULE OF DEFEASED BONDS OUTSTANDING
For the Fiscal Year Ended August 31, 2020

SCHEDULE NOT USED

UNAUDITED

LAMAR STATE COLLEGE - ORANGE
SCHEDULE 3
RECONCILIATION OF CASH IN STATE TREASURY
August 31, 2020

<u>Cash In State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Available University Fund 0285	\$ 1,921,671.24	-	\$ 1,921,671.24
Total Cash In State Treasury (Statement of Net Position)	<u>\$ 1,921,671.24</u>	<u>\$ -</u>	<u>\$ 1,921,671.24</u>

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**LAMAR STATE COLLEGE ORANGE
SCHEDULE 4 - HIGHER EDUCATION FUND
For the fiscal year ended August 31, 2020**

	<u>Totals</u>
Balance September 1, 2019	<u>\$ 2,356,953.55</u>
REVENUES	
HEF Appropriation	1,694,343.00
Total Revenues	<u>1,694,343.00</u>
EXPENSES	
Other Expenses	234,770.16
Transfers among funds	-
Transfer between agencies	288,500.00
Total Expenses	<u>523,270.16</u>
BALANCE AT AUGUST 31, 2020	<u><u>\$ 3,528,026.39</u></u>