



**LAMAR  
INSTITUTE OF  
TECHNOLOGY**

Office  
of Vice President  
for Finance/Operations

November 16, 2013

Dr. Paul Szuch  
President  
Lamar Institute of Technology  
Beaumont, TX 77710-0043

Dear Dr. Szuch,

Submitted herein is the Annual Financial Report of Lamar Institute of Technology for the fiscal year ended August 31, 2013, in compliance with TEX.GOV'T CODE ANN #2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to 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 GAAP.

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 this report.

If you have any questions, please contact Jonathan Wolfe at 409 880-7633.

Respectfully Submitted and Approved,

Jonathan Wolfe,  
Vice President for Finance and Operations  
Lamar Institute of Technology



# 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, 2013

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### BOARD OF REGENTS

#### OFFICERS

Donna N. Williams	Chairman
Ron Mitchell	Vice Chairman

#### MEMBERS

	<u>City (Texas)</u>	<u>Term Expires</u>
Charlie Amato	San Antonio	2019
Dr. Jaime R. Garza	San Antonio	2017
Kevin J. Lilly	Houston	2015
David Montagne	Beaumont	2015
Vernon Reaser III	Bellaire	2019
Rossanna Salazar	Austin	2017
William F. Scott	Nederland	2019
Matthew Russell	Student Regent - San Marcos	2013

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### ADMINISTRATIVE OFFICERS

#### SYSTEM OFFICE

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

#### LAMAR INSTITUTE OF TECHNOLOGY

Dr. Paul J. Szuch	President
Dr. Betty Reynard	Vice President Academic Affairs
Jonathan C. Wolfe	Vice President for Finance and Operations



**UNAUDITED**

Institution Name Lamar Institute of Technology

Student Enrollment Data  
For the Year Ended August 31, 2013

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2012	SPRING 2013	SUMMER TERM 2013	
			FIRST	SECOND
Texas Residents	2,612	2,346	561	378
Out of State (Classified as Residents)	27	30	11	11
Out of State	34	31	14	12
Foreign				
Children of Disabled				
Concurrent Enrollment				
Foster Children of the State	32	22	1	7
Good Neighbor				
High School Honor Scholarships				
High Ranking Senior				
Hazelwood Act	106	109	37	24
Senior Citizens				
Commission for the Blind/Deaf	14	14	4	4
Fireman Exempt	9	7	1	
Thesis Only				
Student Service Fees				
Nursing				
Faculty/Staff				
Teaching Assistants				
Competitive Scholarships				
Military Personnel				
Louisiana Adjacent County				
Mexico Pilot				
National Student Exchange Program				
New Mexico Adjacent County				
Texas Tomorrow Waiver				
Adopted Students				
Military Dependent				
Pase				
TANF				
H.B. 877				
Distance Learning				
Family & Consumer Science Alliance Agreement				
Clinical Preceptor Exempt				
Beaumont-Louisiana Non-resident				
UACH				
Early HS Grad				
TAPS Tuition Voucher 54.2111				
TDCJ-54.218 Education Code				
Trio Grant Math 0301				
HB 1406 Non US Citizen				
Totals	<u>2,834</u>	<u>2,559</u>	<u>629</u>	<u>436</u>

Enrollment Data (Fall Semester )

Fiscal Year	STUDENTS	SEMESTER HOURS
2013	2,834	28,752



**Texas State University System**  
**Lamar Institute of Technology**  
**Statement of Net Assets**  
**August 31, 2013**

	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	2,000.00
Cash in Bank	3,626,539.14
Cash in Transit/Reimburse from Treasury	0.00
Cash in State Treasury	1,150,373.48 (schedule 3)
Cash Equivalents	3,840,962.60
Securities Lending Collateral	
Short Term Investments (Note 3)	
Restricted:	
Cash and Cash Equivalents (Note3)	
Cash on Hand	
Cash in Bank	-146,588.82
Cash in Transit/Reimburse from Treasury	
Cash in State Treasury	(schedule 3)
Cash Equivalents	
Short Term Investments (Note 3)	
Legislative Appropriations	7,766,981.37
Receivables:	
Federal	
Other Intergovernmental	
Interest and Dividends	
Accounts	4,946,614.28
Gifts	
Investment Trades	
Other	
Interfund Receivable (Note 12)	
Due From Other Agencies (Note 12)	8,562.02
Consumable Inventories	
Merchandise Inventories	
Prepaid Items	
Loans and Contracts	
Other Current Assets	
Total Current Assets	21,195,444.07

**Texas State University System  
Lamar Institute of Technology  
Statement of Net Assets  
August 31, 2013**

	<b>Total</b>
Non-Current Assets and Deferred Outflows:	
Restricted:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	
Cash in Bank	-2,812,968.47
Cash in Transit/Reimburse from Treasury	
Cash in State Treasury	
Cash Equivalents	
Short Term Investments (Note3)	
Receivables	
Investments (Note 3)	
Loans and Contracts	
Other Assets	
Deferred Charges	
Loans and Contracts	
Investments (Note 3)	
Interfund Receivables (Note 12)	
Gifts	
Capital Assets:	
Non-Depreciable:	
Land and Land Improvements	1,848,839.77
Infrastructure	
Construction in Progress	2,298,401.15
Other Capital Assets	
Depreciable:	
Buildings and Building Improvements	17,478,846.89
Less Accumulated Depreciation	-9,694,269.61
Infrastructure	
Less Accumulated Depreciation	
Facilities and Other Improvements	5,186,309.00
Less Accumulated Depreciation	-751,215.66
Furniture and Equipment	5,367,385.67
Less Accumulated Depreciation	-4,081,026.02
Vehicles, Boats, and Aircraft	577,106.97
Less Accumulated Depreciation	-534,734.51
Other Capital Assets	10,000.00
Less Accumulated Depreciation	-10,000.00
Amortizable Assets-Intangible	
Less Accumulated Amortization	
Other Non-Current Assets	
Total Non-Current Assets	14,882,675.18
Total Assets	36,078,119.25

DEFERRED OUTFLOWS

  Derivative Hedging Instrument Assets



**Texas State University System  
Lamar Institute of Technology  
Statement of Net Assets  
August 31, 2013**

	<b>Total</b>
Deferred Outflow of Resources	
Total Deferred Outflows	0.00
<b>Total Assets and Outflows</b>	<b>36,078,119.25</b>

**LIABILITIES AND DEFERRED INFLOWS**

Current Liabilities:

Payables:

Accounts	1,099,610.41
Investment Trades	
Payroll	824,158.13
Other Intergovernmental	
Federal	
Interest	
Other	

Interfund Payable (Note 12)	
Due to Other Agencies (Note 12)	568,076.08
Unearned Revenues	5,952,404.57
Notes and Loans Payable (Note 5)	
Revenue Bonds Payable, Net (Note 5, 6)	
General Obligation Bonds Payable, Net (Note 5, 6)	
Claims and Judgments (Note 5)	
Employees' Compensable Leave (Note 5)	46,702.81
Capital Lease Obligations (Note 5, 8)	
Contract Retainage Payable	
Liabilities Payable from Restricted Assets	
Obligations/Reverse Repurchase Agreements	
Obligations Under Securities Lending	
Funds Held for Others	
Other Current Liabilities	

Total Current Liabilities	8,490,952.00
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Non-Current Liabilities and Deferred Inflows:

Interfund Payables (Note 8)	
Notes and Loans Payable (Note 5)	
Revenue Bonds Payable, Net (Note 5, 6)	
General Obligation Bonds Payable, Net (Note 5, 6)	
Claims and Judgments (Note 5)	
Employees' Compensable Leave (Note 5)	264,649.26
Capital Lease Obligations (Note 5, 8)	
Liabilities Payable from Restricted Assets	
Assets Held for Others	
Pollution Remediation Obligations	
Other Non-Current Liabilities	

Total Non-Current Liabilities and Deferred Inflows	264,649.26
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Total Liabilities	8,755,601.26
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**Texas State University System  
Lamar Institute of Technology  
Statement of Net Assets  
August 31, 2013**

	<b>Total</b>
DEFERRED INFLOWS	
Derivative Instrument Liabilities	
Deferred Inflow of Resources	
Total Deferred Inflows	<u>0.00</u>
<b>Total Liabilities and Inflows</b>	<u>8,755,601.26</u>

**Texas State University System  
Lamar Institute of Technology  
Statement of Net Assets  
August 31, 2013**

**Total**

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	17,695,643.65
Restricted For	
Education	
Debt Retirement	
Capital Projects	
Employee Benefits	
Funds Held As Permanent Investments:	
Non-Expendable	
Expendable	
Other	
Unrestricted	<u>9,626,874.34</u>
<b>Total Net Position</b>	<b>27,322,517.99</b>

Texas State University System  
**Lamar Institute of Technology**  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Fiscal Year Ended August 31, 2013

	<b>Total</b>
<b>OPERATING REVENUES</b>	
Sales of Goods and Services	
Tuition and Fees - Pledged	11,507,144.77
Discounts and Allowances	-1,947,246.56
Discounts and Allowances	
Professional Fees	
Professional Fees - Pledged	
Discounts and Allowances	
Auxiliary Enterprises	
Auxiliary Enterprises - Pledged	150,783.69
Discounts and Allowances	
Other Sales of Goods and Services	
Other Sales of Goods and Services - Pledged	
Discounts and Allowances	
Interest and Investment Income	
Interest and Investment Income Pledged	
Net Increase (Decrease) Fair Market Value	
Net Increase (Decrease) Fair Market Value - Pledged	
Federal Revenue-Operating	202,151.22
Federal Pass-Through Revenue	399,552.00
State Grant Revenue	
State Grant Pass-Through Revenue	180,821.44
Other Grants and Contracts	
Other Grants and Contracts - Pledged	
Other Operating Revenues	
Other Operating Revenues - Pledged	
Total Operating Revenues	10,493,206.56
<b>OPERATING EXPENSES</b>	
Instruction	12,656,841.37
Research	0.00
Hospitals and Clinics	0.00
Public Service	559,328.64
Academic Support	486,912.69
Student Services	1,395,527.14
Institutional Support	3,741,020.54
Operation and Maintenance of Plant	2,038,855.18
Scholarship and Fellowships	2,990,281.71
Auxiliary Enterprise Expenditures	3,402,941.56
Depreciation and Amortization	1,222,234.38
Total Operating Expenses	28,493,943.21
Operating Income (Loss)	-18,000,736.65
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Legislative Revenue	8,176,621.00
Additional Appropriations	1,802,242.75
Federal Revenue	3,768,863.00
Federal Pass-Through Revenue	
State Grant Pass-Through Revenue	
Gifts	174,911.61

Texas State University System  
**Lamar Institute of Technology**  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Fiscal Year Ended August 31, 2013

	<b>Total</b>
Gifts - Pledged	
Land Income	
Interest and Investment Income (Expense)	
Interest and Investment Income (Expense) - Pledged	9,051.82
Loan Premium/Fees Securities Lending	
Investing Activities Expenses	
Interest Expenses and Fiscal Charges	
Borrower Rebates and Agent Fees	
Gain (Loss) on Sale of Capital Assets	
Net Increase (Decrease) in Fair Value of Investments	
Net Increase (Decrease) in Fair Value of Investments - Pledged	
Settlement of Claims	
Other Nonoperating Revenues	
Other Nonoperating Expenses	-1,792,377.10
Total Nonoperating Revenues (Expenses)	12,139,313.08
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	-5,861,423.57
 <b>OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS</b>	
Capital Contributions	2,177,919.35
Capital Appropriations (HEAF)	2,332,463.00
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	-117,894.64
Legislative Transfer In	
Legislative Transfer Out	-523,826.96
Lapses	-55.04
Total Other Revenues, Expenses, Gains/Losses and Transfers	3,868,605.71
 <b>CHANGE IN NET ASSETS</b>	 -1,992,817.86
Net Assets, September 1, 2012	29,315,335.85
Restatements	
Net Assets, September 1, 2012, as Restated	29,315,335.85
<b>NET ASSETS, August 31, 2013</b>	<b>27,322,517.99</b>

Texas State University System  
Lamar Institute of Technology  
Statement of Cash Flows  
For the Fiscal Year Ended August 31, 2013

	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	
Proceeds from Tuition and Fees	12,440,561.60
Proceeds from Research Grants and Contracts	949,722.93
Proceeds from Gifts	
Proceeds from Loan Programs	
Proceeds from Auxiliaries	
Proceeds from Other Revenues	
Payments to Suppliers for Goods and Services	-11,298,902.26
Payments to Employees for Salaries	-14,195,407.82
Payments to Employees for Benefits	
Payments for Loans Provided	
Payments for Other Expenses	-2,918,898.49
Net Cash Provided by Operating Activities	-15,022,924.04
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from Debt Issuance	
Proceeds from State Appropriations	10,690,627.11
Proceeds from Gifts	174,911.61
Proceeds from Endowments	
Proceeds of Transfers from Other Funds	
Proceeds from Grant Receipts	4,023,336.00
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	
Payments for Grant Disbursements	
Payments for Advances to Other Funds	
Payments for Other Uses	-1,792,377.10
Net Cash Provided by Noncapital Financing Activities	13,096,497.62
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
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	2,219,239.00
Proceeds from Capital Contributions	
Proceeds from Advances from Other Funds	
Payments for Additions to Capital Assets	
Payments of Principal on Debt	-347,057.07
Payments for Capital Lease	
Payments of Interest on Debt Issuance	-181,440.53
Payments for interfund receivables	
Payments of Other Costs of Debt Issuance	-55.04
Net Cash Provided by Capital and Related Financing Activities	1,690,686.36
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales of Investments	
Proceeds from Interest Income	
Proceeds from Investment Income	9,051.82
Proceeds from Principal Payments on Loans	

Texas State University System  
Lamar Institute of Technology  
Statement of Cash Flows  
For the Fiscal Year Ended August 31, 2013

	<b>Total</b>
Payments to Acquire Investments	
Payments for Nonprogram loans provided	
Net Cash Provided by Investing Activities	9,051.82
Net Increase (Decrease) in Cash and Cash Equivalents	-226,688.24
Cash and Cash Equivalents, September 1, 2012	5,887,006.17
Changes in Accounting Principle	
Changes in Reporting Entity	
Restatements to Beginning Cash and Cash Equivalents	
Cash and Cash Equivalents, September 1, 2012- Restated	5,887,006.17
Cash and Cash Equivalents, August 31, 2013	5,660,317.93

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

Operating Income (Loss)	-18,000,736.65
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	1,222,234.38
Bad Debt Expense	1,485,501.48
Operating Income (Loss) and Cash Flow Categories: Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	-623,568.71
(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	1,422,740.10
(Increase) Decrease in Other Assets	
(Increase) Decrease in State Appropriations	
Increase (Decrease) in Payables	-1,159,264.20
Increase (Decrease) in Deposits	25,364.64
Increase (Decrease) in Due to Other Funds	
Increase (Decrease) in Unearned Revenue	587,040.46
Increase (Decrease) in Compensated Absence Liability	17,764.46
Increase (Decrease) in Benefits Payable	
Increase (Decrease) in Other Liabilities	
Total Adjustments	2,977,812.61
Net Cash Provided by Operating Activities	-15,022,924.04

**Non Cash Transactions**

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

Texas State University System  
Lamar Institute of Technology  
Matrix of Operating Expenses Reported by Function  
For the Fiscal Year Ended August 31, 2013

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	7,313,507.66				332,253.57	631,247.21	1,810,455.46	409,665.91	71,383.22	78,435.72		10,896,239.21
Salaries and Wages	2,183,470.58			249,290.46	87,686.11	166,511.48	457,728.50	125,768.60		22,219.51		3,099,158.65
Payroll Related Costs	1,300.00			55,773.87		6,050.30	61,096.10	1,708.33		2,937.50		73,092.23
Professional Fees and Services												0.00
Federal Grant Pass-Through Expense												0.00
State Grant Pass-Through Expense												0.00
Travel	8,320.00			2,198.96	43,816.08	54,464.28	56,679.73			1,696.38		167,175.43
Materials and Supplies	509,020.47			5,793.29	3,687.53	109,371.79	97,640.75	113,894.77		130,405.78		969,814.38
Communications and Utilities	433,322.60			399.99	357.38	1,790.84	299,042.49	500,632.06				1,235,545.36
Repairs and Maintenance	379,433.02						25,860.36	279,784.04		9,473.00		694,550.42
Rentals and Leases	14,464.88			1,736.01		2,630.53	108,974.53	71,733.84				199,539.79
Printing and Reproduction	9,939.59				10,447.02	176,646.14	55,187.92	160.00			1,222,234.38	252,380.67
Depreciation and Amortization*										767,355.09		1,485,501.48
Bad Debt Expense	718,146.39											0.00
Interest												0.00
Scholarships									2,918,898.49			2,918,898.49
Claims and Judgments												0.00
Other Operating Expenses	1,085,916.18			244,136.06	8,665.00	246,814.57	768,354.70	535,507.63		2,390,418.58		5,279,812.72
<b>Total Operating Expenses</b>	<b>12,656,841.37</b>	<b>0.00</b>	<b>0.00</b>	<b>559,328.64</b>	<b>486,912.69</b>	<b>1,395,527.14</b>	<b>3,741,020.54</b>	<b>2,038,855.18</b>	<b>2,990,281.71</b>	<b>3,402,941.56</b>	<b>1,222,234.38</b>	<b>28,493,943.21</b>

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



Unaudited

**LAMAR INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

**August 31, 2013**

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

**Entity**

Lamar Institute of Technology is considered an 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 Annual Financial Reports of State Agencies and Universities*.

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

**Fund Structure**

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

**Proprietary Funds**

**Business Type Activity**

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

**Component Units**

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

## Unaudited

### **Basis of Accounting**

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

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

### **Budget and Budgetary Accounting**

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

### **Assets, Liabilities, and Fund Balances/Net Assets**

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#### **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.

## Unaudited

### **Restricted Assets**

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

### **Inventories and Prepaid Items**

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

### **Capital Assets**

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

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

### **Other Receivables – Current and Noncurrent**

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

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

**LIABILITIES**

**Accounts Payable**

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

**Other Payables – Current and Noncurrent**

Other payables are the accrual at year -end of expenditure transactions not included in any of the other payable descriptions. The disaggregation of other payables as reported in the financial statements is shown in Note 24, “Disaggregation of Receivables and Payables Balances.”

**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 assets. These obligations are normally paid from the same funding source from which each employee’s salary or wage compensation was paid.

**Capital Lease Obligations**

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

**Bonds Payable-General Obligation Bonds**

General obligation bonds are accounted for in the long-term liabilities adjustment column for governmental activities and in proprietary funds for business-type activities. These payables are reported as long-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter in the statement of net assets/balance). The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/ (losses) on bond refunding activities.

For governmental activities, bond proceeds are accounted for (when received) as an “other financing source” in the governmental fund receiving the proceeds. Payment of principal and interest is an expenditure recorded in the debt service fund. All bond transactions and balances for business-type activities are reported in proprietary funds.

**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

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amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

**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 expenditures.

**Reserved for Encumbrances**

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

**Reserve for Consumable Inventories**

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

**Unreserved/Undesignated**

This represents the unappropriated balance at year-end.

**Invested in Capital Assets, Net of Related Debt**

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

**Restricted Net Assets**

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

**Unrestricted Net Assets**

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

**INTERFUND ACTIVITY AND TRANSACTIONS**

Lamar Institute of Technology has the following types of transactions between 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.” Balances for repayment due in two (or more) years are classified as “noncurrent.”
- (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 Institute of Technology’s Interfund activities and balances are presented in Note 12.

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**NOTE 2: Capital Assets**

Revenue Received from the sale of surplus property has been transferred to unappropriated general revenue in accordance with HB7, Sec. 20.

A summary of changes in Capital Assets for the year ended August 31, 2013 is presented below:

	PRIMARY GOVERNMENT						Balance 08/31/13
	Balance 09/01/12	Adjustments	Completed CIP	Transfers Inc/(Decrease)	Additions	Deletions	
<b>BUSINESS-TYPE ACTIVITIES</b>							
Non-Depreciable Assets							
Land and Land Improvements	1,848,839.77						1,848,839.77
Library books/Leaseholds	-						-
Construction in Progress	663,078.14				1,635,323.01		2,298,401.15
Other Assets							-
<b>Total Non-Depreciable Assets</b>	<b>2,511,917.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,635,323.01</b>	<b>-</b>	<b>4,147,240.92</b>
Depreciable Assets							
Buildings and Building Improvements Infrastructure	17,478,846.89						17,478,846.89
Facilities & Other Improvements	4,983,811.70				202,497.30		5,186,309.00
Furniture and Equipment	5,322,067.44	-			340,099.04	(294,780.81)	5,367,385.67
Vehicle, Boats & Aircraft	605,106.97	-				(28,000.00)	577,106.97
Other Capital Assets	10,000.00						10,000.00
<b>Total Depreciable Assets</b>	<b>28,399,833.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>542,596.34</b>	<b>(322,780.81)</b>	<b>28,619,648.53</b>
Less Accumulated Depreciation							
Buildings and Improvements Infrastructure	(9,110,700.01)				(583,569.60)		(9,694,269.61)
Facilities & Other Improvements	(517,284.18)				(233,931.48)		(751,215.66)
Furniture and Equipment	(3,986,714.75)				(389,092.08)	294,780.81	(4,081,026.02)
Vehicles, Boats & Aircraft	(547,093.29)				(15,641.22)	28,000.00	(534,734.51)
Other Capital Assets	(10,000.00)						(10,000.00)
<b>Total Accumulated Depreciation</b>	<b>(14,171,792.23)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,222,234.38)</b>	<b>322,780.81</b>	<b>(15,071,245.80)</b>
<b>Depreciable Assets, Net</b>	<b>14,228,040.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(679,638.04)</b>	<b>-</b>	<b>13,548,402.73</b>
<b>Business Type-Activities</b>	<b>16,739,958.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>955,684.97</b>	<b>-</b>	<b>17,695,643.65</b>

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**NOTE 4: Short Term Debt**

Lamar Institute of Technology has no short term debt as of August 31, 2013.

**NOTE 5: Long Term Liabilities**

**Changes in Long-term Liabilities**

During the year ended August 31, 2013 the following changes occurred in long-term liabilities.

Business Type Activities	Balance 09/01/12	Additions	Reductions	Balance 08/31/13	Due Within One Year
Employees' Compensable Leave	293,587.61	17,764.46		311,352.07	46,702.81

**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 at least six months. Both an expense and a 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.

**Bonds Payable**

See Note 6 for a discussion of Bonds Payable.

**NOTE 6: Bonded Indebtedness**

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

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



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**DEBT SERVICE REQUIREMENTS ATTRIBUTABLE  
 TO LAMAR INSTITUTE OF TECHNOLOGY**

Description	Year	Principal		Interest		Total
All Series	2014	\$ 362,943.27	\$	164,081.02	\$	527,024.29
	2015	382,814.37		146,042.52		528,856.89
	2016	400,384.24		127,180.96		527,565.20
	2017-2021	1,822,933.39		339,388.86		2,162,322.75
	2022-2026	332,192.80		16,609.64		348,802.44
	TOTALS		<u>\$ 3,301,268.57</u>	<u>\$</u>	<u>793,303.00</u>	<u>\$</u>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$544,969 during the current fiscal year for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

**NOTE 7: Derivative Instruments**

Lamar Institute of Technology has no derivative instruments of August 31, 2013.

**NOTE 8: Leases**

Lamar Institute of Technology has no operating lease obligations as of August 31, 2013.

**NOTE 9: Employees Retirement Plans**

The State of Texas has joint contributory retirement plans for substantially all its employees. One plan in which Lamar Institute of Technology participates is administered by the Teachers Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The System does not account for each State agency separately.

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

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**NOTE 10: Deferred Compensation**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., Sec. 609.001. Two plans are available for employees' participation. Both plans are administered by the Employees Retirement System.

The State also administers another plan: "TexaSaver" created in accordance with Internal Revenue Code Sec. 401 (k). The assets of this plan do not belong to the State. The State has no liability related to this plan.

**NOTE 11: Post Employment Health Care and Life Insurance Benefits- Not Applicable**

**NOTE 12: Interfund Activity and Transactions**

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

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

Lamar Institute of Technology experience 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, 2013 follows:

	Due From	Due To	Source
Agency 734, D23, Fund 7999		533,437.43	Local Funds
Agency 734, D23, Fund 0287	8,562.02	22,928.65	GR – Dedicated
Agency 788, D23, Fund 7999		11,710.00	Local Funds
<b>Total Due From/To Other Agencies (Exh A)</b>	<b>8,562.02</b>	<b>568,076.08</b>	

	Legislative TRANSFERS IN	Legislative TRANSFERS OUT
General Revenue (01) TRB to Agency 758		523,826.96
<b>Total Legislative Transfers</b>		<b>523,826.96</b>

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	TRANSFERS IN	TRANSFERS OUT	SOURCE
Agency 758 , D23, Fund 7999		4,670.64	Designated Funds
Agency 781, D23, Fund 0287		1,139.00	E & G Funds
Agency 758, D23, Fund 7999		112,085.00	Designated Funds
<b>Total Transfers</b>		117,894.64	

**NOTE 13: Continuance Subject to Review**

Lamar Institute of Technology is not subject to a review of continuance.

**NOTE 14: Adjustments to Fund Balances/Net Assets**

Lamar Institute of Technology had no adjustments to Fund Balances/Net Assets.

**NOTE 15: Contingent Liabilities**

At August 31, 2013 various lawsuits and claims involving Lamar Institute of Technology were pending. While the ultimate liability with respect to litigation and other claims asserted against the Institute 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 Institute.

**NOTE 16: Subsequent Events**

Lamar Institute of Technology does not have any subsequent events for fiscal year August 31, 2013.

**NOTE 17: Risk Management**

Lamar Institute of Technology is exposed to a variety of civil claims resulting from the performance of its duties. It is Institute policy to periodically assess the proper

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combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The Institute 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 Institute involved in any risk pool with other government entities for these risks. Lamar Institute of Technology incurred no losses during the fiscal year ended August 31, 2013 and no claims were pending at that date.

The Institute 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 or other non-Educational and General Funds. The insurance protects the bond holders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments and the federal government for storm damage.

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

**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 Institute of Technology is reported in a consolidated format with Texas State University System which is reported as a component of the State of Texas. Management Discussion and Analysis as it relates to Texas State University System can be found in the State of Texas basic financial statements.

**NOTE 19: The Financial Reporting Entity**

The Lamar Institute of Technology Foundation is a nonprofit organization with the sole purpose of supporting educational activities of Lamar Institute of Technology. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The Foundation remitted restricted gifts of \$67,002.58 to the Institute during the year ended August 31, 2013.

**NOTE 20: Stewardship, Compliance and Accountability – Not Applicable**

**NOTE 21: N/A- Not Applicable to the Reporting Requirement Process**

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**NOTE 22: Donor-Restricted Endowments**

Lamar Institute of Technology has no donor restricted endowments as of August 31, 2013.

**NOTE 23: Special or Extraordinary Items – Not Applicable**

**NOTE 24: Disaggregation of Receivable and Payable Balances – Not Applicable**

**NOTE 25: Termination Benefits**

Lamar Institute of Technology has no termination benefits to report as of August 31, 2013.

**NOTE 26: Segment Information**

Lamar Institute of Technology has no segments to report as of August 31, 2013.

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LAMAR INSTITUTE OF TECHNOLOGY  
 SCHEDULE 1A - Schedule of Expenditures of Federal Awards  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 For the Year Ended August 31, 2013

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	PASS-THROUGH FROM			Agw/ Univ. #	Identifying #	Agency or Univ. Amount	Non-State Entity Amount	Direct Program Amount	Pass-Through & Direct Program	PASS-THROUGH TO				
		Agency or Univ. Amount	Non-State Entity Amount	Direct Program Amount							Agency or Univ. Amount	Non-State Entity Amount	Identifying #		
U.S. Department of Energy Pass Through From: Comptroller - State Energy Conservation Office State Energy Program	81.041	907		\$ 50,000.00		\$		\$	50,000.00		\$	50,000.00	\$	50,000.00	
Total U.S. Department of Energy				\$ 50,000.00		\$		\$	50,000.00		\$	50,000.00	\$	50,000.00	
U.S. Department of Education Direct Programs:						\$					\$				
Federal Supplemental Education Opportunity Grants	84.007					\$		\$ 130,768.00	\$ 130,768.00		\$		\$ 130,768.00	\$	130,768.00
Federal Work-Study Program	84.033							71,383.22	71,383.22				71,383.22		71,383.22
Federal Direct Student Loans	84.268							4,873,292.00	4,873,292.00				4,873,292.00		4,873,292.00
Federal Pell Grant Program	84.063							3,768,863.00	3,768,863.00				3,768,863.00		3,768,863.00
Pass-Through From: Texas Higher Education Coordinating Board Vocational Education Basic Grants to States	84.048	781		349,552.00					349,552.00				349,552.00		349,552.00
Total U.S. Department of Education				349,552.00		\$		8,844,306.22	9,193,858.22		\$		9,193,858.22	\$	9,193,858.22
TOTAL FEDERAL FINANCIAL ASSISTANCE				399,552.00		\$		8,844,306.22	9,243,858.22		\$		9,243,858.22	\$	9,243,858.22

Federal Assistance Schedule - Reconciliation

Note 1: Not Applicable

Note 2: Reconciliation:

Federal Revenue (SRECNA)	\$ 3,971,014.22
Federal Pass Through Revenue (SRECNA)	399,552.00
Total Federal Revenue and Federal Pass-Through Revenue	\$ 4,370,566.22
Reconciliation Items	
Federal Family Education Loan Program (FFELP)	
Federal Direct Student Loans (Direct Loans)	4,873,292.00
Total Pass-Through & Expenditures Per Federal Schedule	9,243,858.22

## LAMAR - INSTITUTE OF TECHNOLOGY

## SCHEDULE 1B

## SCHEDULE OF STATE GRANT PASS THROUGH FROM/TO STATE AGENCIES

For the Year Ended August 31, 2013

**Pass Through From:**

Texas Higher Education Coordinating Board (Agy. 781)		
TEXAS Grant Program (781.0008)	\$	27,500.00
College Workstudy Program (781.0023)		12,665.00
Developmental Education Program (781.0040)		981.44
Texas Workforce Commission (Agy. 320)		
Skills Development(320.0003)		139,675.00
		<u>139,675.00</u>
Total Pass Through From Other Agencies ( Exh.II)	\$	<u><u>180,821.44</u></u>

**Pass Through To:**

	\$	<u>                    </u>
Total Pass Through To Other Agencies (Exh.II)	\$	<u><u>                    </u></u>



LAMAR INSTITUTE OF TECHNOLOGY  
SCHEDULE 2A  
MISCELLANEOUS BOND INFORMATION  
For the Year Ended August 31, 2013

SCHEDULE NOT USED

LAMAR INSTITUTE OF TECHNOLOGY  
SCHEDULE 2C  
DEBT SERVICE REQUIREMENTS  
For the Year Ended August 31, 2013

SCHEDULE NOT USED

LAMAR INSTITUTE OF TECHNOLOGY  
SCHEDULE 2D  
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE  
For the Year Ended August 31, 2013

SCHEDULE NOT USED

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LAMAR INSTITUTE OF TECHNOLOGY  
SCHEDULE 2E  
SCHEDULE OF DEFEASED BONDS OUTSTANDING  
For the Year Ended August 31, 2013

<u>Description of Issues</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
		\$ 0.00
Total Defeased Revenue Bonds		<u>\$ 0.00</u>

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**Lamar Institute of Technology**  
**Schedule 3 - Reconciliation of Cash in State Treasury**  
**For the Fiscal Year Ended August 31, 2013**

Cash in State Treasury	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Available College Fund 0287	\$ 1,150,373.48	\$	1,150,373.48
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 (Stmt of Net Assets)	<u>\$ 1,150,373.48</u>	<u>\$ 0.00</u>	<u>1,150,373.48</u>

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Lamar Institute of Technology  
Schedule 4 - Higher Education Assistance Fund  
For the Fiscal Year Ended August 31, 2013

	<u>Totals</u>
<b>Balance September 1, 2012</b>	\$ 8,446,293.42
<b>REVENUES</b>	\$
HEAF Appropriations	2,332,463.00
<b>Total Revenues</b>	\$ <u>2,332,463.00</u>
<b>EXPENSES</b>	
Instruction	\$ 970,883.65
Research	
Academic Support	
Student Services	
Institutional Support	
Library	224,450.00
Public Service	
Operation & Maint of Physical Plant	
Unexpended Plant Funds	<u>1,881,275.83</u>
<b>Total Expenditures</b>	\$ <u>3,076,609.48</u>
<b>OTHER REVENUES(EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>	
Special Items	\$
Extraordinary Items	
Transfers In Transfers out	
Legislative Transfers In	
Legislative Transfers Out	
Legislative Appropriations Lapsed	
<b>Total Other Revenues(Expenses), Gains/(Losses) and Transfers</b>	<u>0.00</u>
<b>BALANCE AT AUGUST 31, 2013</b>	\$ <u><u>7,702,146.94</u></u>