



**Lamar State College
Port Arthur**

A Member of The Texas State University System

ANNUAL FINANCIAL REPORT

FISCAL YEAR 2009

(September 1, 2008 - August 31, 2009)



Lamar State College — Port Arthur

A Member of The Texas State University System

November 18, 2009

Dr. W. Sam Monroe
President
Lamar State College – Port Arthur
Port Arthur, TX 77641

Dear Dr. Monroe,

Submitted herein is the Annual Financial Report of Lamar State College – Port Arthur for the fiscal year ended August 31, 2009.

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

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

If you have any questions, please contact Jon Williams at 409 984-6122.

Respectfully Submitted,

Jon Williams
Reporting Analyst

LAMAR STATE COLLEGE PORT ARTHUR

TABLE OF CONTENTS

	Page
Letter of Transmittal	
Management Discussion and Analysis (Combined only)	
Organization Data	i
Enrollment Data	ii
Proprietary Fund Financial Statements (Primary Statements)	
Statement of Net Assets	1
Statement of Revenues, Expenses and Changes in Net Assets	5
Matrix of Operating Expenses Reported by Function	7
Statement of Cash Flows	8
Notes to the Financial Statements	11
Supplemental Supporting Information	
Schedules:	
1A Schedule of Expenditures of Federal Awards	25
1B Schedule of State Grant Pass-Throughs To/From State Agencies	26
2A Miscellaneous Bond Information	27
2B Changes in Bonded Indebtedness	28
2C Debt Service Requirements	29
2D Analysis of Funds Available for Debt Service	30
2E Defeased Bonds Outstanding	31
3 Reconciliation of Cash in State Treasury	32
4 Higher Education Assistance Fund	33

THE TEXAS STATE UNIVERSITY SYSTEM

Thomas J. Rusk Building
200 East 10th Street, Suite 600
Austin, Texas 78701-2407
Telephone: 512-463-1808

ORGANIZATIONAL DATA AS OF AUGUST 31, 2009

BOARD OF REGENTS

OFFICERS

Ron Blatchley	Chairman
Trisha S. Pollard	Vice Chairman

MEMBERS

	<u>City (Texas)</u>	<u>Term Expires</u>
Charlie Amato	San Antonio	2/1/2013
Kevin Lilly	Houston	2/1/2015
Ron Mitchell	Horseshoe Bay	2/1/2015
David Montagne	Beaumont	2/1/2015
William Patterson	San Marcos	2/1/2010
Michael Truncale	Beaumont	2/1/2013
Greg Wilkinson	Dallas	2/1/2011
Donna Williams	Arlington	2/1/2011

ADMINISTRATIVE OFFICERS

SYSTEM OFFICE

Dr. Charles R. Matthews	Chancellor
Dr. Kenneth R. Craycraft	Vice Chancellor for Academic Affairs
Dr. Fernando C. Gomez	Vice Chancellor and General Counsel
Dr. Roland Smith	Vice Chancellor for Finance

LAMAR STATE COLLEGE - PORT ARTHUR

Dr. W. Sam Monroe	President
Dr. Gary Stretcher	Vice President for Academic Affairs
Gwen Reck	Vice President for Finance
Thomas G. Neal	Vice President for Student Services

UNAUDITED

Lamar State College Port Arthur

Student Enrollment Data

For the Year Ended August 31, 2009

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2008	SPRING 2009	SUMMER TERM 2008	
			FIRST	SECOND
Texas Residents	1,039	931	223	638
Out of State (Classified as Residents)				
Out of State				
Foreign				
Children of Disabled				
Concurrent Enrollment	396	375		
Foster Children of the State	3	4	2	
Good Neighbor				
High School Honor Scholarships				
Hazelwood Act	31	26	8	9
Senior Citizens	80	48		
Commission for the Blind/Deaf	17	12	5	5
Fireman Exempt				
Thesis Only				
Student Service Fees	417	530	252	73
Nursing	2	1		
Faculty/Staff				
Teaching Assistants				
Competitive Scholarships		1		6
Military Personnel		1		
Louisiana Adjacent County	30	18	1	1
Mexico Pilot				
National Student Exchange Program				
New Mexico Adjacent County				
Texas Tomorrow Waiver				
Adopted Students	4	5	2	1
Military Dependent				
Pase				
TANF				
H.B. 877				
Distance Learning				
Family & Consumer Science Alliance Agreement				
Totals	<u>2,019</u>	<u>1,952</u>	<u>493</u>	<u>733</u>

Enrollment Data (Fall Semester)

	STUDENTS	SEMESTER HOURS
September, 2006	2,424	21,974
September, 2007	2,279	21,050
September, 2008	2,019	18,318

Texas State University System

Statement of Net Assets

August 31, 2009

	<u>Total</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	550.00
Cash in Bank	42,255.00
Cash in Transit/Reimbursement from Treasury	18,722.00
Cash in State Treasury	289,678.84 (schedule 3)
Cash Equivalents	2,615,907.00
Securities Lending Collateral	
Short Term Investments	
Restricted:	
Cash and Cash Equivalents	
Cash on Hand	70.00
Cash in Bank	1,234.00
Cash in Transit/Reimbursement from Treasury	
Cash in State Treasury	(schedule 3)
Cash Equivalents	1,253,215.00
Short Term Investments	
Legislative Appropriations	2,516,699.00
Investments	
Receivables:	
Federal	
Other Intergovernmental	
Interest and Dividends	
Accounts Receivable	1,926,366.51
Gifts	
Investment Trades	
Other	
Interfund Receivables	
Due From Other Agencies	15,000.00
Consumable Inventories	
Merchandise Inventories	
Deferred Charges	
Loans and Contracts	
Other Current Assets	
Total Current Assets	<u>8,679,697.35</u>

Texas State University System

Statement of Net Assets
August 31, 2009

	<u>Total</u>
Non-current Assets:	
Restricted:	
Cash and Cash Equivalents	
Cash on Hand	
Cash in Bank	45,320.00
Cash in Transit/Reimbursement from Treasury	
Cash in State Treasury	
Cash Equivalents	918,201.00
Short Term Investments	
Receivables	
Investments	
Loans and Contracts	
Other Assets	
Loans and Contracts	205,267.00
Investments	
Interfund Receivables	
Capital Assets:	
Non-Depreciable:	
Land and Land Improvements	1,779,923.45
Infrastructure	
Construction in Progress	
Other Capital Assets	
Depreciable:	
Buildings and Building Improvements	29,963,426.68
Less Accumulated Depreciation	-15,249,821.50
Infrastructure	
Less Accumulated Depreciation	
Facilities and Other Improvements	1,826,640.35
Less Accumulated Depreciation	-465,573.47
Furniture and Equipment	2,367,948.70
Less Accumulated Depreciation	-1,921,416.57
Vehicles, Boats, and Aircraft	218,116.42
Less Accumulated Depreciation	-187,180.30
Other Capital Assets	2,433,718.27
Less Accumulated Depreciation	-1,513,380.81
Other Non-Current Assets	
Total Non-Current Assets	<u>20,421,189.22</u>
Total Assets	29,100,886.57

Texas State University System

Statement of Net Assets

August 31, 2009

	<u><u>Total</u></u>
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts	343,488.88
Investment Trades	
Federal	
Other Intergovernmental	
Payroll	819,009.00
Other	56,653.00
Interfund Payable	
Due to Other Agencies	166,687.14
Deferred Revenues	3,535,841.00
Notes and Loans Payable	
Revenue Bonds Payable	
General Obligation Bonds Payable	
Claims and Judgments	
Employees' Compensable Leave	82,203.00
Capital Lease Obligations	
Liabilities Payable from Restricted Assets	
Obligations/Reverse Purchase Agreements	
Obligations Under Securities Lending	
Funds Held for Others	12,230.62
Other Current Liabilities	
Total Current Liabilities	<u>5,016,112.64</u>
Non-Current Liabilities:	
Interfund Payables	
Notes and Loans Payable	
Revenue Bonds Payable	
General Obligation Bonds Payable	
Claims and Judgments	
Employees' Compensable Leave	476,827.65
Capital Lease Obligations	
Other Non-Current Liabilities	
Total Non-Current Liabilities	<u>476,827.65</u>
Total Liabilities	<u><u>5,492,940.29</u></u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	19,077,713.33
Restricted For	
Education	4,221,904.41
Debt Retirement	

Texas State University System

Statement of Net Assets
August 31, 2009

	Total
Capital Projects	
Employee Benefit	
Funds Held As Permanent Investments:	
Non-Expendable	
Expendable	
Other	308,328.54
Unrestricted	
Total Net Assets	<u>23,607,946.28</u>

Texas State University System

Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2009

	<u>Total</u>
OPERATING REVENUES	
Sales of Goods and Services	
Tuition and Fees (PR-Chgs for Services)	5,577,389.00
Tuition and Fees - Pledged (PR-Chgs for Services)	
Discounts and Allowances	
Hospitals (PR-Chgs for Services)	
Hospitals - Pledged (PR-Chgs for Services)	
Discounts and Allowances	
Professional Fees (PR-Chgs for Services)	
Professional Fees - Pledged (PR-Chgs for Services)	
Discounts and Allowances	
Auxiliary Enterprises (PR-Chgs for Services)	
Auxiliary Enterprises - Pledged (PR-Chgs for Services)	
Discounts and Allowances	
Other Sales of Goods and Services	200,312.00
Other Sales of Goods and Services - Pledged	
Discounts and Allowances	
Premium Revenue (PR-Chgs for Services)	
Interest and Investment Income (PR-Chgs for Services)	66,269.00
Interest and Investment Income (GR)	
Net Increase (Decrease) Fair Market Value (PR-OP Grants/Contributions)	
Net Increase (Decrease) Fair Market Value (GR)	
Federal Revenue-Operating (PR-OP Grants/Contributions)	171,946.00
Federal Pass-Through Revenue (PR-OP Grants/Contributions)	739,607.63
State Grant Revenue (PR-OP Grants/Contributions)	488,411.00
State Grant Pass-Through Revenue (PR-OP Grants/Contributions)	494,989.00
Other Grants and Contracts (PR-OP Grants/Contributions)	40,000.00
Land Income (PR-Chgs for Services)	
Contributions to Retirement Systems (PR-Chgs for Services)	
Other Operating Revenues (PR-Chgs for Services)	
Other Operating Revenues (GR)	
Total Operating Revenues	<u>7,758,923.63</u>
OPERATING EXPENSES	
Instruction	7,547,675.48
Research	
Hospitals and Clinics	
Public Service	465,490.00
Academic Support	1,691,430.00
Student Services	908,953.00
Institutional Support	4,329,473.00
Operation and Maintenance of Plant	2,934,400.00
Scholarship and Fellowships	3,991,942.00
Auxiliary Enterprise Expenditures	1,564,275.00
Depreciation and Amortization	1,291,947.37
Total Operating Expenses	<u>24,725,585.85</u>
Operating Income (Loss)	<u>-16,966,662.22</u>
NONOPERATING REVENUES (EXPENSES):	
Legislative Revenue (GR)	10,215,531.00
Additional Appropriations (GR)	2,136,186.28

Texas State University System

Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2009

	Total
Federal Revenue (PR-OP Grants/Contributions)	1,969,923.00
Gifts (PR-OP Grants/Contributions)	60,434.00
Investment Income (Expense) (PR-OP Grants/Contributions)	
Investment Income (Expense) (GR)	
Loan Premium/Fees Securities Lending (PR-OP Grants/Contributions)	214,583.80
Investing Activities Expenses	
Interest Expenses and Fiscal Charges	4,851.00
Borrower Rebates and Agent Fees	
Gain (Loss) on Sale of Capital Assets (GR)	
Net Increase (Decrease) in Fair Value of Investments (PR-OP Grants/Contributions)	
Net Increase (Decrease) in Fair Value of Investments (GR)	
Settlement of Claims (PR-Chgs for Services)	
Settlement of Claims (GR)	
Other Nonoperating Revenues (Expenses) (PR-Chgs for Services)	893,934.86
Other Nonoperating Revenues (Expenses) (GR)	63,900.00
Total Nonoperating Revenues (Expenses)	<u>15,559,343.94</u>
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	-1,407,318.28
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS	
Capital Contributions	
Capital Appropriations (HEAF)	1,217,124.00
Federal Grant - Capital Grant Contributions	
Contributions to Permanent and Term Endowments	
Special Items	
Extraordinary Items	
Increase NA Interagency Transfer Capital Assets	
Decrease NA Interagency Transfer Capital Assets	
Transfer In	
Transfer Out	-267,595.97
Legislative Transfer In	
Legislative Transfer Out	-777,880.35
Lapses	-155,732.65
Total Other Revenues, Expenses, Gains/Losses and Transfers	<u>15,915.03</u>
CHANGE IN NET ASSETS	<u>-1,391,403.25</u>
Net Assets, September 1 2008	24,999,349.53
Restatements	
Net Assets, September 1, 2008, as Restated	<u>24,999,349.53</u>
NET ASSETS, August 31, 2009	<u>23,607,946.28</u>

Texas State University System

Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2009

Operating Expenses	Instruction	Research	Hospitals and Clinics	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization*	Total Expenses
Cost of Goods Sold												0.00
Salaries and Wages	5,410,970.12			293,816.21	722,738.28	705,260.40	2,407,555.47	1,198,041.18	103,340.74	484,127.55		11,335,849.95
Payroll Related Costs	1,004,251.52			75,539.47	216,806.01	179,249.49	749,547.84	329,908.18		107,014.75		2,664,314.25
Professional Fees and Services	160,252.90			18,884.12	4,933.46		768,767.01	34,727.18		363,850.13		1,351,414.60
Federal Grant Pass-Through Expense												0.00
State Grant Pass-Through Expense												0.00
Travel	12,820.23			12,017.17	108,536.09		1,921.92					0.00
Materials and Supplies	149,569.38			3,433.48	19,733.83		57,657.53	104,181.53		21,402.95		156,698.35
Communications and Utilities	4,273.41				197,338.34			937,633.76		342,447.18		677,022.92
Repairs and Maintenance	483,578.94			1,716.74	148,003.76		5,765.75	121,546.12		62,805.90		1,182,051.42
Rentals and Leases	10,683.53			2,575.11	24,667.29		19,219.18	6,081.79		64,208.85		834,819.15
Printing and Reproduction	2,136.71				39,467.67					53,507.37		119,334.27
Depreciation and Amortization*											1,291,947.37	1,291,947.37
Bad Debt Expense												0.00
Interest												0.00
Scholarships									3,888,601.26			3,888,601.26
Claims and Judgments												0.00
Other Operating Expenses	289,138.75			57,510.72	207,205.26	24,443.11	319,038.31	199,681.26		74,910.32		1,181,927.74
Total Operating Expenses	7,547,675.48	0.00	0.00	465,690.00	1,691,430.00	908,953.00	4,329,473.00	2,834,400.00	3,991,942.00	1,564,275.00	1,291,947.37	24,725,586.85

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

Texas State University System

Statement of Cash Flows
For the Fiscal Year Ended August 31, 2009

	<u>Total</u>
Cash Flows from Operating Activities	
Receipts from Customers	
Proceeds from Tuition and Fees	5,577,389.00
Proceeds from Research Grants and Contracts	
Proceeds from Gifts	
Proceeds from Loan Programs	
Proceeds from Auxiliaries	
Proceeds from Other Revenues	2,181,534.63
Payments to Suppliers for Goods and Services	-5,544,873.02
Payments to Employees for Salaries	-10,683,507.88
Payments to Employees for Benefits	-2,664,314.25
Payments for Loans Provided	
Payments for Other Expenses	<u>-3,888,601.26</u>
Net Cash Provided by Operating Activities	<u>-15,022,372.78</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from Debt Issuance	
Proceeds from State Appropriations	13,616,573.00
Proceeds from Gifts	
Proceeds from Endowments	
Proceeds of Transfers from Other Funds	
Proceeds from Grant Receipts	1,969,923.00
Proceeds from Advances from Other Funds	
Proceeds from Loan Programs	
Proceeds from Other Financing Activities	
Proceeds from Contributed Capital	
Payments of Principal on Debt Issuance	
Payments of Interest	
Payments of Other Costs of Debt Issuance	
Payments for Transfers to Other Funds	60,689.00
Payments for Grant Disbursements	
Payments for Advances to Other Funds	
Payments for Other Uses	
Net Cash Provided by Noncapital Financing Activities	<u>15,647,185.00</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from the Sale of Capital Assets	
Proceeds from Debt Issuance	
Proceeds from State Grants and Contracts	
Proceeds from Federal Grants and Contracts	
Proceeds from Gifts	
Proceeds from Other Financing Activities	
Proceeds from Capital Contributions	
Proceeds from Advances from Other Funds	
Payments for Additions to Capital Assets	
Payments of Principal on Debt	-984,787.32
Payments for Capital Lease	
Payments of Interest on Debt Issuance	
Payments of Other Costs of Debt Issuance	
Net Cash Provided by Capital and Related Financing Activities	<u>-984,787.32</u>
Cash Flows from Investing Activities	
Proceeds from Sales of Investments	
Proceeds from Interest Income	
Proceeds from Investment Income	66,269.00
Proceeds from Principal Payments on Loans	
Payments to Acquire Investments	

Texas State University System

Statement of Cash Flows
For the Fiscal Year Ended August 31, 2009

	<u>Total</u>
Net Cash Provided by Investing Activities	66,269.00
Net Increase (Decrease) in Cash and Cash Equivalents	-293,706.10
Cash and Cash Equivalents, September 1, 2008	5,478,858.94
Changes in Accounting Principal	
Changes in Reporting Entity	
Restatements to Beginning Cash and Cash Equivalents	
Cash and Cash Equivalents, September 1, 2008 - Restated	<u>5,478,858.94</u>
Cash and Cash Equivalents, August 31, 2009	<u>5,185,152.84</u>

**Reconciliation of Operating Income to
Net Cash Provided by Operating Activities**

Operating Income (Loss)	-16,966,662.22
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	1,291,947.37
Bad Debt Expense	
Operating Income (Loss) and Cash Flow Categories: Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	356,247.17
(Increase) Decrease in Due from Other Funds	
(Increase) Decrease in Inventories	
(Increase) Decrease in Prepaid Expenses	
(Increase) Decrease in Notes Receivable	
(Increase) Decrease in Loans & Contracts	
(Increase) Decrease in Other Assets	
(Increase) Decrease in State Appropriations	-804,044.19
Increase (Decrease) in Payables	192,578.69
Increase (Decrease) in Deposits	
Increase (Decrease) in Due to Other Funds	
Increase (Decrease) in Deferred Income	884,560.40
Increase (Decrease) in Compensated Absence Liability	23,000.00
Increase (Decrease) in Benefits Payable	
Increase (Decrease) in Other Liabilities	
Total Adjustments	<u>1,944,289.44</u>
Net Cash Provided by Operating Activities	<u>-15,022,372.78</u>

Non Cash Transactions

Donation of Capital Assets
Net Change in Fair Value of Investments
Borrowing Under Capital Lease Purchase
Other

Unaudited

LAMAR STATE COLLEGE-PORT ARTHUR

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2009

Note 1: Summary of Significant Accounting Policies

Entity

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

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

Fund Structure

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

Proprietary Funds

Business Type Activity

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

Component Units

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 18.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Business activity type funds (proprietary funds) are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Budget and Budgetary Accounting

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

Assets, Liabilities, and Fund Balances/Net Assets

ASSETS

Cash and Cash Equivalents

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

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with **GASB Statement 31-Accounting and Financial Reporting for Certain Investments and for External Investment Pools**. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with **GASB Statement 25 - Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans**. Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund

Unaudited

general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories

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. Inventories for governmental fund types are the purchase method of accounting. The consumption method of accounting is used to account for inventories that appear in the proprietary fund types and the government-wide statements. The cost of these items is expensed when the items are consumed.

Capital Assets

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

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

Other Receivables

Other receivables include year-end accruals not included in any other receivable category. This account can appear in governmental and proprietary fund types.

LIABILITIES

Accounts Payable

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

Other Payables

Other payables are the accrual at year -end of expenditure transactions not included in any of the other payable descriptions. Other payables may be included in either the governmental or proprietary fund types.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignation, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Capital Lease Obligations

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

Bonds Payable - General Obligation Bonds

The unmatured principal of general obligations bonds is accounted for in the Long-term Liabilities column. Payables are reported separately as either current or noncurrent in the statement of net assets.

Bonds payable are recorded at par. The bond proceeds are accounted for as an "Other Financing Source" in the governmental funds when received, and expenditures for payment of principal and interest are recorded in the Debt Service funds when paid. These amounts are adjusted in the Long-term Liabilities column.

Bonds Payable - Revenue Bonds

Revenue bonds are generally accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

Unaudited

FUND BALANCE/NET ASSETS

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

Reservation of Fund Balance

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

Reserve for Encumbrances

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

Reserve for Consumable Inventories

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

Unreserved/Undesignated

Other represents the unappropriated balance at year-end.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

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

Unaudited

INTERFUND TRANSACTIONS AND BALANCES

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

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

(2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

(3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as “Current”, repayment for two (or more) years is classified as “Non-Current”.

(4) Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of Lamar State College - Port Arthur’s Interfund receivables and payables at August 31, 2009 is presented in Note 7.

Unaudited

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2009 is presented below:

Note 2 - FY - 2009

Capital Assets	Beginning Balance	Adjustments/ Reclass	Additions	Deletions	Ending Balance
Non Depreciable Assets					
Land	\$ 1,779,923.45	\$ -	\$ -	\$ -	\$ 1,779,923.45
Construction In Progress	0.00				0.00
Total Non-Depreciable Assets	\$ 1,779,923.45	\$ -	\$ -	\$ -	\$ 1,779,923.45
Depreciable Assets					
Buildings	\$ 29,963,426.68	\$ -	\$ -	\$ -	\$ 29,963,426.68
Furniture and Equipment	2,334,524.90	(7,328.80)	104,131.60	(63,379.00)	2,367,948.70
Fleet Vehicles	203,116.42		15,000.00		218,116.42
Other Assets	2,323,266.07		110,452.20		2,433,718.27
Facilities and Other	1,826,640.35				1,826,640.35
Total Depreciable Assets at Historical Costs	\$ 36,650,974.42	\$ (7,328.80)	\$ 229,583.80	\$ (63,379.00)	\$ 36,809,850.42
Less: Accumulated Depreciation for:					
Buildings	\$ (14,327,133.10)	\$ -	(922,688.40)	\$ -	\$ (15,249,821.50)
Furniture and Equipment	(1,852,427.76)	7,328.80	(139,696.61)	63,379.00	(1,921,416.57)
Fleet Vehicles	(179,344.10)		(7,836.20)		(187,180.30)
Other Assets	(1,351,133.73)		(162,247.08)		(1,513,380.81)
Facilities and Other	(406,094.39)		(59,479.08)		(465,573.47)
Total Accumulated Depreciation	\$ (18,116,133.08)	\$ 7,328.80	\$ (1,291,947.37)	\$ 63,379.00	\$ (19,337,372.65)
Depreciable Assets, Net	\$ 18,534,841.34	\$ -	\$ (1,062,363.57)	\$ -	\$ 17,472,477.77
Total Capital Assets	\$ 20,314,764.79	\$ -	\$ (1,062,363.57)	\$ -	\$ 19,252,401.22

Unaudited

Note 3: Deposits and Investment

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

Deposits of Cash in Bank

As of August 31, 2009, the carrying value of cash in banks was \$88,809 as presented below:

CASH IN BANK - CARRYING VALUE PER AFR			<u>\$ 88,809.00</u>
Proprietary Funds	Current Assets	Cash in Bank	42,255.00
Proprietary Funds	Current Assets	Restricted Cash in Bank	1,234.00
Proprietary Funds	Noncurrent Assets	Restricted Cash in Bank	<u>45,320.00</u>
Cash in Bank per AFR			<u>\$ 88,809.00</u>

These amounts consist of all cash in local banks. They appear on the Statement of Net Assets under the caption – Cash and Cash Equivalents.

At August 31, 2009, the total Cash in Bank balance of \$88,809 is identified as a Governmental and Business-Type Activity.

At August 31, 2009, the actual cash in depository bank is \$661,582.82

Unaudited

Investments

The fair value of investments as of the balance sheet date (both short and long term) is shown below:

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

		Fair Value	Carrying Value
Other Commingled Funds	TexPool	\$ 3,272,005.00	\$ 3,272,005.00
Repurchase Agreement		<u>1,515,318.00</u>	<u>1,515,318.00</u>
Total Short Term Current Investments		<u>\$ 4,787,323.00</u>	<u>\$ 4,787,323.00</u>

The investments appear on the Statement of Net Assets under the caption – Cash and Cash Equivalents and Investments as follows:

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Proprietary Funds	Current Assets	Cash Equivalents	\$ 2,615,907.00
Proprietary Funds	Current Assets	Restricted Cash Equivalents	1,253,215.00
Proprietary Funds	Noncurrent Assets	Restricted Cash Equivalents	<u>918,201.00</u>
Total Investments			<u>\$ 4,787,323.00</u>

Unaudited

Note 4: Short Term Debt

Lamar State College - Port Arthur has no short term debt as of August 31, 2009.

Unaudited

Note 5: Summary of Long Term Liabilities

Bonds Payable

See Note 13 for a discussion of Bonds Payable.

Compensable Leave

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

	<u>9/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>8/31/2009</u>	<u>Within One Year</u>
Compensable Leave	<u>\$ 536,030.65</u>	<u>\$ 122,000.00</u>	<u>\$ 99,000.00</u>	<u>\$ 559,030.65</u>	<u>\$ 82,203.00</u>

Note 6: Bond Indebtedness

Prior to September 1, 2007, all bonded indebtedness for Angelo State University ("Institution") was issued through the Texas State University System ("TSUS") Revenue Financing System ("RFS"), of which the system Administration and each component were members. The Board of Regents cross-pledged all lawfully available funds (revenue) and balances attributable to any RFS member against the bonded indebtedness of all other RFS members for payment on the Parity Debt. Effective September 1, 2007, House Bill 3564 (80th Legislature, Regular Session) transferred governance of the Institution to the Texas Tech University System ("Tech"); however, the institution's revenues remain pledged to the RFS until TSUS can secure, from the new governing body (Tech), a legally acceptable agreement, assuming the Institution's obligations. On April 24, 2008, as authorized by House Bill 3564, the Texas Higher Education Coordinating Board, on the advice of the Texas Attorney General, issued a ruling and endorsed an Agreement obligating Tech to honor the Institution's bonded indebtedness. Pending Tech's signature of such agreement, the funds (revenue) and balances attributable to the institution remain part of the TSUS RFS.

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

DEBT SERVICE REQUIREMENTS ATTRIBUTABLE
TO ANGELO STATE UNIVERSITY

DESCRIPTION	YEAR	PRINCIPAL	INTEREST	TOTAL
All Issues	2010	3,466,050.25	2,463,353.72	5,929,403.97
	2011	3,662,035.10	2,297,639.18	5,959,674.28
	2012-2016	18,650,861.62	8,696,356.20	27,347,217.82
	2017-2021	12,280,990.15	4,459,016.56	16,740,006.71
	2022-2026	4,846,261.90	2,331,347.44	7,177,609.34
	2027-2031	4,640,000.00	1,266,750.00	5,906,750.00
	2032-2034	2,195,000.00	166,000.00	2,361,000.00
TOTALS		\$ 49,741,199.02	\$ 21,680,463.10	\$ 71,421,662.12

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$4,105,744 during the current fiscal year for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

Unaudited

Note 7: Capital Leases

Lamar State College - Port Arthur has no capital lease obligations as of August 31, 2009.

Unaudited

Note 8: Operating Lease Obligations

Lamar State College - Port Arthur has no operating lease obligations as of August 31, 2009.

Unaudited

Note 9: Retirement Plans

Not Used

Unaudited

Note 10: Deferred Compensation

Not Used

Unaudited

Note 11: Postemployment Health Care and Life Insurance Benefits

Not Used

Unaudited

Note 12: Interfund Balances/Activities

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

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

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

Individual balances and activity at August 31, 2009 follows:

	Due From Other Agencies	Due To Other Agencies	Source
Loan Funds			
Appd Fund 9999, D23 Fund 9999			
* Agency 734, D23 Fund 9999	15,000.00	166,687.14	
Total Due From/To Other Agencies	<u>\$ 15,000.00</u>	<u>\$ 166,687.14</u>	
	Transfers From Other Agencies	Transfers To Other Agencies	Source
Mandatory Transfers			
General Revenue Funds			
Appd Fund 0286, D23 Fund 9999		0.00	
Designated Funds			
Appd Fund 9999, D23 Fund 9999			
* Agency 758, D23 Fund 9999		206,906.97	N/A
Non Mandatory Transfers			
Designated Funds			
Appd Fund 9999, D23 Fund 9999			
* Agency 758, D23 Fund 9999		60,689.00	N/A
Total Transfers From/To Other Agencies	<u>\$ 0.00</u>	<u>\$ 267,595.97</u>	
	Legislative Transfers From Other Agencies	Legislative Transfers To Other Agencies	Source
General Revenue Funds			
Appd Fund 0001, D23 Fund 0001			
* Agency 758, D23 Fund 0001		777,880.35	N/A
Total Legislative Transfers	<u>\$ 0.00</u>	<u>\$ 777,880.35</u>	

Unaudited

Note 13: Continuance Subject to Review

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

Unaudited

Note 14: Adjustment to Fund Balances and Net Assets

Lamar State College Port Arthur has no restatements of Fund Balances and Net Assets to report as of August 31, 2009.

Unaudited

Note 15: Contingent Liabilities

At August 31, 2009 various lawsuits and claims involving Lamar State College-Port Arthur were pending. While the ultimate liability with respect to litigation and other claims asserted against the College or the Board of Regents cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Unaudited

Note 16: Subsequent Events

None

Note 17: Risk Management

The State provides coverage for workers' compensation and unemployment compensation benefits from appropriations made to other State agencies for Lamar State College-Port Arthur employees. The current General Appropriations Act provides that the College must reimburse General Revenue Fund-Consolidated, from the College's appropriations, one-half of the unemployment benefits paid and twenty-five percent of the worker's compensation benefits paid for current and former employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each fund type. The College must reimburse the General Revenue Fund one hundred percent of the cost for worker's compensation and employment compensation for any employees paid from funds held in local bank accounts. Workers' compensation and unemployment plans are on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2009.

The College is required by certain bond covenants to carry Fire and Extended Coverage and Boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary Enterprise or 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. No insurance claims were made during the fiscal year ended August 31, 2009.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$20,000/\$40,000 bodily injury and \$15,000 property damage. However, the institution has chosen to carry liability insurance on their licensed vehicles in the amount of \$1,000,000 combined single amount, the extent of the waivers of state immunity in the tort claims act.

The State provides coverage for workers' compensation and unemployment compensation benefits from appropriations made to other State agencies for Lamar State College – Port Arthur employees. The current General Appropriations Act provides that Lamar State College – Port Arthur must reimburse General Revenue Fund-Consolidated, from the College's appropriations, one-half of the unemployment benefits paid and twenty-five percent of the workers' compensation benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The College must reimburse the General Revenue Fund one hundred percent of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts. Workers' compensation and unemployment plans are on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2009.

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

Lamar State College – Port Arthur assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance, nor is the College involved in any risk pool with other government entities for these risks.

Unaudited

Note 18: Management Discussion and Analysis

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

Unaudited

Note 19: The Financial Reporting Entity and Joint Ventures

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

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

Port Arthur Higher Education Foundation

The Port Arthur Higher Education Foundation is a non-profit organization, which was established for the purpose of cooperating with and working on behalf of the College. Neither the transactions of this organization or its fund balances are reflected in the financial statements during the year ended August 31, 2009.

The Port Arthur Higher Education Foundation gave \$ 211,233.00 in scholarship money directly to Lamar State College-Port Arthur students during the year ended August 31, 2009.

Lamar-Port Arthur Alumni Association

The Lamar-Port Arthur Alumni Association is a non-profit organization, which was established for the purpose of cooperating with and working on behalf of the College. Neither the transactions of this organization or its fund balances are reflected in the financial statements during the year ended August 31, 2009.

Unaudited

Note 20: Stewardship, Compliance and Accountability

Not Used

Unaudited

Note 21 – Not Applicable

Unaudited

Note 22: Donor-Restricted Endowments

Lamar State College - Port Arthur has no donor restricted endowments as of August 31, 2009.

Unaudited

Note 23: Special or Extraordinary Items

Not Used

Unaudited

Note 24: Disaggregation of Receivable and Payable Balances

Federal Receivables, as reported in the Statement of Net Assets, are detailed below:

Federal Receivables	
Instruction	
Public Service	<u> </u>
Total Federal Receivables	<u> \$ -</u>

As Reported on the Financial Statements

Current Federal Receivable	
Noncurrent Federal Receivable	<u> </u>
Total Federal Receivables	<u> \$ -</u>

Unaudited

Note 25: Termination Benefits

Lamar State College Port Arthur has no termination benefits to report as of August 31, 2009.

Unaudited

Note 26: Segment Information

Lamar State College - Port Arthur has no segments to report as of August 31, 2009.

LAMAR STATE COLLEGE - PORT ARTHUR
SCHEDULE 1B - Schedule of State Grant Pass Throughs From/To State Agencies
For the Year Ended August 31, 2009

	<u>Agency #</u>	<u>Amount</u>
Pass Through From:		
Texas HIEd Coord Board	781	
Texas Grants		\$ 477,928.00
Financial Aid - Prof Nursing		2,465.00
Financial Aid - LVN Nursing		3,091.00
Financial Aid - Prof Svs		11,505.00
State Work Study		
		<hr/>
Total State Pass-Through Agency 788		\$ <u>494,989.00</u>

Lamar State College Port Arthur
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2009

Schedule not used

Lamar State College Port Arthur
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2009

Schedule not used

Lamar State College Port Arthur
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2009

Schedule not used

Lamar State College Port Arthur
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2009

Schedule not used

Lamar State College Port Arthur
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2009

<u>Description of Issues</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Combined Fee/Revenue System Bonds, Series 1997	1998	\$ <u>130,707.64</u>
Total Defeased Revenue Bonds		\$ <u><u>130,707.64</u></u>

Lamar State College Port Arthur
Schedule 3 - Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2009

Cash in State Treasury	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Available College Fund 0286	\$ 289,678.84	\$	289,678.84
Local Revenue Fund			
Departmental Suspense Fund 09000			
US Savings Bond Account Fund 0901			
Correction Account for Direct Deposit Fund 0980			
Workforce Development Fund 0599			
Direct Deposit Hold - Transmit Account Fund 0979			
Total Cash in State Treasury (Stmnt of Net Assets)	<u>\$ 289,678.84</u>	<u>\$ 0.00</u>	<u>289,678.84</u>

Lamar State College Port Arthur
 Schedule 4 - Higher Education Assistance Fund
 For the Fiscal Year Ended August 31, 2009

Balance September 1, 2008	\$	<u>Totals</u> <u>939,825.26</u>
REVENUES	\$	
HEAF Appropriations		1,217,124.00
Other Revenues		
Total Revenues	\$	<u>1,217,124.00</u>
EXPENSES		
Instruction	\$	190,807.00
Research		
Academic Support		197,707.00
Student Services		
Institutional Support		44,928.00
Library		
Public Service		0.00
Operation & Maint of Physical Plant		81,921.00
Capital Projects		<u>677,706.00</u>
Total Expenditures	\$	<u>1,193,069.00</u>
OTHER REVENUES(EXPENSES), GAINS/ (LOSSES) AND TRANSFERS		
Special Items	\$	
Extraordinary Items		
Transfers In Transfers out		
Legislative Transfers In		
Legislative Transfers Out		
Legislative Appropriations Lapsed		
Total Other Revenues(Expenses), Gains/(Losses) and Transfers		<u> </u>
BALANCE AT AUGUST 31, 2009	\$	<u><u>963,880.26</u></u>