

# FY 2024

## ANNUAL FINANCIAL REPORT

September 1, 2023 - August 31, 2024

### 2024 STATS

**75%**  
OF GRADUATES ARE  
FIRST-GENERATION

**3.00**  
AVERAGE GPA

**13.47%**  
AVERAGE INCREASE  
IN CONTACT HOURS  
FOR FY 24

**1,132**  
TOTAL CERTIFICATES & DEGREES  
AWARDED IN FY 2024



Lamar State College  
— Orange —

# LAMAR STATE COLLEGE ORANGE



## **Annual Financial Report**

**Fiscal Year 2024**

(September 1, 2023 - August 31, 2024)

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





November 20, 2024

Office of the President

The Honorable Greg Abbott  
Governor of Texas

The Honorable Glenn Hegar  
Texas Comptroller of Public Accounts

Mr. Jerry McGinty  
Director, Legislative Budget Board

Ms. Lisa Collier  
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, 2024, 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,

A handwritten signature in blue ink, appearing to read "Thomas Johnson", is written over a horizontal line.

Thomas Johnson, Ed.D.  
President





*Business Office*

Phone: 409/882-3363

Fax: 409/670-4361

November 20, 2024

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, 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 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  
Assistant Vice President of Financial Services

Approved:

Mary Wickland  
Executive Vice President for Finance and Operations

**LAMAR STATE COLLEGE-ORANGE**

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

A Member of the Texas State University System ♦ An Equal Opportunity Employer



UNAUDITED

**LAMAR STATE COLLEGE ORANGE**

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**TEXAS STATE UNIVERSITY SYSTEM**  
**Lamar State College Orange**  
**Organizational Data as of August 31, 2024**

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**BOARD OF REGENTS**

<u><b>Name</b></u>	<u><b>City (Texas)</b></u>	<u><b>Term Expires</b></u>
Alan L. Tinsley, Chairman	Madisonville	2027
Dionicio (Don) Flores, Vice Chairman	El Paso	2025
Charlie Amato	San Antonio	2025
Duke Austin	Houston	2029
Sheila Faske	Rose City	2027
Russell Gordy	Houston	2029
Stephen Lee	Bastrop	2027
Tom Long	Frisco	2029
William F. Scott	Nederland	2025
Olivia Discon, Student Regent	Huntsville	2025

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**ADMINISTRATIVE OFFICERS**

**SYSTEM OFFICE**

<u><b>Name</b></u>	<u><b>Title</b></u>
Dr. Brian McCall	Chancellor
Dr. John Hayek	Vice Chancellor for Academic and Health Affairs
Nelly Herrera	Vice Chancellor and General Counsel
Sean Cunningham	Vice Chancellor for Governmental Relations
Daniel Harper	Vice Chancellor and Chief Financial Officer
Mike Wintemute	Vice Chancellor for Marketing and Communications
Carole Fox	Chief Audit Executive

**Lamar State College Orange**

<u><b>Name</b></u>	<u><b>Title</b></u>
Dr. Thomas Johnson	President
Mary Wickland	Executive Vice President for Finance and Operations
Dr. Wendy Elmore	Executive Vice President for Academic and Student Affairs

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Texas State University System  
Lamar State College Orange  
Statement of Net Position  
August 31, 2024

	<b>As of August 31, 2024</b>	<b>As of August 31, 2023</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents: (Note 3)		
Cash on Hand (Including Petty Cash)	\$ 1,300.00	\$ 1,500.00
Cash in Bank	1,097,186.94	717,422.73
Cash in State Treasury (Schedule 3)	5,307,981.95	3,961,448.37
Cash Equivalents	14,885,233.02	14,696,433.43
Restricted:		
Cash and Cash Equivalents: (Note 3)		
Cash in State Treasury	-	98,976.76
Legislative Appropriations	9,384,150.56	10,091,020.25
Receivables:		
Federal	231,249.74	475,559.46
Interest	-	-
Accounts - Tuition	1,249,526.65	862,903.23
Allowance Accounts	(133,937.74)	(118,791.00)
Due From Other Agencies (Note 12)	99,591.51	511,694.93
Prepaid Items	2,080,186.45	1,330,288.15
Loans and Contracts	326,859.86	553,773.16
Allowance - Loans & Contracts	(20,592.65)	(31,888.65)
Total Current Assets	<u>34,508,736.29</u>	<u>33,150,340.82</u>
Noncurrent Assets:		
Restricted:		
Cash and Cash Equivalents: (Note 3)		
Cash Equivalents	718,965.00	1,401,053.43
Investments (Note 3)	10,956,725.12	9,787,637.79
Capital Assets: (Note 2)		
Non-Depreciable:		
Land and Land Improvements	2,144,436.56	2,144,436.56
Construction in Progress	26,697,989.71	5,798,795.68
Other Capital Assets		
Depreciable or Amortizable:		
Buildings and Building Improvements	54,736,016.62	51,011,020.07
Less Accumulated Depreciation	(26,149,647.61)	(24,249,015.58)
Infrastructure	1,800,059.37	
Less Accumulated Depreciation	(5,769.42)	
Facilities and Other Improvements	1,728,427.50	1,728,427.50
Less Accumulated Depreciation	(1,057,119.92)	(1,017,631.28)
Furniture and Equipment	8,054,872.46	7,366,027.19
Less Accumulated Depreciation	(4,742,756.17)	(3,975,630.80)
Vehicles, Boats, and Aircraft	509,116.87	394,663.12
Less Accumulated Depreciation	(170,102.09)	(127,274.09)
Computer Software - Intangible	3,424,825.38	3,424,825.38
Less Accumulated Amortization	(3,345,497.71)	(3,250,304.95)
Other Capital Assets	969,473.10	953,317.85
Less Accumulated Depreciation	(708,612.74)	(663,960.32)
Total Non-Current Assets	<u>75,561,402.03</u>	<u>50,726,387.55</u>
<b>Total Assets</b>	<u>110,070,138.32</u>	<u>83,876,728.37</u>

UNAUDITED

Texas State University System  
Lamar State College Orange  
Statement of Net Position  
August 31, 2024

	<b>As of August 31, 2024</b>	<b>As of August 31, 2023</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables From:		
Accounts Payable	4,512,160.44	60,146.49
Payroll Payable	986,585.90	914,392.51
Due to Other Agencies (Note 12)	670,498.19	95,957.71
Unearned Revenues	3,141,061.60	2,940,246.90
Employees' Compensable Leave (Note5)	69,049.16	102,461.78
Funds Held for Others	40,982.38	24,025.07
Other Current Liabilities	1,413.40	1,215.46
Total Current Liabilities	<u>9,421,751.07</u>	<u>4,138,445.92</u>
Noncurrent Liabilities:		
Employees Compensable Leave (Note 5)	355,156.19	333,576.04
Other Non-Current Liabilities	12,720.61	10,939.17
Total Noncurrent Liabilities	<u>367,876.80</u>	<u>344,515.21</u>
<b>Total Liabilities</b>	<u><u>9,789,627.87</u></u>	<u><u>4,482,961.13</u></u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	63,885,711.91	39,537,696.33
Restricted for		
Capital Projects	(4,224,981.62)	233,220.56
Other	2,037,638.55	1,848,577.06
Funds Held as Permanent Investments		
Non-Expendable:		
Endowment Funds	-	-
Unrestricted		
HEF	3,295,903.81	2,790,425.44
Other	35,286,237.80	34,983,847.85
<b>Total Net Position</b>	<u><u>\$ 100,280,510.45</u></u>	<u><u>\$ 79,393,767.24</u></u>

See accompanying Notes to the Financial Statements

UNAUDITED

Texas State University System  
Lamar State College Orange  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended August 31, 2024

	<b>As of August 31, 2024</b>	<b>As of August 31, 2023</b>
<b>OPERATING REVENUES</b>		
Tuition and Fees - Pledged	\$ 6,724,714.89	\$ 6,480,957.56
Tuition and Fees - Discounts/Allowances	(3,269,240.31)	(2,498,600.51)
Other Sales of Goods and Services - Pledged	231,227.37	218,778.81
Federal Revenue-Operating	100,277.28	723,815.95
Federal Pass Through Revenue	411,709.98	1,022,688.96
State Grant Pass Through Revenue	1,381,914.28	894,253.03
Other Operating Revenues - Pledged	351,525.41	393,723.19
Total Operating Revenues	5,932,128.90	7,235,616.99
<b>OPERATING EXPENSES</b>		
Instruction	6,779,349.37	8,211,645.21
Public Service	1,563,908.07	1,690,079.61
Academic Support	3,308,553.56	3,128,977.44
Student Services	2,532,597.53	2,063,771.16
Institutional Support	4,027,744.81	3,967,368.16
Operation and Maintenance of Plant	2,383,724.37	2,186,817.09
Scholarship and Fellowships	3,283,639.33	4,478,251.83
Depreciation and Amortization	2,918,790.32	2,597,078.18
Total Operating Expenses	26,798,307.36	28,323,988.68
Operating Income (Loss)	(20,866,178.46)	(21,088,371.69)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Legislative Revenue (GR)	17,851,411.00	19,392,637.00
Additional Appropriations (GR)	2,810,727.67	2,386,010.26
Federal Revenue	3,821,988.93	3,673,903.00
Gifts - Non-Pledged	1,417,281.45	2,332,885.32
Gain (Loss) on Sale of Capital Assets		
Net Increase (Decrease) in Fair Value - Pledged	620,190.21	477,025.22
Investment Income (Expense) - Pledged	1,547,594.48	433,562.99
Settlement of Claims		
Other Nonoperating Revenues (Expenses)		
Other Nonoperating Revenues (Expenses) (GR)	(147,896.82)	(84,397.34)
Total Nonoperating Revenues (Expenses)	27,921,296.92	28,611,626.45
Income (Loss) before Capital Contributions, Endowments, and Transfers	7,055,118.46	7,523,254.76

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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, 2024

	<b>As of August 31, 2024</b>	<b>As of August 31, 2023</b>
<b>CAPITAL CONTRIBUTIONS, ENDOWMENTS, AND TRANSFERS</b>		
Capital Appropriations (HEF)	1,533,301.00	1,488,396.00
Transfers-In (Note 12)	17,488,982.91	3,759,130.01
Transfers-Out (Note 12)	(972,749.16)	(661,372.26)
Legislative Transfers-In (Note 12)	43,590.00	5,369.00
Legislative Transfers-Out (Note 12)	(4,261,500.00)	(1,229,750.00)
Total Other Revenues, Expenses, Gains/Losses and Transfers	13,831,624.75	3,361,772.75
<b>CHANGE IN NET POSITION</b>	20,886,743.21	10,885,027.51
Total Net Position, September 1	79,393,767.24	68,508,739.73
Restatements		
Net Position, September 1, as Restated	79,393,767.24	68,508,739.73
<b>TOTAL NET POSITION, August 31</b>	<b>\$ 100,280,510.45</b>	<b>\$ 79,393,767.24</b>

See accompanying Notes to the Financial Statements

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Texas State University System  
Lamar State College Orange  
Matrix of Operating Expenses Reported by Combined Funds Total  
For the Fiscal 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 Enterprise Expenditures	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold											-
Salaries and Wages	4,620,853.58		871,390.37	1,192,487.57	1,402,786.25	2,060,762.23	458,350.45	25,291.90			10,631,922.35
Payroll Related Costs	1,496,428.81		240,379.79	423,059.60	527,583.39	686,982.42	175,113.69	2,037.40			3,551,585.10
Professional Fees and Services	170,563.31		297,726.63	827,585.52	68,538.02	125,538.04	884,536.71	597,017.00			2,971,505.23
Travel	72,859.28		5,358.93	42,882.79	41,932.61	101,042.50	5,418.89				269,495.00
Materials and Supplies	621,847.23		46,922.09	556,132.19	308,207.04	178,114.96	128,130.01				1,839,353.52
Communication and Utilities			30,415.55	223,142.41	20,292.56		569,032.56				842,883.08
Repairs and Maintenance	22,727.67		50,122.09	8,088.14	55,465.72	19,385.64					155,789.26
Rentals and Leases	166.66		5,752.81	20,083.63	10,338.17		2,377.17				38,718.44
Printing and Reproduction	21,823.83		946.81	3,185.28	15,272.65	(41,100.72)	180.15			2,918,790.32	2,918,790.32
Depreciation and Amortization											
Bad Debt Expense	173,541.31		13,843.00	8,649.40	6,127.80						202,161.51
Interest				3,257.03			385.62				3,642.65
Scholarships	360,898.00		1,050.00		16,250.00	250.00		2,648,348.03			3,026,796.03
Other Operating Expenses	(782,360.31)				59,803.32	896,769.74	160,199.12	10,945.00			345,356.87
Total Operating Expenses	6,779,349.37	-	1,563,908.07	3,308,553.56	2,532,597.53	4,027,744.81	2,383,724.37	3,283,639.33	-	2,918,790.32	26,798,307.36

Texas State University System  
Lamar State College Orange  
Matrix of Operating Expenses Reported by Combined Funds Total  
For the Fiscal 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 Enterprise Expenditures	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold											-
Salaries and Wages	4,615,257.90		769,323.35	1,141,924.10	1,228,119.83	1,966,890.81	367,182.96	27,619.28			10,116,318.23
Payroll Related Costs	1,515,901.64		200,716.43	413,366.46	463,907.00	621,656.44	155,148.91	412.10			3,371,108.98
Professional Fees and Services	1,212,873.75		119,310.02	603,359.84	(22,355.32)	241,750.68	195,379.49	853,002.80			3,203,321.26
Travel	91,891.61		34,616.25	28,952.10	33,666.04	97,327.44	3,725.57				290,179.01
Materials and Supplies	547,339.61		239,268.86	608,419.00	239,534.74	262,701.32	219,673.60	50,647.59			2,167,584.72
Communication and Utilities			39,806.77	103,038.02	21,332.72	7,585.45	587,675.47	8,912.00			768,350.43
Repairs and Maintenance	2,004.70		77,154.91	210,554.54	10,987.75	63,299.58	24,925.83	296,413.08			685,340.39
Rentals and Leases			3,876.21	1,717.12	11,059.91	17,242.79	364.22				34,260.25
Printing and Reproduction	20,428.10		1,242.64	2,414.40	17,741.92	(37,204.11)	15,275.78				19,898.73
Depreciation and Amortization										2,597,078.18	2,597,078.18
Bad Debt Expense	128,095.29		2,333.00	3,844.87	472.35						134,745.51
Interest				160.33			7.74				219.45
Scholarships	61,476.46		3,150.00		13,551.48	1,050.00		3,228,728.19			3,307,956.13
Other Operating Expenses	16,373.33		199,281.17	11,226.66	45,752.74	725,019.20	617,457.52	12,516.79			1,627,627.41
Total Operating Expenses	8,211,645.21	-	1,690,079.61	3,128,977.44	2,063,771.16	3,967,368.16	2,186,817.09	4,478,251.83	-	2,597,078.18	28,323,988.68

UNAUDITED

Texas State University System  
Lamar State College Orange  
Statement of Cash Flows  
For the Year Ended August 31, 2024

	<b>As of August 31, 2024</b>	<b>As of August 31, 2023</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	231,227.37	218,778.81
Proceeds from Tuition and Fees	3,740,608.98	3,454,190.81
Proceeds from Loan Programs	215,617.30	
Proceeds from Other Operating Revenues	2,446,241.65	3,117,803.84
Payments to Suppliers for Goods and Services	(5,328,421.32)	(12,888,591.61)
Payments to Employees for Salaries	(10,631,922.35)	(10,116,318.23)
Payments to Employees for Benefits	(1,486,440.40)	(1,640,974.21)
Payments for Loans Provided		(345,442.76)
Net Cash Provided (Used) by Operating Activities	<b>\$ (10,813,088.77)</b>	<b>\$ (18,200,553.35)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	20,868,922.19	17,646,404.20
Proceeds from Gifts	1,417,281.45	2,332,885.32
Proceeds from Grant Receipts	3,821,988.93	3,673,903.00
Proceeds from Other Noncapital Financing Activities	67,485.16	206,732.67
Payments for Other Noncapital Financing Uses	(542,970.78)	(160,592.00)
Net Cash Provided by Noncapital Financing Activities	<b>\$ 25,632,706.95</b>	<b>\$ 23,699,333.19</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from the Sale of Capital Assets		
Proceeds from Debt Issuance	17,185,785.61	3,075,000.00
Payments for Additions to Capital Assets	(27,266,805.90)	(7,625,276.44)
Payments of Principal on Debt	(4,215,000.00)	(905,000.00)
Payments of Interest on Debt Issuance	(388,463.06)	(432,530.26)
Net Cash Provided by Capital and Related Financing Activities	<b>\$ (14,684,483.35)</b>	<b>\$ (5,887,806.70)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Investment Income	998,697.36	760,798.49
Payments to Acquire Investments		
Net Cash Provided by Investing Activities	<b>\$ 998,697.36</b>	<b>\$ 760,798.49</b>
Net Increase (Decrease) in Cash and Cash Equivalents	1,133,832.19	371,771.63
Cash and Cash Equivalents, September 1	20,876,834.72	20,505,063.09
Cash and Cash Equivalents, September 1 - Restated	<b>\$ 20,876,834.72</b>	<b>\$ 20,505,063.09</b>
Cash and Cash Equivalents, August 31	<b>\$ 22,010,666.91</b>	<b>\$ 20,876,834.72</b>



UNAUDITED

Texas State University System  
Lamar State College Orange  
Statement of Cash Flows  
For the Year Ended August 31, 2024

	As of August 31, 2024	As of August 31, 2023
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ (20,866,178.46)	\$ (21,088,371.69)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization and Depreciation	2,918,790.32	2,597,078.18
Bad Debt Expense	202,161.51	134,745.51
On-Behalf Benefit Payments	2,076,977.17	1,676,717.64
(Increase) Decrease in Receivables	82,774.95	(657,218.90)
(Increase) Decrease in Prepaid Expenses	(749,898.30)	(435,920.36)
(Increase) Decrease in Loans and Contracts	215,617.30	(345,442.76)
Increase (Decrease) in Payables	5,028,335.87	(177,713.51)
Increase (Decrease) in Deposits	197.94	(1,717.44)
Increase (Decrease) in Unearned Revenue	200,814.70	79,347.30
Increase (Decrease) in Compensated Absence Liability	(11,832.47)	53,417.13
Increase (Decrease) in Other Liabilities	89,150.70	(35,474.45)
Total Adjustments	10,053,089.69	2,887,818.34
Net Cash Provided by Operating Activities	\$ (10,813,088.77)	\$ (18,200,553.35)
<b>Non Cash Transactions</b>		
Net Change in Fair Value of Investments	\$ 620,190.21	\$ 477,025.22

See accompanying Notes to the Financial Statements

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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

#### **Reporting Entity**

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

The origins of LSCO date back to its formation in 1969 when Lamar University opened an extension center in Orange, Texas in an old elementary school. The Texas Legislature passed legislation in 1971 allowing Lamar University to operate a two-year educational center out of the former elementary school. After fire destroyed the facility not long after, community fundraising made it possible to purchase the first building on the downtown Orange campus. Classes began in Fall 1971. In 1995, Lamar University-Orange became part of the Texas State University System (TSUS). In 1999, the college’s name was changed from Lamar University-Orange to Lamar State College Orange.

LSCO is an agency of the State and a component of TSUS, which 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 LSCO, Sam Houston State University, Lamar University, Sul Ross State University, Texas State University, Lamar Institute of Technology, and Lamar State College Port Arthur.

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 the 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 that in total are presented as a major enterprise fund in the State’s Annual Comprehensive Financial Report.

TSUS and LSCO have elected to define LSCO’s reporting entity to include only activities in LSCO’s name. LSCO’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 LSCO’s activities in the name of TSUS are not reported by LSCO. However, LSCO 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 with the reporting entity. As previously noted, LSCO is considered by the State as one

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

of the academic entities that comprise TSUS; however, each entity is considered an agency of the State.

LSCO is affiliated with one foundation that has the sole purpose of supporting the educational and other activities of the college. The LSCO Foundation solicits donations and acts as a coordinator of gifts made by other parties.

The Lamar State College Orange Foundation (the “Foundation”) is a separate legal entity registered with the IRS as a 501(c)(3) organization, and its efforts benefit LSCO and its students. The Foundation is separately governed and operates autonomously from LSCO, and its related activities are not included in LSCO’s, TSUS’, or the State’s financial statements. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The Foundation gave \$107,962.50 in scholarship money to LSCO in FY 2024.

The accounting policies followed by LSCO 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. LSCO is reporting as a special-purpose government engaged only in Business-Type Activities within the Proprietary Fund Type. The accompanying entity-wide financial statements are prepared as such.

### **Proprietary Funds**

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

### **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 nonoperating items. Operating

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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 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 the TSUS' Board.

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

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

#### Assets

##### Current and Noncurrent Assets

Current assets are those that are readily available to meet current operational requirements. Noncurrent 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 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.

##### Investments

Investments are 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 Statement of Revenues, Expenses, and Changes in Net Position.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

### 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 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. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method.

For leased assets, LSCO 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. LSCO 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.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

### Lease Receivables

Lease receivable is calculated as the present value of the lease receipts expected during the lease term. The lessor records a lease receivable and a deferred inflow of resources on its financial statements.

### Other Receivables

The disaggregation of other receivables as reported in the financial statements is disclosed 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.

#### Unearned Revenues

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

#### Other Payables – Current and Noncurrent

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

#### Funds Held for Others

Current balances in funds held for others result from LSCO 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 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.

#### Lease Liabilities

Lease liability represents the amount recognized by a lessee on its financial statements regarding its leases. It is initially measured at the present value of lease payments and is remeasured whenever there is a change in lease payments or lease modification. Liabilities are reported separately as either current or noncurrent.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

### SBITA Liabilities

A subscription liability is measured at the present value of payments, based on a contract, to be made during the subscription term. LSCO, 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 long-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter) in the statement of the 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 long-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter) in the statement of net position. The bonds are reported at par, net of unamortized premiums, discounts, issuance costs, and gains/(losses) on bond refunding activities. TSUS reports all related balances.

### 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 bond, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

### 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 with the passage of time.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

**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 Nonoperating 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.

**Nonoperating 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 nonoperating items defined by GASB.

### **Interagency Activities and Transactions**

LSCO 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 agency for another are recorded as expenditures in the reimbursing agency and as a reduction of expenditures in the reimbursed funds. 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 it is classified as “current.” Balances for repayment due in two (or more) years are classified “noncurrent”.

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 LSCO’s interfund activities and transactions is presented in Note 12.



# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

### COVID-19 and CARES Act

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act authorized more than \$2 trillion in relief to individuals, businesses, and nonprofit and government organizations impacted by COVID-19. LSCO 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 State of Texas Governor’s Office and passed through the Texas Higher Education Coordinating Board to LSCO, 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 were awarded in September 2020 to maintain need-based financial aid programs and keep more students enrolled at colleges and universities. The initial awards were followed by an additional \$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 LSCO, provides support to prevent, prepare for, and respond to COVID-19. The respective award in FY 2020 totaled \$1,043,319. Additional awards occurred in FY 2021 in the amount of \$2,206,109 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) known as HEERF II and \$3,958,195 under the American Rescue Plan (ARP) known as HEERF III. 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.

The revenues from these programs are earned by fulfilling the terms and conditions of the agreements with the funding agencies and therefore recognized when qualifying expenditures are incurred and eligibility requirements are met. A summary of funding awarded and expensed for the year ended August 31, 2024 and the balance of the unearned amounts are presented below:

<b>Program</b>	<b>Total Awarded</b>	<b>Expensed/Earned</b>	<b>Unearned</b>
GEERF – Student Financial Aid	\$28,469.00	\$28,469.00	\$0
GEERF – Emergency Student Financial Aid	\$29,462.00	\$29,462.00	\$0
HEERF I CARES – Student Allocation	\$521,660.00	\$521,660.00	\$0
HEERF I CARES – Institutional Allocation	\$521,659.00	\$521,659.00	\$0

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

HEERF II CRRSAA - Student Allocation	\$521,660.00	\$521,660.00	\$0
HEERF II CRRSAA - Institutional Allocation	\$1,684,449.00	\$1,684,449.00	\$0
HEERF III ARP - Student Allocation	\$2,061,569.00	\$2,061,569.00	\$0
HEERF III ARP - Institutional Allocation	\$1,896,626.00	\$1,896,626.00	\$0
<b>Total</b>	<b>\$7,265,554.00</b>	<b>\$7,265,554.00</b>	<b>\$0</b>

### Note 2: Capital Assets

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

Capital Assets	Balance 9/1/2023	Adjustments	Reclass	Additions	Deletions	Balance 8/31/2024
<b>Non-Depreciable or Non-Amortizable Assets:</b>						
Land & Land Improvements	\$ 2,144,436.56	\$ -	\$ -	\$ -	\$ -	\$ 2,144,436.56
Construction In Progress	5,798,795.68		(2,868,135.44)	23,767,329.47		26,697,989.71
Total Non-Depreciable or Non-Amortizable Assets	\$ 7,943,232.24	\$ -	\$ (2,868,135.44)	\$ 23,767,329.47	\$ -	\$ 28,842,426.27
<b>Depreciable Assets:</b>						
Buildings and Building Improvements	\$ 51,011,020.07	\$ -	\$ 2,868,135.44	\$ 856,861.11	\$ -	\$ 54,736,016.62
Infrastructure	-			1,800,059.37		1,800,059.37
Facilities and Other Improvements	1,728,427.50	-	-	-	-	1,728,427.50
Furniture and Equipment	7,366,027.19	-	-	711,946.95	(23,101.68)	8,054,872.46
Vehicles, Boats, and Aircraft	394,663.12	-	-	114,453.75	-	509,116.87
Other Capital Assets	953,317.85	-	-	16,155.25	-	969,473.10
Total Depreciable Assets, Net	\$ 61,453,455.73	\$ -	\$ 2,868,135.44	\$ 3,499,476.43	\$ (23,101.68)	\$ 67,797,965.92
<b>Less: Accumulated Depreciation for:</b>						
Buildings and Improvements	\$ (24,249,015.58)	\$ -	\$ -	\$ (1,900,632.03)	\$ -	\$ (26,149,647.61)
Infrastructure	-	-	-	(5,769.42)	-	(5,769.42)
Facilities and Other Improvements	(1,017,631.28)	-	-	(39,488.64)	-	(1,057,119.92)
Furniture and Equipment	(3,975,630.80)	-	-	(790,227.05)	23,101.68	(4,742,756.17)
Vehicles, Boats, and Aircraft	(127,274.09)	-	-	(42,828.00)	-	(170,102.09)
Other Capital Assets	(663,960.32)	-	-	(44,652.42)	-	(708,612.74)
Total Accumulated Depreciation	\$ (30,033,512.07)	\$ -	\$ -	\$ (2,823,597.56)	\$ 23,101.68	\$ (32,834,007.95)
<b>Amortizable Assets - Intangible:</b>						
Computer Software	\$ 3,424,825.38	\$ -	\$ -	\$ -	\$ -	\$ 3,424,825.38
Total Amortizable Assets - Intangible	\$ 3,424,825.38	\$ -	\$ -	\$ -	\$ -	\$ 3,424,825.38
<b>Accumulated Amortization:</b>						
Computer Software	\$ (3,250,304.95)	\$ -	\$ -	\$ (95,192.76)	\$ -	\$ (3,345,497.71)
Total Accumulated Amortization	\$ (3,250,304.95)	\$ -	\$ -	\$ (95,192.76)	\$ -	\$ (3,345,497.71)
<b>Total Business-Type Activities</b>	\$ 39,537,696.33	\$ -	\$ -	\$ 24,348,015.58	\$ -	\$ 63,885,711.91

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

A summary of changes in Right to Use Leases and SBITAs is presented below:

Intangible Right to Use Assets	Beginning Balance	Adjustments/ Reclass/Transfers	Additions	Deletions	Ending Balance
Amortizable Assets RTU:					
Subscription Assets	-	-	-	-	-
Total Amortizable RTU Assets	-	-	-	-	-
Less Accumulated Amortization for:					
Subscription Assets	-	-	-	-	-
Total Accumulated Amortization	-	-	-	-	-
Total RTU Assets, Net	\$ -	\$ -	\$ -	\$ -	\$ -

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

Capital Assets	Balance 9/1/2022	Additions	Deletions	Balance 8/31/2023
<b>Non-Depreciable or Non-Amortizable Assets:</b>				
Land & Land Improvements	\$ 2,144,436.56	\$ -	\$ -	\$ 2,144,436.56
Construction In Progress	575,538.82	5,223,256.86	-	5,798,795.68
Total Non-Depreciable or Non-Amortizable Assets	\$ 2,719,975.38	\$ 5,223,256.86	\$ -	\$ 7,943,232.24
<b>Depreciable Assets:</b>				
Buildings and Building Improvements	\$ 50,081,602.58	\$ 929,417.49	\$ -	\$ 51,011,020.07
Facilities and Other Improvements	1,728,427.50	-	-	1,728,427.50
Furniture and Equipment	6,087,528.42	1,404,758.16	(126,259.39)	7,366,027.19
Vehicles, Boats, and Aircraft	348,466.92	46,196.20	-	394,663.12
Other Capital Assets	931,670.12	21,647.73	-	953,317.85
Total Depreciable Assets, Net	\$ 59,177,695.54	\$ 2,402,019.58	\$ (126,259.39)	\$ 61,453,455.73
Less: Accumulated Depreciation for:				
Buildings and Improvements	\$(22,512,930.90)	\$(1,736,084.68)	\$ -	\$(24,249,015.58)
Facilities and Other Improvements	(978,142.64)	(39,488.64)	-	(1,017,631.28)
Furniture and Equipment	(3,467,422.09)	(634,468.10)	126,259.39	(3,975,630.80)
Vehicles, Boats, and Aircraft	(84,958.73)	(42,315.36)	-	(127,274.09)
Other Capital Assets	(614,431.68)	(49,528.64)	-	(663,960.32)
Total Accumulated Depreciation	\$(27,657,886.04)	\$(2,501,885.42)	\$ 126,259.39	\$(30,033,512.07)
<b>Amortizable Assets - Intangible:</b>				
Computer Software	\$ 3,424,825.38	\$ -	\$ -	\$ 3,424,825.38
Total Amortizable Assets - Intangible	\$ 3,424,825.38	\$ -	\$ -	\$ 3,424,825.38
<b>Accumulated Amortization:</b>				
Computer Software	\$ (3,155,112.19)	\$ (95,192.76)	\$ -	\$ (3,250,304.95)
Total Accumulated Amortization	\$ (3,155,112.19)	\$ (95,192.76)	\$ -	\$ (3,250,304.95)
<b>Total Business-Type Activities</b>	<b>\$ 34,509,498.07</b>	<b>\$ 5,028,198.26</b>	<b>\$ -</b>	<b>\$ 39,537,696.33</b>

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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

LSCO 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 \$1,097,186.94 and \$717,422.73 as of August 31, 2023. 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, LSCO 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. LSCO’s bank accounts are secured by FDIC and pledged collateral. LSCO 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, respectively, the total bank balance was \$1,151,428.97 and \$734,388.80, respectively.

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

#### Investments

LSCO invests in operating and endowment funds. LSCO 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.

LSCO 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.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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 AAA 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

LSCO 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,

**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 fair value of investments was as follows:

Fair Value	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Corporate Asset and Mortgage Backed Securities	\$ 343,027.62	-	-	\$ 343,027.62
Domestic Equity (Commingled)	\$ 64,425.39	-	-	\$ 64,425.39
Domestic Equity (SMA)	\$ 249,111.64	-	-	\$ 249,111.64
Fixed Income Money Market and Bond Mutual Fund	\$ 6,887,503.23	-	-	\$ 6,887,503.26
International Equity (Commingled)	\$ 357,086.32	-	-	\$ 357,086.32
Mutual Funds	\$ 2,463,762.30	-	-	\$ 2,463,762.30
Other Commingled Funds	\$ 591,808.59	-	-	\$ 591,808.59
	<b>\$ 10,956,725.09</b>	-	-	<b>\$ 10,956,725.12</b>
Other Commingled Funds (TexPool)				\$ 15,604,198.02
<b>Cash Equivalents</b>				<b>\$ 15,604,198.02</b>

### Deposit and Investment Risk Factors

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

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

### Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, LSCO will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. LSCO's investment policy limits holding of securities by counterparties to those involved with securities lending. As of August 31, 2024, LSCO 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 Short-Intermediate Term fund's 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 15% of the total Long-Term Operating 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, LSCO 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:

Credit Risk	AAA	AA	A	BBB	BB	B	Unrated	Total
Operating-Fixed Income	71,246.84	5,111.11	6,997.76	26,996.27	34,508.58	28,436.99	169,730.07	343,027.62
<b>Corporate Asset and Mortgage Backed Securities</b>	<b>\$ 71,246.84</b>	<b>\$ 5,111.11</b>	<b>\$ 6,997.76</b>	<b>\$ 26,996.27</b>	<b>\$ 34,508.58</b>	<b>\$ 28,436.99</b>	<b>\$ 169,730.07</b>	<b>\$ 343,027.62</b>
Operating - Equities	-	-	-	-	-	-	-	-
Operating - Real Estate	370,160.50	-	-	-	-	-	-	370,160.50
<b>International Mutual Funds</b>	<b>\$ 370,160.50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 370,160.50</b>
Operating - Equities	10,551.83	870.80	286.12	184.11	3.73	-	598.37	12,494.96
Operating-Fixed Income	2,881,042.06	213,165.28	1,140,061.12	1,649,196.12	165,419.63	176,204.47	633,062.32	6,858,151.00
Operating - Real Estate	13,525.95	1,116.21	366.75	236.00	4.78	-	766.99	16,016.68
<b>Fixed Income Money Market and Bond Mutual Fund</b>	<b>\$ 2,905,119.84</b>	<b>\$ 215,152.29</b>	<b>\$ 1,140,713.99</b>	<b>\$ 1,649,616.23</b>	<b>\$ 165,428.14</b>	<b>\$ 176,204.47</b>	<b>\$ 634,427.68</b>	<b>\$ 6,886,662.64</b>
<b>Total</b>	<b>\$ 3,346,527.18</b>	<b>\$ 220,263.40</b>	<b>\$ 1,147,711.75</b>	<b>\$ 1,676,612.50</b>	<b>\$ 199,936.72</b>	<b>\$ 204,641.46</b>	<b>\$ 804,157.75</b>	<b>\$ 7,599,850.76</b>

### 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, LSCO 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. LSCO is not required to disclose interest rate risk.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

### 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, LSCO was not aware of any material foreign currency risk.

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

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

### **Note 4: Short Term Debt**

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

### **Note 5: Long-Term Liabilities**

#### Subscription Based Information Technology Arrangements (SBITAs)

The following changes occurred related to SBITAs during the fiscal year ended August 31, 2024.

					Amounts Due	
	Balance 9/1/2023	Additions	Reductions	Balance 8/31/2024	Within One	Amounts Due
					Year	Thereafter
Right to Use Subscription Obligations	-	-	-	-	-	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Note 8 for additional details about SBITAs.

### 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. LSCO 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

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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 or 336 hours. Sick leave accumulation from one fiscal year to the next is not limited. LSCO 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.

Nonexempt 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.

During the year ended August 31, 2024, the following changes occurred in liabilities as related to Compensable Leave.

Business-Type Activities	Balance 09/01/23	Additions	Reductions	Balance 08/31/24	Amount Due Within One Year
Compensable Leave	\$436,037.82	\$69,049.16	\$80,881.63	\$424,205.35	\$69,049.16

During the year ended August 31, 2023 the following changes occurred in liabilities as related to Compensable Leave.

Business-Type Activities	Balance 09/01/22	Additions	Reductions	Balance 08/31/23	Amount Due Within One Year
Compensable Leave	\$382,620.69	\$102,461.78	\$49,044.65	\$436,037.82	\$102,461.78

Post Employment Health Care and Life Insurance:

In addition to providing pension benefits, the State provides certain health care and life insurance



# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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. LSCO 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:

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

### Claims and Judgments:

At August 31, 2024 and 2023, no lawsuits involving LSCO were pending.

### Note 6: Bonded Indebtedness

All bonded indebtedness for LSCO 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 LSCO are included with the bonds payable reported by System Administration. LSCO 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

All Series	2025	3,437,683.00	1,166,245.92	4,603,928.92
	2026	2,675,078.00	1,258,588.86	3,933,666.86
	2027	2,807,088.00	1,132,252.16	3,939,340.16
	2028	3,316,320.00	999,240.56	4,315,560.56
	2029	3,338,545.00	840,810.56	4,179,355.56
	2030-2033	14,032,206.00	1,677,165.06	15,709,371.06
	Totals	<u>29,606,920.00</u>	<u>7,074,303.12</u>	<u>36,681,223.12</u>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. LSCO was appropriated \$4,261,500.00 and \$998,750.00 during the 2024 and 2023 fiscal years, respectively, for CCAP debt service. LSCO expects future Legislative appropriations to meet the debt service for CCAP.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

### **Note 7: Derivatives**

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

### **Note 8: Leases and Subscription-Based Information Technology Arrangements (SBITAs)**

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. LSCO does not have any leases that meet this reporting requirement for August 31, 2024 and 2023, respectively.

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. LSCO 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.

LSCO 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.

LSCO 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.

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

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

As previously discussed in Note 1, TSUS and LSCO have elected to define LSCO's reporting entity to include only activities in LSCO's name. LSCO's proportional share of pension liabilities related to LSCO's activities in the name of TSUS are not reported by LSCO. However, LSCO has elected to make the following limited disclosures with respect to LSCO pension benefits.

LSCO 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.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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 LSCO 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 LSCO. 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 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. TRS 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.

TRS is primarily funded through State and employee contributions. TRS contribution rates are established by the State Legislature. Contributions by employees were 8.25 percent of gross earnings for 2024 and 8.0 percent of gross earnings for 2023, while employer contributions were 8.25 percent of the participants' gross earnings for 2024 and 8.0 percent of the participants' gross earnings for 2023. 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, 2024 and 2023, attributable to the College's portion of the pension obligation were as follows:

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

	<b>Year ended August 31, 2024</b>
Employee Contributions	\$ 697,780.69
Employer Contributions	703,194.99
<b>Total</b>	<b>\$ 1,400,975.68</b>

	<b>Year ended August 31, 2023</b>
Employee Contributions	\$ 628,073.83
Employer Contributions	629,176.21
<b>Total</b>	<b>\$ 1,257,250.04</b>

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' 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 (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, LSCO 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

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

of grandfathered employees, the rate of the employer contributions was 8.5% of annual compensation.

The amounts contributed by plan members and by LSCO (Employer) for the fiscal year ended August 31, 2024 and 2023, respectively, are:

	Year Ended August 31, 2024
Member Contributions	\$ 99,230.75
Employer Contributions	101,479.91
Totals	<u>\$ 200,710.66</u>

  

	Year Ended August 31, 2023
Member Contributions	\$ 105,357.54
Employer Contributions	107,892.83
Totals	<u>\$ 213,250.37</u>

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

LSCO does not serve as 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 LSCO, TSUS, or the State. LSCO, 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 LSCO, their spouses, and beneficiaries. These other postemployment benefits (OPEB), authorized by statute and contributions, are established by the General Appropriations Act.

As previously discussed in Note 1, TSUS and LSCO have elected to define LSCO's reporting entity to include only activities in LSCO's name. LSCO's proportional share of OPEB liabilities related to LSCO's activities in the name of TSUS are not reported by LSCO. However, LSCO has elected to make the following limited disclosures with respect to LSCO's OPEB.

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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. Liabilities associated with OPEB provided by the State for employees providing services for LSCO 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 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

LSCO 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.

As of August 31, 2024 and 2023, LSCO has not participated in any interfund borrowing. Individual balances and activity at August 31, 2024 follows:

	Due From Other Agencies	Due to Other Agencies	Source
Agency 320, D23, Fund 7999	\$29,985.10		Restricted Funds
Agency 781, D23, Fund 7999	\$68,854.81		Restricted Funds
Agency 758, D23, Fund 7999	\$751.60		Designated Funds
Agency 781, D23, Fund 7999		\$670,498.19	Restricted Funds
<b>Total Due From/To Other Agencies</b>	<b>\$99,591.51</b>	<b>\$670,498.19</b>	
	Legislative Transfers In	Legislative Transfers Out	
General Revenue (0001) TRB		\$4,261,500.00	
Agency 403, D23, Fund 0001	\$43,590.00		
<b>Total Legislative Transfers</b>	<b>\$ 43,590.00</b>	<b>\$4,261,500.00</b>	

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

	Transfers In	Transfers Out	Source
Agency 787, D23, Fund 0599		\$105,598.99	E & G Funds
Agency 758, D23, Fund 7999		\$248,107.00	Designated Funds
Agency 758, D23, Fund 7999		\$341,963.06	Designated Funds
Agency 753, D23, Fund 7999		\$50,000.00	Designated Funds
Agency 788, D23, Fund 7999		\$227,080.11	Designated Funds
Agency 787, D23, Fund 0599	\$ 105,598.99		E & G Funds
Agency 758, D23, Fund 7999	\$ 17,185,785.61		Plant Funds
Agency 902, D23, Fund 0210	\$ 4,184.00		E & G Funds
Agency 902, D23, Fund 0599	\$ 105,598.99		E & G Funds
Agency 789, D23, Fund 7999	\$ 87,815.32		Designated Funds
<b>Total Transfers</b>	<b>\$ 17,488,982.91</b>	<b>\$972,749.16</b>	

Individual balances and activity at August 31, 2023 follows:

	Due From Other Agencies	Due to Other Agencies	Source
Agency 320, D23, Fund 7999	\$434,591.00		Restricted Funds
Agency 781, D23, Fund 7999	\$73,019.00		Restricted Funds
Agency 758, D23, Fund 7999	\$4,084.93		Designated Funds
Agency 758, D23, Fund 0325		\$38,000.00	Restricted Funds
Agency 781, D23, Fund 0325		\$57,582.65	Restricted Funds
Agency 788, D23, Fund 7999		\$375.06	Designated Funds
<b>Total Due From/To Other Agencies</b>	<b>\$511,694.93</b>	<b>\$95,957.71</b>	
	Legislative Transfers In	Legislative Transfers Out	
General Revenue (0001) TRB		\$998,750.00	
General Revenue (0001) TSUS Bond		\$231,000.00	
Agency 403, D23, Fund 0001	\$5,369.00		
<b>Total Legislative Transfers</b>	<b>\$ 5,369.00</b>	<b>\$1,229,750.00</b>	

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

	Transfers In	Transfers Out	Source
Agency 787, D23, Fund 0599		\$343,000.00	
Agency 758, D23, Fund 7999		\$160,592.00	Designated Funds
Agency 758, D23, Fund 7999		\$107,780.26	Designated Funds
Agency 753, D23, Fund 7999		\$50,000.00	Designated Funds
Agency 787, D23, Fund 0599	\$ 343,000.00		
Agency 758, D23, Fund 7999	\$ 3,075,000.00		Plant Funds
Agency 902, D23, Fund 0210	\$ 3,729.00		
Agency 902, D23, Fund 0599	\$ 237,401.01		
Agency 758, D23, Fund 7999	\$ 100,000.00		Restricted Funds
<b>Total Transfers</b>	<b>\$ 3,759,130.01</b>	<b>\$661,372.26</b>	

### Note 13: Continuance Subject to Review

LSCO is not subject to a review of continuance.

### Note 14: Adjustments to Net Position

LSCO had no adjustments to Net Position to report as of August 31, 2024 and August 31, 2023.

### Note 15: Contingencies and Commitments

#### Claims and Judgments

As of August 31, 2024, and 2023, no lawsuits and claims involving LSCO were pending.

#### Federal Assistance

LSCO 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 earning to a yield less than the bond issue and, therefore, limit any arbitrage liability. TSUS estimates that rebatable arbitrage liability, if any, will be



# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

immaterial to its overall financial condition. Consistent with TSUS' and LSCO's reporting of bonds at TSUS' level, any arbitrage liability would be reported by TSUS and not LSCO.

### **Construction Commitments**

LSCO has outstanding capital commitments for various construction projects at various stages in the amount of \$20,077,587.87 at August 31, 2024.

### **Note 16: Subsequent Events**

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

### **Note 17: Risk Management**

#### **Liability Recognition and Experience**

LSCO assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, LSCO is not involved in any risk pools with other government entities. LSCO'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, 2024 and 2023, respectively.

#### **Civil Claims**

LSCO is exposed to a variety of civil claims resulting from the performance of its duties. It is LSCO'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 college employees from appropriations made to the Texas Workforce Commission (TWC). The current General Appropriations Act provides that LSCO must reimburse the General Revenue Fund from LSCO 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, 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, 77th Legislature,

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

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 \$12,293.86 and \$21,946.79, respectively.

### **Fire and Extended Coverage**

LSCO 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, 2024 and 2023.

### **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 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 \$50,000.

### **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 LSCO 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**

LSCO has no material violations of finance-related and contractual provisions. Per state laws, LSCO 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**

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

LSCO 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 Statement 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.

Current Receivables and Other Current and Noncurrent Liabilities as of August 31, 2024 are comprised of the following:

<b>Federal Receivables</b>	
Scholarships	<u>\$ 231,249.74</u>
<b>Other Liabilities - Current</b>	
Refundable Student Deposits	<u>\$ 1,413.40</u>
<b>Other Liabilities - Noncurrent</b>	
Refundable Student Deposits	<u>\$ 12,720.61</u>
<b>Total Other Liabilities - Noncurrent</b>	<u>\$ 12,720.61</u>

Current Receivables and Other Current and Noncurrent Liabilities as of August 31, 2023 are comprised of the following:

<b>Federal Receivables</b>	
Scholarships	<u>\$ 475,559.46</u>
<b>Other Liabilities - Current</b>	
Refundable Student Deposits	<u>\$ 1,215.46</u>
<b>Other Liabilities - Noncurrent</b>	
Refundable Student Deposits	<u>\$ 10,939.17</u>
<b>Total Other Liabilities - Noncurrent</b>	<u>\$ 10,939.17</u>

# LAMAR STATE COLLEGE ORANGE

## Notes to the Financial Statements For the Year Ended August 31, 2024

### **Note 25: Termination Benefits**

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

### **Note 26: Segment Information**

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

### **Note 27: Service Concession Arrangements**

LSCO has no service concession arrangements to report as of August 31, 2024 and 2023.

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

LSCO has no deferred outflows of resources and deferred inflows of resources to report as of August 31, 2024 and 2023.

### **Note 29: Troubled Debt Restructuring**

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

### **Note 30: Non-Exchange Financial Guarantees**

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

### **Note 31: Tax Abatements**

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

### **Note 32: Fund Balances**

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

**LAMAR STATE COLLEGE ORANGE  
SCHEDULE 1A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2024**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Pass-Through From			Direct Program Amount
		Identifying Number	Agy/ Univ #	Agencies Or Univ Amount	
<b>U.S. Department of Education</b>					
Pass-Through From:					
The Higher Education Coordinating Board					
Vocational Education-Basic Grant	84.048A		781	261,233.00	
Reskilling Support Grant 1	84.425C		781	-	
GEER - TRUE MMM Grant	21.027		781	-	
GEER - TRUE CDL Consortium	84.425C		781	-	
GEER - Completion Grant	84.425C		781	-	
GEER - Modernization II Grant	84.425C		781	-	
GEER - Educator Prep	84.425C		781	-	
GEER - Accelerated Student	84.425C		781	-	
GEER - Vessel Grant	84.425C		781	-	
GEER - FAB Shop Grant	84.425C		781	-	
GEER - Accelerated Student	84.425C		781	17,292.89	
GEER - Accelerated Student Implement	84.425C		781	-	
<b>Department of Homeland Security</b>					
Pass-Through From:					
The Department of Public Safety	97.036			9,184.09	
<b>Texas State University System</b>					
Educator Prep	84.425C		758	38,000.00	
<b>Texas Workforce Commission</b>					
Pass-Through From:					
Apprenticeship (St Adm Mtch Grants Supp Nutr)	10.561		320		
Apprenticeship (Registered Apprentice)	17.285		320	56,719.00	
Apprenticeship (WIA Disl Worker Formula Grants)	17.278		320	25,462.00	
Apprenticeship (Temp Assist for Needy Families)	93.558		320	3,819.00	
Sub-Total				<u>411,709.98</u>	<u>-</u>
<b>Student Financial Assistance Cluster</b>					
U. S. Department of Education					
Direct Programs:					
Federal Supplemental Opport. Ed. Grants	84.007				70,258.38
Federal Work-Study Program	84.033				30,018.90
Federal Pell Grant Program	84.063				3,821,988.93
Federal Direct Student Loans	84.268				1,832,370.00
CARES/CRRSAA/ARP Act Student Portion	84.425E				-
CARES/CRRSAA/ARP Act Institution Portion	84.425F				-
Total Student Financial Assistance Cluster Programs				<u>-</u>	<u>5,754,636.21</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<u>\$ 411,709.98</u>	<u>\$ 5,754,636.21</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)	\$ 3,922,266.21
Proprietary Funds - Federal Pass-Through Revenue (SCRECNP)	411,709.98
Reconciling Item: New Loans Processed	
Federal Direct Student Loans	<u>1,832,370.00</u>
Total Pass Through and Expenditures per Federal Schedule	<u>\$ 6,166,346.19</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	\$ 1,832,370.00	0	\$ 1,832,370.00	0
Total Department of Education	\$ 1,832,370.00	0	\$ 1,832,370.00	0

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

UNAUDITED

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		
261,233.00				261,233.00	261,233.00
-				-	-
-				-	-
-				-	-
-				-	-
-				-	-
-				-	-
-				-	-
17,292.89				17,292.89	17,292.89
-				-	-
-				-	-
9,184.09				9,184.09	9,184.09
-				-	-
38,000.00				38,000.00	38,000.00
-				-	-
-				-	-
56,719.00				56,719.00	56,719.00
25,462.00				25,462.00	25,462.00
3,819.00				3,819.00	3,819.00
<u>411,709.98</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,709.98</u>	<u>411,709.98</u>
70,258.38				70,258.38	70,258.38
30,018.90				30,018.90	30,018.90
3,821,988.93				3,821,988.93	3,821,988.93
1,832,370.00				1,832,370.00	1,832,370.00
-				-	-
-				-	-
<u>5,754,636.21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,754,636.21</u>	<u>5,754,636.21</u>
<u>\$ 6,166,346.19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,166,346.19</u>	<u>\$ 6,166,346.19</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, 2024**

Pass Through From:

Texas Higher Education Coordinating Board (Agency 781)	
Texas Educational Opportunity	\$ 335,338.00
College Work Study	(4,314.53)
Educational Aide Program	10,945.00
HB8 Innovation & Collaboration	85,796.62
HB8 FAST Transfer	540,595.00
Texas Workforce Commission (Agency 320)	
Apprenticeship	93,120.00
Skills Development	322,589.95
Jobs & Education for Texans (JET)	(2,155.76)
Total Pass Through From Other Agencies	<u><u>\$ 1,381,914.28</u></u>

UNAUDITED

**LAMAR STATE COLLEGE ORANGE  
SCHEDULE 2A  
MISCELLANEOUS BOND INFORMATION  
For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED



UNAUDITED

**LAMAR STATE COLLEGE ORANGE**  
**SCHEDULE 2B**  
**CHANGES OF BOND INDEBTEDNESS**  
**For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE ORANGE  
SCHEDULE 2C  
DEBT SERVICE REQUIREMENTS SCHEDULE  
For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE ORANGE  
SCHEDULE 2D  
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE  
For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

UNAUDITED

**LAMAR STATE COLLEGE ORANGE**  
**SCHEDULE 2E**  
**SCHEDULE OF DEFEASED BONDS OUTSTANDING**  
**For the Fiscal Year Ended August 31, 2024**

SCHEDULE NOT USED

LAMAR STATE COLLEGE ORANGE  
 SCHEDULE 3  
 RECONCILIATION OF CASH IN STATE TREASURY  
 August 31, 2024

<b>Cash In State Treasury</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Current Year Total</b>
Available University Fund 0285	\$ 5,307,981.95		\$ 5,307,981.95
<b>Total Cash In State Treasury (Statement of Net Assets)</b>	<u>\$ 5,307,981.95</u>	<u>\$ -</u>	<u>\$ 5,307,981.95</u>

UNAUDITED

**LAMAR STATE COLLEGE ORANGE**  
**SCHEDULE 4 - HIGHER EDUCATION FUND**  
**For the fiscal year ended August 31, 2024**

Balance September 1, 2023	<u>Totals</u> <u>\$ 2,790,425.44</u>
<b>REVENUES</b>	
HEF Appropriation	1,533,301.00
Total Revenues	<u>1,533,301.00</u>
<b>EXPENSES</b>	
Other Expenses	796,822.63
Transfers among funds	-
Transfer between agencies	231,000.00
Total Expenses	<u>1,027,822.63</u>
<b>BALANCE AT AUGUST 31, 2024</b>	<u><u>\$ 3,295,903.81</u></u>