

# ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019  
SAN ANTONIO, TEXAS



ALAMO COLLEGES DISTRICT  
Northeast Lakeview College

**NORTHEAST LAKEVIEW COLLEGE**  
(A college of the Alamo Community College District)  
**San Antonio, Texas**

**Annual Financial Report**

**For the Years Ended  
August 31, 2020 and 2019**

**Prepared by:**

**Finance and Fiscal Services Department**



# NORTHEAST LAKEVIEW COLLEGE

(A college of the Alamo Community College District)

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ALAMO COLLEGES DISTRICT  
Northeast Lakeview College

## **Introductory Section**



ALAMO COLLEGES DISTRICT  
Northeast Lakeview College



December 8, 2020

***To the Board of Trustees, the Residents of Bexar County and the Northeast Lakeview College Service Area of Comal and Guadalupe Counties:***

We are proud to submit the following annual financial report (AFR) for Northeast Lakeview College (the College or NLC), a college of the Alamo Community College District (Alamo Colleges District or District) for the fiscal years ended August 31, 2020 and 2019. The AFR has been prepared in accordance with United States Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). The report complies, in all material aspects, with the requirements of Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB).

The purpose of an independent audit is to provide assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. In 2020, the District's Board of Trustees selected the independent accounting firm of Weaver and Tidwell, LLP to perform an audit for the College. Assets, liabilities and net position attributable to and allocated to the operations of the College are reported in the 2020 and 2019 AFR for the College. This AFR is prepared primarily for submission to the Southern Association of Colleges and Schools Commission on Colleges to provide information related to accreditation.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. The concept of reasonable assurance ensures that the cost of the controls does not exceed the benefits derived. The Independent Auditor's Report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The Notes to Financial Statements, also in the financial section, are considered integral to the basic financial statements and should be read in conjunction with them.

**Profile**

Northeast Lakeview College is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate degrees. Contact the Southern Association of Colleges and Schools Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions about the accreditation of Northeast Lakeview College.

Northeast Lakeview College offers Associate of Arts, Associate of Arts in Teaching, Associate of Science and Associate of Applied Science degrees taught by highly qualified faculty with Master's and Doctorate degrees who are committed to creating a learning centered environment. Students experience academic rigor inside the classroom and an enhanced learning environment through support services that include counseling, computer labs, tutoring services, financial services, services for the disabled, veterans' services and job placement and transfer services.

Established in January 2007, Northeast Lakeview College is one of the five colleges of the Alamo Community College District and one of the youngest community colleges in the nation. It serves students in northeast San Antonio and the surrounding municipalities to include Bexar, Comal and Guadalupe counties. The College traces its beginnings back to 1996 as the Northeast Learning Center, an extension of St. Philip's College. Due to its growth, the Learning Center closed in 2001 and reopened as Northeast Campus in a larger location as a joint collaboration between St. Philip's College and San Antonio College. St. Philip's College discontinued offering classes at the College in 2009. With continued enrollment growth and as a result of a 2005 bond election, a permanent \$125 million campus (named Northeast Lakeview College) was constructed at the corner of Loop 1604 and Kitty Hawk road and opened in Fall 2008. Northeast Lakeview College now serves more than 6,000 students in its nine-building facility that sits on 267 acres.

The College, as a member of the Alamo Colleges District, manages its capital assets as well as administers and conducts its educational services under its own organizational structure. The District supports the College by managing debt and investments, acquiring capital assets, assessing and collecting property taxes and allocating State of Texas appropriations. The College's administration and staff direct their own budget, as approved by the Board of Trustees of the Alamo Colleges District, and make decisions regarding the funds provided to them or generated by them while conducting its educational activities. These educational activities include the development of curriculum, the hiring of faculty and staff within District guidelines and the delivery of educational and student support services.



The Alamo Community College District was established as a public community college through a public election in 1945. The District operates as a political subdivision under the laws of the State of Texas. The five member community colleges of the District are Northeast Lakeview College, San Antonio College, St. Philip's College, Palo Alto College and Northwest Vista College. A nine-member Board of Trustees and a Student Trustee is the governing body of the District. The Trustees are elected locally to six-year terms by Bexar County voters and the Student Trustee serves a one-year term as a non-voting student liaison to the Board and Chancellor, representing students' interests at board meetings and other District meetings. The Chancellor, the District's chief executive officer, guides and implements the programs and policies of the District. Each of the five colleges has a campus organization lead by a President who reports to the Chancellor.

### Economic Conditions and Outlook

The College sits along the I-35 Corridor toward Austin, one of the fastest growing areas in the region. In addition to northeast San Antonio, the College serves the Metrocom area, comprised of eleven small cities with a combined population of over 155,000 according to the Northeast Partnership for Economic Development. Randolph Air Force Base, a stable presence in the area since opening in 1930, unites the cities and currently has over 17,000 personnel on its base. The area provides affordable housing, low tax rates, opportunities for growth, award-winning school districts, and a skilled work force and the College contributes convenient, affordable higher education. The College location, among growing suburban communities that share a common goal of economic development and quality of life for their citizens and businesses, enhances the College's potential for success. Northeast Lakeview College has been recognized by the City of Live Oak Economic Development Corporation as an asset to the community and has been recognized multiple times for contributing to continued economic growth in the area.



The College supports the local independent school districts (ISDs) by providing dual credit courses and is home to the Judson Early College Academy, a unique partnership with the Judson Independent School District that allows students to complete an Associate's Degree while earning their high school diploma at no cost to the student. Because the College is a member of the Alamo Community College District, economic conditions that impact the District inherently impact the College. The three primary revenue streams to the District, other than federal grants used for scholarships, are ad valorem taxes, state appropriations, and tuition and fees.

The trend of rising ad valorem tax revenues continued in fiscal year 2020, as revenues from ad valorem taxes increased by 6.5% as net assessed property values within the District increased from approximately \$162.5 billion in 2019 to \$173.5 billion in 2020, providing funding for facilities' repairs and maintenance. The pattern of predictable and increasing property values and ad valorem tax collections relieves pressure to increase the tax rate for the District's constituents. There was no increase in the District's tax rate for fiscal year 2020.

State appropriations, which are critical to keeping student tuition rates low, increased in 2020 due to actions by the 86<sup>th</sup> Texas Legislature. State appropriations are distributed based on a cost-based formula for student contact hour

reimbursement, core operations funding, and student success outcomes. For fiscal year 2020, the State only provided 23% of instructional costs, down from 75% in fiscal years 2008-2009 and provided no funding for growth.

Tuition and fee rates increased \$13 per semester credit hour, effective Spring 2019. This was the first tuition rate increase since Spring 2016 and only the second increase since 2011. The student activity fee increased from \$1 per credit hour to \$3 per credit hour in Fall 2018. Student activity fees are used to support various student initiatives including leadership, clubs, organizations, sports, fitness and other events.

## Strategic Planning

The College utilizes an inclusive strategic planning process in which feedback from all constituent groups, both internal and external, was reviewed and combined into a document that supports NLC's continuous improvement process to advance the institutional mission and NLC's overarching goal of student success. The College's Strategic Plan reflects the direction provided by the community and the leadership of the District, and looks to meet the needs and interests of its local community through the development of specific core objectives, strategies and unit plans. Ongoing evaluation and assessment of the objectives, strategies and unit plans allows for continuous quality improvement to ensure that the community's higher education needs are met. The College has its own mission, vision and goals. The goals focus on the following: 1) quality teaching, learning, and student success, 2) respect, value and empowering people, and 3) enriching internal and external community engagement and communications. NLC embarked on a year-long strategic planning process during 2018-2019 to update its mission and vision statements and established three belief statements that are shared by the organization and that drive NLC's culture and its commitment to its overarching goal of student success.

## Major Initiatives

Northeast Lakeview College continues to focus on achieving greater student success by utilizing 4DX and MyMap. The adoption of 4DX, the Four Disciplines of Execution, provides a simple, repeatable set of practices for organizations and individuals to focus on what is important, to execute strategic priorities and to achieve superb results. MyMap (My Monitoring Academic Progress) was also implemented, which is a series of online, self-paced learning modules designed to help students transition to college, and monitors students' progress until they earn a certificate or degree.

Since receiving accreditation from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) in 2017, Northeast Lakeview College has quickly expanded its services and programs. In 2019, the College welcomed its first students into its new Associate of Applied Science Degrees in Information Technology- Network Administrator and Information Technology- Cyber Defense. Additionally, in January, NLC launched the Logistics & Supply Chain Management program, followed by being the first college within the Alamo Colleges District to offer the Digital Marketing & Social Media Program.



Committed to providing educational access to the communities that it serves, Northeast Lakeview College, provided support to students within Judson ISD as part of the Alamo Colleges District AlamoPROMISE initiative, a last dollar scholarship program to assist students in paying for a college education. Student Success personnel at NLC provided support to students throughout the process and assisted with the

ApplyTEXAS application, financial aid, advising, and registration. The College has adopted numerous strategies to help enrolled AlamoPROMISE students with progress and completion.

Opening its Nighthawks Nest Advocacy Center, Northeast Lakeview College enhanced integrated services and resources to students to address mental health, emotional and socio-economic need. Some of the services of the Nighthawks Nest Advocacy Center include Food Pantry, financial literacy, and counseling.

Northeast Lakeview College continues to increase both its enrollment and completion and graduation rates. The college has exceeded its SMART growth goal of 443 graduates for FY 20. At 671 graduates, this demonstrates a 73% increase from 2019. The College also increased core completers from 463 in 2018-2019 to 1047 in 2020, demonstrating a 126% increase.

With a continued focus on civic engagement, Northeast Lakeview College partners with local agencies to provide support services to its students and the community in which it serves. NLC Career Services collaborated with Randolph-Brooks Credit Union to host a virtual externship series where students participated in interactive sessions hosted by various local companies on topics including career development, interviewing, communication skills, financial literacy, auditing, and more. Additionally, the San Antonio Food Bank used NLC as a site for a Pop-Up Market. Staffed by volunteers from the College, the drive-up food event helped to support more than 200 families in the community suffering from food insecurities.

During the 2019-2020 academic year, Northeast Lakeview College awarded over \$180,340.77 in scholarship dollars. The amount includes awards from existing NLC and Alamo Colleges District Foundation scholarships, and \$6,500 in new scholarship dollars from the 11 smaller Metrocom cities in NLC's service area and donations from two area community organizations (The Rotary Club and Tri-County Chamber of Commerce). These scholarships help to remove some of the financial barriers of a college education to positively impact a student's future.

Northeast Lakeview College continues its partnership with local ISD's as part of its Adopt-A-School initiative that brings the college experience to students at all levels along the educational pathway (from Pre-K to high school). In 2019-2020, NLC adopted Candlewood Elementary in Judson ISD and Woodstone Elementary in Northeast ISD, schools in two of NLC's largest feeder school districts. The project included college campus visits, participating in career fairs at the adopted schools, and a Valentine's Day event that included a visit by the College mascot and story time. Additionally, members of the Males Excellence Network (Men) of NLC provided mentoring to students in the adopted schools. The initiative helps develop an understanding of college and the importance of setting goals. Getting students interested, informed and engaged in college as early as possible is the main goal of this initiative, as research indicates the more students become engaged in the college experience, the more likely they will succeed.

### Awards and Acknowledgements

Northeast Lakeview College was named one of the 2020 Most Promising Places to Work in Community Colleges. The recognition is given by the National Institute for Staff and Organizational Development (NISOD) and *Diverse: Issues in Higher Education*, and recognizes Northeast Lakeview College's best-in-class student and staff recruitment and retention practices, inclusive learning and working environments, and meaningful community service and engagement opportunities. The award also recognizes an institution's exceptional commitment to diversity (including race/ethnicity, gender, sexual orientation, disability, age, class, veterans, and thought). This is a national award with recipients being selected from across the country. Northeast Lakeview College received the same recognition in 2019.



Northeast Lakeview College received Performance Recognition from the Quality Texas Foundation (QTF) at the Progress Level. Achieving recognition at the Progress Level indicates substantial progress toward institutionalizing an effective, systematic approach to organizational management, with good performance levels and trends evaluated against industry standards. NLC began its journey with the Quality Texas Foundation in 2016 and received Pioneer Recognition from the organization, Engagement Level Recognition in 2018, Commitment Level in 2019, and most recently, Progress Level recognition in 2020. The Quality Texas Foundation assists organizations with continuous improvement efforts by utilizing the Baldrige Framework and since 1993, QTF has administered the Texas Award for Performance Excellence (TAPE) as an independent non-profit corporation. The next step for NLC is to submit an application for The Texas Award for Performance Excellence (TAPE).

The Marketing & Strategic Communications Office at Northeast Lakeview College received recognition from the National Council for Marketing and Public Relations (NCMPR). They received two awards for digital design and video. NCMPR is a professional organization that represents the fields of marketing and public relations for community and technical colleges. Since 2008, this office has received more than 12 recognitions and awards from this organization.

The Beta Sigma Delta chapter of Phi Theta Kappa at Northeast Lakeview College was named a 2020 REACH Chapter and will receive special recognition in the form of five Phi Theta Kappa graduation stoles. These stoles can be distributed to chapter officers or members to be worn during graduation and to keep in celebration of their college completion milestone. The recognition is part of PTK's **REACH Rewards** program, which celebrates and rewards Phi Theta Kappa chapters excelling in membership development. Additionally, the chapter utilized more organization benefits, including

scholarships and increased opportunities for engagement with peers and faculty on campus, which lead to higher rates of completion.

The Northeast Lakeview College Academic Support Center was recognized by The College Reading & Learning Association awards ITTPC program. CRLA authorizes the Academic Support Center to issue certificates to tutors meeting its CRLA-approved requirements for the following program certification level(s): **Level I Certified Tutor**. NLC continues to excel and provide outstanding support to its students.

The entire Northeast Lakeview College family thanks the members of the Board of Trustees for their support and guidance in conducting the financial operations of Northeast Lakeview College in a highly responsible manner. The timely preparation of this financial report was made possible by the continued dedication and service of the Alamo Colleges' staff.

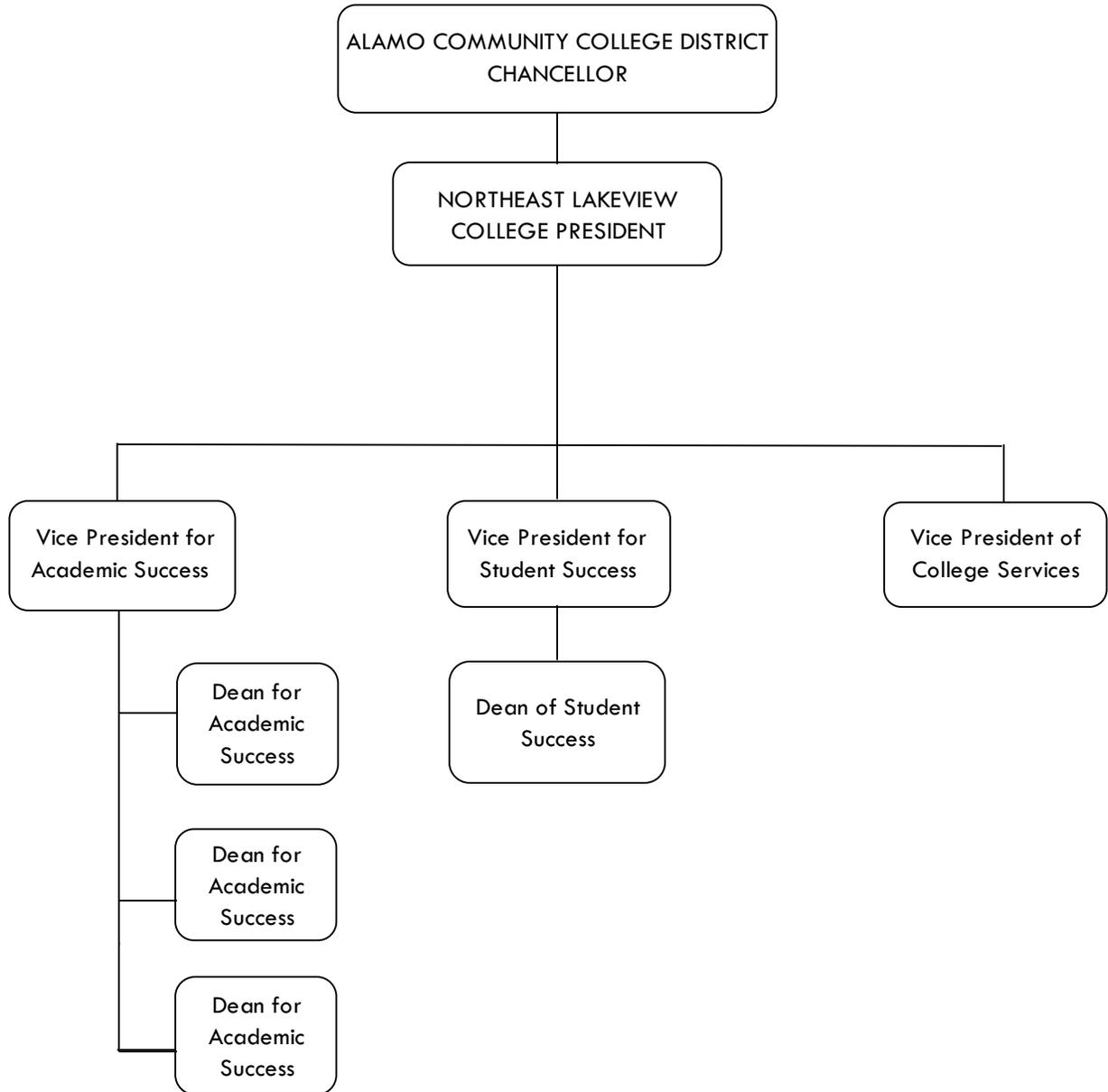
Diane E. Snyder, CPA, Ph.D.  
Vice Chancellor  
Finance and Administration  
Alamo Community College District

Pamela K. Ansbury, CPA, M.Ed.  
Associate Vice Chancellor  
Finance and Fiscal Services  
Alamo Community College District

# NORTHEAST LAKEVIEW COLLEGE

(A college of the Alamo Community College District)

## ORGANIZATIONAL CHART



# NORTHEAST LAKEVIEW COLLEGE

(A college of the Alamo Community College District)

## ALAMO COMMUNITY COLLEGE DISTRICT - ORGANIZATIONAL DATA

August 31, 2020

### ELECTED OFFICIALS

Member	Position	City, State	Term Expires
Marcelo Casillas	Chairperson	San Antonio, Texas	2020
Joe Alderete, Jr.	Vice-Chairperson	San Antonio, Texas	2022
Anna Uriegas Bustamante	Secretary	San Antonio, Texas	2022
Joe Jesse Sanchez	Assistant Secretary	San Antonio, Texas	2020
Dr. Gene Sprague	Member of the Board	Helotes, Texas	2024
Jose A. Macias, Jr.	Member of the Board	Converse, Texas	2020
Clint Kingsbery	Member of the Board	San Antonio, Texas	2026
Dr. Yvonne Katz	Member of the Board	San Antonio, Texas	2024
Roberto Zárate	Member of the Board	San Antonio, Texas	2024
Darius Martin	Student Trustee	San Antonio, Texas	*

\*Appointed by Board for 1 year term; Non-voting member

### ADMINISTRATIVE OFFICIALS

Dr. Mike Flores	Chancellor
Dr. Diane E. Snyder, CPA	Vice Chancellor for Finance and Administration
Xavier D. Urrutia	Interim Vice Chancellor of Economic and Workforce Development
Ross Laughead	General Counsel
Dr. Thomas S. Cleary	Vice Chancellor for Planning, Performance & Information Systems
Dr. George Railey Jr.	Vice Chancellor for Academic Success
Dr. Adelina Silva	Vice Chancellor for Student Success
Sheila Marlow Due	Executive Director of Institutional Advancement
Dr. Veronica Garcia	President, Northeast Lakeview College
Dr. Ric Neal Baser	President, Northwest Vista College
Dr. Robert Garza	President, Palo Alto College
Dr. Adena Loston	President, St. Philip's College
Dr. Robert Vela	President, San Antonio College
Pamela Ansboury, CPA, M.Ed.	Associate Vice Chancellor for Finance and Fiscal Services
Patrick F. Vrba, Jr., CPA	District Controller
William G. Wullenjohn, Sr.	District Director of Internal Audit

# NORTHEAST LAKEVIEW COLLEGE

(A college of the Alamo Community College District)

## MISSION

Northeast Lakeview College empowers its students for success by offering educational programs and cultural enrichment opportunities. The College provides quality teaching, measurable learning and public service that contribute to the earning of associate degrees and certificates to improve its community's future.

## VISION

To be a transformative force in a culturally rich community, empowered by education, to meet the dynamic demands of the future.

## VALUES

Northeast Lakeview College is committed to building individual and collective character through the following set of shared values in order to fulfill our vision and mission.



STUDENTS FIRST



RESPECT FOR ALL



COMMUNITY-ENGAGED



CAN-DO SPIRIT



COLLABORATION



DATA-INFORMED

## **Financial Section**



ALAMO COLLEGES DISTRICT  
Northeast Lakeview College



## Independent Auditor's Report

To the Board of Trustees  
Alamo Community College District

### **Report on the Financial Statements**

We have audited the accompanying Statement of Net Position of Northeast Lakeview College (the College), a college of the Alamo Community College District (the District), as of August 31, 2020, the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Trustees  
Alamo Community College District

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Predecessor Auditor*

The financial statements of the College for the year ended August 31, 2019, were audited by other auditors whose report dated December 10, 2019 expressed an unmodified opinion on those statements.

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The introductory section on pages 1 to 8, and the additional financial information on pages 48 to 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

To the Board of Trustees  
Alamo Community College District

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
December 8, 2020



**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

To the Board of Trustees  
Alamo Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northeast Lakeview College (the College), a college of the Alamo Community College District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Trustees  
Alamo Community College District

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
December 8, 2020



ALAMO COLLEGES DISTRICT  
Northeast Lakeview College

## ALAMO COMMUNITY COLLEGE DISTRICT

### Management's Discussion and Analysis (Unaudited)

Management's Discussion and Analysis is included to provide a narrative introduction, overview and analysis of the financial condition and operating results of Northeast Lakeview College (the College), a college of the Alamo Community College District (Alamo Colleges District or the District), for the fiscal years ended August 31, 2020 and 2019. This discussion is prepared by management and should be read in conjunction with the accompanying financial statements and notes.

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The notes to the financial statements are considered an integral part of the financial statements and should be read in conjunction with them. Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of the financial statements and notes.

The financial report includes three basic financial statements: The Statements of Net Position provide a summary of assets, liabilities and net position as of August 31, 2020 and 2019; the Statements of Revenues, Expenses and Changes in Net Position provide a summary of operations for the fiscal years; and the Statements of Cash Flows provide categorized information about cash inflows and outflows. Highlighted information from each basic financial statement is presented below.

- Total assets increased approximately \$5,244,000 and total liabilities increased approximately \$3,114,000.
- Total net position at August 31, 2020 was approximately \$26,565,000, reflecting an increase of approximately \$2,131,000 from fiscal year 2019.
- The College's operating loss was approximately \$25,437,000.

#### Statements of Net Position

The Statements of Net Position represent the College's financial position at the end of the fiscal year and include all assets and liabilities recorded on behalf of, or allocated to, the College. Net position is the difference between assets and liabilities and serves as a general indicator of financial stability.

Current liabilities are generally those liabilities which are due within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets primarily include restricted cash and cash equivalents and capital assets. Noncurrent liabilities include bonds and tax notes payable based upon the direct spending by the College of bond and tax note proceeds as budgeted.

A Condensed Schedule of Net Position is presented on the following page. Total assets increased 4.5% or \$5,244,000 during fiscal year 2020 and decreased 0.1% or \$146,000 during fiscal year 2019. The increase in 2020 was primarily due to an increase in cash and cash equivalents of \$8,470,000 offset by a decrease in net capital assets of \$3,008,000. The increase to cash and cash equivalents was primarily from \$8.1 million of proceeds from the issuance of maintenance tax note debt allocated to the College for capital projects, as reported on Exhibit 3 and in Note 5 and Note 7. The \$3.0 million decrease to net capital assets was the result of approximately \$3.5 million of recorded depreciation and approximately \$306,000 of asset disposals offset by a combined increase to construction in progress, furniture, machinery and equipment and library materials of approximately \$795,000 as reported in Note 4. The decrease in 2019 was primarily related to decreases in net capital assets of approximately \$2.5 million and \$3.2 million, respectively, related to depreciation taken on existing capital assets.

Total liabilities increased 3.4% or \$3,114,000 in 2020 and by 3.1% or \$2,963,000 during fiscal year 2019. Current liabilities increased by approximately \$4,351,000 in 2020 primarily due to a \$5,133,000 increase to the current portion of noncurrent liabilities coupled with minor increases to accounts payable and funds held for others, offset by a decrease to unearned income of \$1,162,000. The \$5,133,000 million increase to the current portion of noncurrent liabilities is primarily related to \$5.8 million due for debt service on maintenance tax note debt in fiscal year 2021, compared to only \$836,000 due for maintenance tax note debt in the current year. Current liabilities increased by approximately

**ALAMO COMMUNITY COLLEGE DISTRICT**

**Management's Discussion and Analysis  
(Unaudited)**

\$1,242,000 in 2019 due to a \$168,000 increase to the current portion of long-term liabilities; a \$1,266,000 increase to unearned income related to Fall 2020 tuition revenues collected; partially offset by decreases of \$183,000 to accounts payable and \$9,000 in funds held for others. Noncurrent liabilities decreased \$1,237,000 and \$4,204,000 in fiscal years 2020 and 2019, respectively, due to scheduled debt service payments as illustrated in Note 5, partially offset by an increase to the noncurrent portion of maintenance tax note debt of \$2,295,000 in 2020.

The College's net position at August 31, 2020 was \$26,565,000 compared to \$24,434,000 at August 31, 2019. This amounted to an increase of approximately \$2,131,000 or 8.7%. The fiscal year 2020 increase to net position was due to increases to the net investment in capital assets, student aid and unrestricted components of net position of \$1,541,000, \$61,000 and \$532,000, respectively, partially offset by a decrease to the instructional programs component of net position of \$3,000. The fiscal year 2019 increase to net position resulted from a \$2.3 million increase to the net investment in capital assets component of net position in addition to increases of \$435,000 and \$17,000 to the student aid and instructional program components of net position, respectively.

**Condensed Schedules of Net Position  
(in thousands)**

Assets	Fiscal Year			Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
Cash and cash equivalents	\$ 18,230	\$ 9,760	\$ 7,601	\$ 8,470	\$ 2,159
Accounts receivable, net and other assets	309	526	349	(217)	177
Capital assets	142,434	141,942	140,916	492	1,026
Accumulated depreciation	(39,337)	(35,837)	(32,328)	(3,500)	(3,509)
<b>Total assets</b>	<b>121,636</b>	<b>116,391</b>	<b>116,538</b>	<b>5,246</b>	<b>(146)</b>
<b>Liabilities</b>					
Current liabilities	13,179	8,828	7,587	4,352	1,242
Noncurrent liabilities	81,892	83,129	87,333	(1,237)	(4,204)
<b>Total liabilities</b>	<b>95,071</b>	<b>91,957</b>	<b>94,920</b>	<b>3,115</b>	<b>(2,963)</b>
<b>Net Position</b>					
Net investment in capital assets	22,544	21,003	18,752	1,541	2,251
Restricted, expendable for					
Student aid	843	782	347	61	435
Instructional programs	17	20	3	(3)	17
Unrestricted	3,160	2,628	2,515	532	113
<b>Total net position</b>	<b>\$ 26,565</b>	<b>\$ 24,434</b>	<b>\$ 21,618</b>	<b>\$ 2,131</b>	<b>\$ 2,816</b>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

**Statements of Revenues, Expenses and Changes in Net Position**

The Statements of Revenues, Expenses and Changes in Net Position present the results of operations for the College for the fiscal year. Operating revenues are generated from the services provided to students and other customers of the College. Operating expenses include those costs incurred in the production of goods and services which result in operating revenues, as well as depreciation. All other activity is classified as non-operating revenues and expenses. Since a large portion of the revenue stream including ad valorem property taxes, state appropriations and all federal financial aid grants are classified as non-operating revenues, Texas public community colleges will generally reflect an operating loss with the increase or decrease in net position reflective of all activity.

Total revenues and total expenses should be considered in assessing the change in the financial position of the College. When total revenues exceed total expenses, the result is an increase in net position. When the reverse occurs, the result is

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a decrease in net position. Reduction of debt also results in an increase in net position. Further detail is presented in the Statements of Revenues, Expenses and Changes in Net Position and notes to the financial statements. A summarized comparison of the College's revenues, expenses and changes in net position for the years ended August 31, 2020, 2019 and 2018 is presented below in table form.

**Condensed Schedules of Revenues, Expenses and Changes in Net Position  
(in thousands)**

	Fiscal Year			Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
Operating revenues	\$ 7,852	\$ 8,008	\$ 7,688	\$ (156)	\$ 320
Operating expenses	33,288	30,888	29,552	2,400	1,336
Operating loss	(25,437)	(22,880)	(21,864)	(2,556)	(1,016)
<b>Non-operating revenues (expenses):</b>					
State appropriations	6,413	6,161	6,002	253	159
Ad valorem taxes	16,314	15,824	16,336	490	(512)
Federal and State grants, non-operating	7,717	6,867	4,256	851	2,611
Interest on capital-related debt	(2,680)	(3,184)	(3,484)	503	300
Other net non-operating revenues (expenses)	(197)	29	4	(226)	25
Total non-operating revenues, net	27,567	25,697	23,114	1,871	2,583
<b>Increase in net position</b>	2,131	2,816	1,250	(686)	1,567
<b>Net position - beginning of year</b>	24,434	21,618	20,368	2,816	1,250
<b>Net position - end of year</b>	\$ 26,565	\$ 24,434	\$ 21,618	\$ 2,131	\$ 2,816

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

**Operating Revenues  
(in thousands)**

	2020		2019		2018		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	2019 to 2020	2018 to 2019
Net tuition and fees	\$ 7,142	91.0%	\$ 7,354	91.8%	\$ 7,192	93.5%	\$ (212)	\$ 161
Grants and contracts	116	1.5%	94	1.2%	74	1.0%	22	20
Auxiliary enterprises	262	3.3%	344	4.3%	345	4.5%	(82)	(2)
Other operating revenues	332	4.2%	217	2.7%	76	1.0%	115	140
Total operating revenues	\$ 7,852	100.0%	\$ 8,008	100.0%	\$ 7,688	100.0%	\$ (156)	\$ 320

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

As shown in the operating table above, total operating revenues decreased \$156,000 or 1.9% and increased \$320,000 or 4.2% for the years ended August 31, 2020 and 2019, respectively. The \$156,000 decrease in fiscal year 2020 resulted from decreases to net tuition and fees and auxiliary enterprise revenues of \$212,000 and \$82,000, respectively, offset by increases to other operating revenues and grants and contracts of \$115,000 and \$22,000, respectively. The increase in fiscal year 2019 relates to an increase in net tuition revenues of \$161,000, an increase to grants and contracts income of \$20,000 and an increase in other operating income of \$140,000.

The primary component of operating revenue is net tuition and fees. A table showing the components of net tuition and fees is presented below. Total tuition and fees are presented net of waivers. Net tuition and fees for fiscal year 2020 decreased approximately \$212,000. While gross tuition increased by almost \$2.0 million, discounts grew by almost \$2.2

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million. The 33.8% increase in discounts resulted from increases in all categories of scholarship allowances and discounts, most notably to institutional allowances and scholarships, local remissions and exemptions, and federal grants to students, as reported in Schedule A. Institutional scholarships and discounts increased from \$428,000 in 2019 to \$1,332,000 in 2020 due to scholarships awarded under two initiatives designed to encourage students to continue on their path towards a degree or certificate. The Clean Slate initiative provided scholarships to students with outstanding balances of \$500 or less from the Fall 2019 and Spring 2020 semesters and the Expanded Summer Momentum Plan allowed currently enrolled part-time students to take up to six hours free in Summer 2020 and full-time students to take up to nine hours free during the Summer 2020 semesters. Local remissions and exemptions increased by approximately \$527,000 in 2020 due to expansion of the dual credit program. Federal grants to students increased \$428,000 due to an increase in Pell awards applied against tuition which corresponds with the increase in gross tuition.

Net tuition for fiscal year 2019 increased approximately \$161,000. Gross tuition increased \$3,052,000, fees increased \$157,000, and discounts grew \$3,049,000. In fiscal year 2019, a tuition increase of \$13 per hour for all residency types was approved by the Board beginning January 1, 2019. This is the first tuition increase by the College since Spring 2016. Student activity fees were also raised from \$1 to \$3 per hour. Discounts grew 91% from \$3,350,000 to \$6,399,000 as all categories of federal aid, Pell, FSEOG, and Federal Work-Study received increased allocations totaling \$2.6 million more than in fiscal year 2018. The additional aid is attributable to an increase in headcount of students of 1,254 in 2019. In fiscal year 2018, net tuition and fees decreased by \$1,628,000.

**Net Tuition and Fees  
(in thousands)**

	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Tuition	\$ 15,385	215.4%	\$ 13,433	182.7%	\$ 10,381	144.3%
Fees	317	4.4%	319	4.3%	162	2.3%
Discounts	(8,561)	-119.9%	(6,399)	-87.0%	(3,350)	-46.6%
Total net tuition and fees	\$ 7,142	100.0%	\$ 7,354	100.0%	\$ 7,193	100.0%

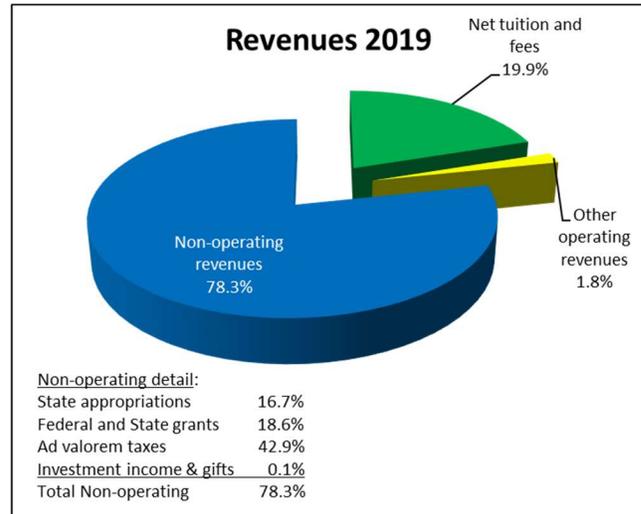
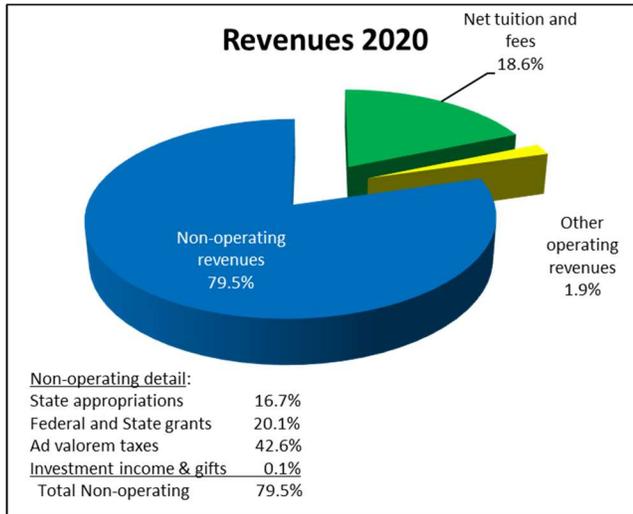
Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

Following are charts of the major sources of revenue for fiscal years 2020 and 2019, comparing operating and non-operating revenues. Non-operating revenues comprise the largest portion of total revenues at 79.5% for fiscal year 2020 and 78.3% for fiscal year 2019. Ad valorem taxes remain as the primary component of non-operating revenues, comprising 42.6% of total revenues in 2020 and 42.9% of total revenues in 2019. Federal and state grant non-operating revenue increased as a percentage of total revenues by the largest percentage due to \$672,000 in federal funds received under the Higher Education Emergency Relief Fund (HEERF) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or CARES) in 2020. In 2019, federal and state grants surpassed state appropriations as the second largest component of non-operating revenues, as the College became eligible to receive federal financial aid as a result of achieving accreditation status.

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**Revenue Components – Operating and Non-operating**



Operating expenses are presented in the following charts in both a natural and functional classification. Following is a three-year comparison of operating expenses by natural classification. In fiscal year 2020, salaries and benefits increased a combined \$1,519,000, primarily due to a 3% general wage increase effective January 1, 2019, reflecting a full year with the compensation increase versus eight months in fiscal year 2019, a living wage increase to a minimum of \$15 per hour and increased lab loading for faculty. In addition, full time and part time employees were provided a telecommunications allowance of \$60 and \$30 per month, respectively, beginning in April 2020 after the transition was made to 100% online instruction and remote working for all non-essential employees. In 2019, salaries and benefits increased \$739,000 due to the salary increase approved on January 1, 2019.

**Operating Expenses in Natural Classification  
(in thousands)**

	Fiscal Year			Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
Salaries	\$ 14,690	\$ 13,555	\$ 13,098	\$ 1,135	\$ 456
Benefits	4,773	4,388	4,105	384	283
Scholarships and fellowships	4,229	3,636	2,448	594	1,188
Supplies and services	6,099	5,791	6,371	308	(580)
Depreciation	3,498	3,519	3,529	(21)	(10)
<b>Total operating expenses</b>	<b>\$ 33,288</b>	<b>\$ 30,888</b>	<b>\$ 29,552</b>	<b>\$ 2,400</b>	<b>\$ 1,336</b>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

Total operating expenses increased by \$2,400,000 in fiscal year 2020. All natural classifications of operating expenses increased in 2020, except for depreciation, which decreased by \$21,000 due to asset disposals in the furniture, machinery and equipment category. In addition to the increase in salaries and benefits discussed previously, scholarships and fellowships increased by approximately \$594,000 in 2020. This was due to approximately \$672,000 of emergency aid scholarships awarded using federal funds received under CARES Act in 2020. The largest increase to operating expenses in fiscal year 2019 was to scholarships and fellowships, with an increase of \$1,188,000. This increase was due to Northeast Lakeview earning accreditation status in December 2017, which allowed the College to begin accepting federal financial aid for its students for the first time. Increased federal allocations for Pell, FSEOG, and Federal Work-Study continued in fiscal year 2019. Expenses for supplies and services decreased by \$580,000 in 2019 due to supplies and services costs incurred in fiscal year 2018 that were not repeated. Depreciation expense has remained relatively flat

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across all three years, reflecting minimal additions or disposals to capital assets during the year, resulting in a consistent and comparable amount for depreciation expense.

**Operating Expenses in Functional Classification**  
(in thousands)

	Fiscal Year			Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
Instruction	\$ 10,821	\$ 10,229	\$ 9,985	\$ 591	\$ 245
Academic support	3,517	3,083	3,183	434	(100)
Student services	4,567	3,870	3,656	696	214
Institutional support	3,148	2,826	2,762	322	64
Operation and maintenance of plant	3,481	3,724	3,966	(242)	(243)
Depreciation	3,498	3,519	3,529	(21)	(10)
Scholarships and fellowships	4,229	3,636	2,448	594	1,188
Total educational and general	33,261	30,887	29,529	2,374	1,359
Auxiliary enterprises	27	1	23	26	(22)
Total operating expenses	\$ 33,288	\$ 30,888	\$ 29,552	\$ 2,399	\$ 1,336

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

Factors influencing operating expenses grouped by functional classification include the following:

- Instruction includes expenses for all activities that are a part of the instructional programs, such as faculty salaries and benefits. In fiscal year 2020, instruction expenses increased \$591,000 primarily due to a combined increase of \$676,000 to salaries and benefits resulting from the 3% general wage increase awarded in January 2019, and the monthly telecommunications allowance stipend discussed previously. These increases were offset by decreases to non-payroll related expenses totaling \$85,000 for expenses such as travel and non-capitalized furniture and equipment. In fiscal year 2019, instruction expenses increased \$245,000. This is attributable to a \$603,000 increase in salaries and benefits related to the salary increase enacted on January 1, 2019, offset by reductions in non-capitalized equipment and furnishings of \$358,000.
- Academic support includes expenses related to providing support services for the College's primary mission of instruction, including libraries, computing support, audio visual services, curriculum development and academic program administration. In fiscal year 2020, academic support costs increased by \$434,000, with \$215,000 attributable to the salary increase effective January 1, 2019 discussed previously. Of the remaining \$220,000 increase, approximately \$132,000 was for computers and other IT equipment costing less than \$5,000, increased costs for computer service charges of \$45,000 and contracted services increased costs of \$25,000. Academic support costs decreased slightly in 2019 primarily due to vacancies in academic support positions.
- Student services includes expenses of various departments serving students such as student newspapers, intramural athletics, student organizations, counseling and career guidance, student aid administration, student health services, counseling and student success centers. This category increased \$696,000 and \$214,000 in 2020 and 2019, respectively. \$445,000 of the fiscal year 2020 increase was for salaries and benefits due to compensation adjustments and telecommunications allowances paid to employees working remotely due to COVID-19, along with increases to computer service charges, computers and IT equipment costing less than \$5,000 and instructional supplies in the amounts of \$133,000, \$57,000 and \$29,000, respectively. In fiscal year 2019, salary and benefit expenses increased \$326,000, offset by reductions in supplies, equipment and furnishings of \$112,000. The increase in salaries were significantly impacted by an increase in the federal work-study program allocation of \$208,000.

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- The institutional support category is primarily comprised of salaries and other operating expenses for central executive-level management that engage in long-range planning for the College. Institutional support expenses increased by \$322,000 in 2020, with \$187,000 of the increase attributable to salaries and benefits and the remaining increase related to a net increase in nonlabor institutional costs. In fiscal year 2019, institutional support expenses were relatively flat, with a slight increase of \$64,000.
- Operation and maintenance of plant includes expenses for custodial, grounds, and building maintenance, as well as utilities. This category decreased \$242,000 in fiscal year 2020, primarily due to decreased expenses to floor care of \$399,000, partially offset by decreases to utilities of \$141,000 due to less onsite presence due to COVID-19. In fiscal year 2019, expenses decreased \$243,000 as one-time renovations completed in 2018 were not repeated.
- Scholarships and fellowships increased by \$594,000 in FY20. As discussed previously, the College received and expended approximately \$672,000 of federal funds received under the Higher Education Emergency Relief Fund (HEERF) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act that were used to provide emergency aid grants to students including rent and housing assistance, funds for students facing food insecurity, and other approved expenditures under the Act. Northeast Lakeview earned accreditation status in December 2017, which allowed the College to begin accepting federal financial aid for its students and to award scholarships and fellowships. As such, the College recorded approximately \$3,636,000 in scholarships in fiscal year 2019 compared to \$2,448,000 in fiscal year 2018.

As financial pressures continue from declining State of Texas appropriations and the Board of Trustees' intent to limit tax rate and tuition increases, expense controls are in place as developed by the Board of Trustees, administrators, faculty, staff and students across the institution. College administration and all employees continue to strategically plan to identify cost-savings that can have a significant and on-going impact on the budget.

#### Statements of Cash Flows

The Statements of Cash Flows provide information about the sources of cash and the uses of cash in the operations of the College. The Statements of Cash Flows help users determine the entity's ability to meet its obligations as they become due and the impact of external financing.

The Statements summarize cash inflows and outflows by operating activities, non-capital financing activities, capital financing activities and investing activities. The Statements of Cash Flows indicated increases in cash of approximately \$8,470,000 and \$2,159,000 for the years ended August 31, 2020 and 2019, respectively. The primary uses of cash in operations are for payment of salaries and benefits followed by payments to suppliers for goods and services. Sources of cash from operations are primarily from tuition receipts from students and receipts from other customers. Sources of cash from non-capital financing activities are primarily from ad valorem taxes, state appropriations and nonoperating federal and state revenues. Cash inflows from capital and related financing activities include proceeds from the issuance of capital debt and receipts from ad valorem taxes to be used for debt service while outflows consist of cash payments of debt, both principal and interest, as well as capital assets acquisition and construction. For additional detailed information, see Exhibit 3.

#### Capital Assets

Changes in net capital assets are the result of acquisitions, improvements, deletions and changes in accumulated depreciation. The College had approximately \$142,434,000 and \$141,942,000 in capital assets at August 31, 2020 and 2019, respectively, and accumulated depreciation of \$39,337,000 and \$35,837,000 for the same periods, respectively. Depreciation expense totaled approximately \$3,498,000 in fiscal year 2020 and \$3,519,000 in fiscal year 2019. (See Note 4, Capital Assets, included in the financial statements.) A summary of net capital assets is presented on the following page.

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**Net Capital Assets at Fiscal Year End  
(in thousands)**

	Fiscal Year			Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
Land	\$ 4,953	\$ 5,259	\$ 5,259	\$ (306)	\$ -
Buildings and other real estate improvements	95,780	99,204	102,627	(3,423)	(3,423)
Construction in progress	1,923	1,222	263	701	959
Furniture, machinery and equipment	56	46	70	10	(24)
Library materials	384	375	370	10	5
Total net capital assets	<u>\$ 103,097</u>	<u>\$ 106,105</u>	<u>\$ 108,588</u>	<u>\$ (3,008)</u>	<u>\$ (2,483)</u>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

One method of evaluating the continued life of capital assets is to compare the accumulated depreciation to the original cost of the assets as a percentage. The following table lists assets subject to depreciation and the percentage depreciated to August 31, 2020 and 2019. The accumulated depreciation rate for buildings and other real estate improvements is low, as is expected of a campus comprised of relatively new buildings.

**Depreciable Capital Assets and Accumulated Depreciation Percentages  
(in thousands)**

	Fiscal Year 2020			Fiscal Year 2019		
	Capitalized	Accumulated	%	Capitalized	Accumulated	%
		Depreciation	Depreciated		Depreciation	Depreciated
Buildings and other real estate improvements	\$ 133,805	\$ 38,025	28.4%	\$ 133,805	\$ 34,601	25.9%
Furniture, machinery and equipment	810	754	93.1%	779	733	94.1%
Library materials	943	588	62.4%	877	502	57.2%

In fiscal year 2020, the College sold land in the amount of approximately \$306,000 and recorded additions to construction in progress, furniture, machinery and equipment, and library materials of approximately \$701,000, \$29,000 and \$66,000, respectively. In fiscal year 2019, the College recorded additions to construction in progress of approximately \$959,000 and additions to library materials of \$66,000.

The College does not record the cost of capital assets as an expense at the time of acquisition or completion of the asset, but rather shows the expense systematically over the expected life of the asset as depreciation expense. The amount shown in the accounting records for the value of the asset will decrease each year until the asset is fully depreciated or removed from service. As a result, the amount of capital assets shown in the Statements of Net Position may decrease from one year to another, even though new assets have been acquired during the year.

Capital assets subject to depreciation include improvements to land (such as parking lots and signage), buildings, library materials, furniture and equipment. Land and construction in progress are not depreciated. Below is a schedule of the major capital assets at the College.

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**Schedule of Major Capital Assets**

	<u>Square footage (in thousands)</u>
Academic space	180,967
Library	35,782
Student support and administration	95,587
Dining facility	9,258
Athletic facility	37,294
Includes gymnasium, fitness center, putting green and rock climbing wall	
Plant facility	10,763
Parking lots (accommodate 2,234 vehicles)	

The District, on behalf of the College, has entered into several contracts for construction and various other renovation projects financed by bond proceeds.

**Debt**

The College assumes its portion of general obligation bonds, revenue bonds and tax notes issued by the District based upon the original budget for the bond or tax note developed by the College before issuance. The current allocation rate for the College is approximately 37% of the outstanding balance which amounts to \$91.2 million and \$87.3 million at August 31, 2020 and 2019, respectively. Approximately \$8.1 million of maintenance tax note debt was allocated to the College in 2020 to supplement funding for capital projects on campus. No new debt was allocated to the College in fiscal year 2019. For additional information, see Note 6 and Note 7.

The District had \$514.3 million and \$531.5 million in outstanding bonds and maintenance tax note debt at August 31, 2020 and 2019, respectively, before premiums and discounts. This amounts to a decrease of \$17.2 million in fiscal year 2020 and a decrease of \$47.8 million in fiscal year 2019. The \$17.2 million decrease in 2020 was the result of regularly scheduled debt service payments and a combination of other debt transactions including redemptions and defeasances totaling \$39.1 million and a new issuance of maintenance tax note debt of \$48.5 million. The \$47.8 million decrease in bonds and tax notes payable at the District level in 2019 resulted from scheduled principal payments on bonds.

The District's general obligation debt is payable from the proceeds of a continuing, direct ad valorem tax levied against all taxable property within the taxing district. Revenue bonds are special obligations of the District that are payable solely from and will be equally and ratably secured by an irrevocable first lien on pledged revenues. The pledged revenue is all revenue from tuition as part of the general tuition, and fees from the students for the occupancy or use of the property of the Alamo Colleges District.

The District has received bond ratings for its general obligation bonds of Aaa and AAA from Moody's Investors Service and S&P Global Ratings, respectively. These are the highest ratings available from these rating agencies and the District is one of only three community college districts in Texas and one of only 11 community colleges in the United States to receive the highest rating from both agencies. More detailed information about the District's noncurrent liabilities is presented in Notes 5, 6, and 7 to its financial statements.

**Factors Having Probable Future Financial Significance**

The economic condition of the College and the District is influenced by the economic position of the State of Texas, the County of Bexar and surrounding counties and the City of San Antonio. San Antonio is the seventh largest city in the United

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States and the second largest city in Texas. The resiliency of the state, county and city to recover from the devastating effects of the COVID-19 pandemic to the economy will be tested over the next several years.

The San Antonio metropolitan area, which is coterminous with Bexar County, is considered one of the most attractive locations in the nation for business growth due to affordable land, abundant power and an education system that continues to evolve and improve. The broad and diverse economy features a wide variety of industries, such as bioscience and health care, aerospace and aviation, the military, tourism, financial services, manufacturing, and information technology and cybersecurity. This area has a proven track record of working together across government, nonprofits, industry and educational providers for a better future for businesses and consumers in the metropolitan area.

Shortly after the pandemic hit, the City of San Antonio immediately set up a Recovery & Resiliency workgroup with a charge to conquer today's challenges for a stronger tomorrow. One key initiative from this workgroup is the launch of the Train for Jobs SA Program, a training and education program designed to get people back to work. It provides assistance to those in hospitality, food service, and retail which were hardest hit by the COVID-19 pandemic. Train for Jobs SA offers programs for displaced workers seeking to build new skills in high-demand career areas. The Alamo Colleges District will receive \$32.8 million over the next fifteen to eighteen months to provide workforce education and training, and other associated education and support services that will be provided by each of its member colleges, including Northeast Lakeview.

The future interrelated economies for San Antonio and Bexar County are anticipated to recover from the impacts of the COVID-19 pandemic and be stronger due to the proactive actions and initiatives by leaders to address the needs of the businesses and residents of this region. The outlook of the Northeast Lakeview College for the foreseeable future remains positive as a result of its strategic leadership, fiscal management and a local economy which will recover from this pandemic stronger than before.

This financial report is designed to provide the District and College's citizens, taxpayers, students, investors and creditors with a general overview of its finances and demonstrate the College's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance and Fiscal Services Department at 2222 N. Alamo Street, San Antonio, Texas 78215 or visit our Financial Transparency website at: <https://www.alamo.edu/about-us/compliance/financial-information/>.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**  
**EXHIBIT 1**

**Statements of Net Position**  
**August 31, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,869,408	\$ 6,954,061
Accounts receivable, net of allowance for doubtful accounts	308,818	396,701
Other assets	-	8,622
Total current assets	7,178,226	7,359,384
Noncurrent assets:		
Restricted cash and cash equivalents	11,360,618	2,806,062
Other assets	-	120,715
Capital assets (net)	103,096,770	106,105,072
Total noncurrent assets	114,457,388	109,031,849
<b>TOTAL ASSETS</b>	<b>121,635,614</b>	<b>116,391,233</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	665,962	311,598
Funds held for others	62,087	36,781
Unearned income	3,113,989	4,275,847
Current portion of noncurrent liabilities	9,337,000	4,204,000
Total current liabilities	13,179,038	8,828,226
Noncurrent liabilities	81,891,972	83,129,131
<b>TOTAL LIABILITIES</b>	<b>95,071,010</b>	<b>91,957,357</b>
<b>NET POSITION</b>		
Net investment in capital assets	22,544,267	21,003,024
Restricted for:		
Expendable		
Student aid	843,404	781,925
Instructional programs	16,766	20,236
Capital projects	-	215
Unrestricted	3,160,167	2,628,476
<b>TOTAL NET POSITION</b>	<b>\$ 26,564,604</b>	<b>\$ 24,433,876</b>

The accompanying notes are an integral part of these financial statements.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**  
**EXHIBIT 2**

**Statements of Revenues, Expenses and Changes in Net Position**  
**August 31, 2020 and 2019**

	2020	2019
<b>OPERATING REVENUES:</b>		
Tuition and fees (net of discounts of \$8,560,537 and \$6,398,705, respectively)	\$ 7,141,813	\$ 7,353,759
Grants and contracts	115,865	93,623
Auxiliary enterprises	261,967	343,806
Other operating revenues	332,151	216,695
Total operating revenues (Schedule A)	7,851,796	8,007,883
<b>OPERATING EXPENSES:</b>		
Instruction	10,820,682	10,229,298
Academic support	3,516,769	3,082,976
Student services	4,567,484	3,870,324
Institutional support	3,147,888	2,826,386
Operation and maintenance of plant	3,481,435	3,723,830
Scholarships and fellowships	4,229,423	3,635,618
Auxiliary enterprises	27,092	1,069
Depreciation	3,497,692	3,518,815
Total operating expenses (Schedule B)	33,288,465	30,888,316
Operating loss	(25,436,669)	(22,880,433)
<b>NON-OPERATING REVENUES/(EXPENSES):</b>		
State appropriations	6,413,249	6,160,732
Ad valorem taxes		
Taxes for maintenance and operations	11,779,594	11,425,968
Taxes for maintenance notes	599,047	618,960
Taxes for general obligation bonds	3,935,219	3,779,068
Federal grants, non-operating	7,609,083	6,859,561
State grants, non-operating	108,390	7,374
Gifts	11,489	20,319
Investment income	13,061	8,763
Interest on capital-related debt	(2,680,472)	(3,183,870)
Other non-operating revenues/(expenses)	(221,263)	(168)
Net non-operating revenues (Schedule C)	27,567,397	25,696,707
Increase in net position	2,130,728	2,816,274
<b>NET POSITION:</b>		
Net position - beginning of year	24,433,876	21,617,602
Net position - end of year (Schedule D)	\$ 26,564,604	\$ 24,433,876

The accompanying notes are an integral part of these financial statements.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**  
**EXHIBIT 3**

**Statements of Cash Flows**  
**August 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 6,257,687	\$ 8,951,356
Receipts from grants and contracts	13,463	97,747
Other receipts	329,151	216,195
Payments to or on behalf of employees	(17,951,740)	(16,467,216)
Payments to suppliers for goods and services	(5,481,658)	(6,012,867)
Payments for scholarships and fellowships	<u>(4,229,423)</u>	<u>(3,635,618)</u>
Net cash used by operating activities	<u>(21,062,520)</u>	<u>(16,850,403)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	4,902,393	4,684,643
Receipts from ad valorem taxes	11,779,594	11,425,968
Receipts from non-operating federal and state revenue	7,726,398	6,749,924
Receipts from gifts and grants (other than capital)	11,489	20,319
Receipts from Federal loans for students	1,760,986	1,475,758
Payment for Federal loans issued to students	(1,767,049)	(1,488,562)
Receipts (payments) from/(to) student organizations and other agency transactions	<u>25,306</u>	<u>(9,023)</u>
Net cash provided by noncapital financing activities	<u>24,439,117</u>	<u>22,859,027</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds on issuance of capital debt	8,100,000	-
Receipts from ad valorem taxes for debt service	4,534,266	4,398,028
Payments for capital assets acquisition and construction of capital assets	(669,390)	(1,035,998)
Payments on capital debt - principal	(4,204,159)	(4,036,321)
Payments on capital debt - interest	<u>(2,680,472)</u>	<u>(3,183,870)</u>
Net cash provided/(used) by capital and related financing activities	<u>5,080,245</u>	<u>(3,858,161)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>13,061</u>	<u>8,763</u>
Net cash provided by investing activities	<u>13,061</u>	<u>8,763</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>8,469,903</u>	<u>2,159,226</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>9,760,123</u>	<u>7,600,897</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 18,230,026</u>	<u>\$ 9,760,123</u>

The accompanying notes are an integral part of these financial statements.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**  
**EXHIBIT 3**

**Statements of Cash Flows**  
**August 31, 2020 and 2019 (continued)**

<b>RECONCILIATION OF OPERATING LOSS TO NET CASH</b>	2020	2019
<b>USED BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (25,436,669)	\$ (22,880,433)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	3,497,692	3,518,815
Allowance for doubtful accounts	200,101	17,234
Non-cash state appropriations - on-behalf payments	1,510,856	1,476,089
Changes in assets and liabilities:		
Accounts receivable	(115,080)	(73,363)
Other assets	129,337	8,623
Accounts payable	313,101	(183,282)
Unearned income	(1,161,858)	1,265,914
Net cash used by operating activities	\$ (21,062,520)	\$ (16,850,403)
 <b>SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:</b>		
State on-behalf payments	\$ 1,510,856	\$ 1,476,089
Gifts of depreciable and non-depreciable assets	\$ 3,000	\$ 500

The accompanying notes are an integral part of these financial statements.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**1. REPORTING ENTITY**

Northeast Lakeview College (the College), established in 2007, is one of the five colleges of the Alamo Community College District (Alamo Colleges District or the District) serving the educational needs of Bexar County and surrounding communities.

The College, as a member of the Alamo Colleges District, administers and provides educational services using the funds provided to or generated by it. The College directs its own budget allocation, as approved by the Board of Trustees of the Alamo Colleges District, and makes decisions regarding educational activities including the development of curriculum, the delivery of educational support services and the hiring of faculty and staff under the Alamo Colleges District's guidelines. Certain assets, liabilities and net position attributable to the College's operations are designated separately in the District's books or are allocated for the basis of reporting at the College level. The College has no separate legal authority to enter into debt, make investments, acquire capital assets, assess or collect taxes or otherwise engage in activities as a separate legal entity. These activities are conducted and reported at the District level on behalf of the entire District and are under the direction of the Chancellor, the administration and/or Board of Trustees of the Alamo Colleges District. The accompanying financial statements present the net position and changes in net position and cash flows of the College. These financial statements are not intended to present the financial position or the change in financial position or cash flows of the District.

The Alamo Colleges District is considered to be a special purpose, primary government. While the Alamo Colleges District receives funding from local, state and federal sources and must comply with the spending, reporting and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity. The Alamo Colleges District issues a Comprehensive Annual Financial Report that includes the District operations, as well as the operations of its five member colleges. The Alamo Community College District was established in 1945 in accordance with the laws of the State of Texas. It serves the educational needs of Bexar County and surrounding communities through its colleges and educational centers. The District supports five colleges including San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College and Northeast Lakeview College.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Guidelines

The significant accounting policies followed in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* for fiscal year 2020. For financial reporting purposes Northeast Lakeview College is part of the District, which is considered a special purpose, primary government engaged in business-type activities. The primary purpose for the preparation of the separately issued financial statements of the College is to satisfy requirements for the College's accreditation body, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC).

Basis of Accounting

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The financial statements of the College have been prepared on the accrual basis, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenses for the fiscal year beginning September 1. The District's Board of Trustees adopts the annual budget, which is prepared on the accrual basis of accounting for operating funds and available resources for construction and renewal funds. Copies of the District's approved budget and subsequent amendments must be filed with the THECB, Legislative Budget Board, Legislative Reference Library and Governor's Office of Budget and Planning by December 1. The budget documents include the College's information for tuition and other revenue, student contact hours, state appropriation allocation distribution, expenses and personnel, as well as other information.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits related to operations and agency accounts or amounts held for others with original maturities of less than three months.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that are externally restricted as to their use are classified as noncurrent assets in the Statements of Net Position. This category includes unexpended cash balances restricted by donors or other outside agencies for specific purposes; gifts whose donors have placed limitations on their use; grants from private or governmental sources; bond proceeds; and other sponsored funds.

Accounts Receivable

Accounts receivable are recorded at the invoiced amounts. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses and is determined based on historical collectability. Account balances are written-off against the allowance when it is probable the receivable will not be recovered.

Capital Assets

Assets meeting the applicable capitalization threshold with useful lives extending beyond one year are recorded at cost on the date of acquisition. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, donated capital assets are stated at acquisition value, defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Infrastructure and land improvements which significantly add value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs are charged to operating expense in the year the expense is incurred.

The straight-line method is used for depreciating assets over their useful lives. Depreciation begins in the following year after capitalization except for equipment, which is prorated in the first year the asset was placed in service. The table below lists the capitalization thresholds and useful lives for each asset category:

Class of Asset	Capitalization Threshold	Useful Life (Years)	Salvage Value
Land	\$ 5,000	Not depreciated	-
Land improvements (except tennis courts)	100,000	20	-
Tennis courts	10,000	7	-
Buildings	100,000	40	10%
Building improvements	100,000	20	-
Portable buildings	10,000	10	10%
Furniture, machinery and equipment	5,000	5-10	-
Infrastructure	100,000	20	10%
Software	5,000	5	-
Library materials	All	15	-
Works of art/historical treasures	5,000	Not depreciated	-
Leasehold improvements	10,000	Shorter of lease or useful life	-
Technology systems	50,000	5	-

Compensable Absences

The College is not a separate legal entity and therefore all College personnel are employees of the District. As such, employee benefits are administered and recorded at the District level and are considered the obligations of the District and are not allocated to the College. Employee annual leave is accrued as earned and sick leave is not accrued, as a terminated employee is not paid for accumulated sick leave.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Self-Insurance

The District is self-insured for a portion of workers' compensation losses. A liability representing the self-insured portion of workers' compensation losses is recorded at the District level for the estimated amount of eventual loss which will be incurred on claims arising prior to the end of the fiscal year including incurred but not reported claims.

Net Position

*Net Investment in Capital Assets*

This category represents the total investment in capital assets used primarily by the College, net of related outstanding debt used to acquire or construct those assets and accumulated depreciation related to those capital assets.

*Restricted Net Position, Expendable*

Legal or contractual obligations require this portion to be spent in accordance with external restrictions.

*Unrestricted Net Position*

These are resources that are not subject to external restrictions and may be used at the discretion of the governing board for any lawful purpose of the College.

Operating and Non-operating Revenues

The College distinguishes operating and non-operating revenues and follows the District's method of reporting as a Business-Type Activity (BTA) and as a single, proprietary fund. Operating revenues generally result from providing services in connection with the principal ongoing operations. The principal operating revenues are student tuition and fees net of scholarship discounts and allowances, federal and private grants and contracts, auxiliary enterprises revenue (such as campus access fees and bookstore commissions) and other revenues of a similar nature.

The major non-operating revenues are state appropriations, ad valorem property tax collections and federal financial aid through Title IV Higher Education Act grants. The amount of state appropriations allocated to the College is based on student contact hours generated. This is similar to the method the State of Texas uses to allocate appropriations to the District on a biennium basis. State appropriations may not be used for construction of facilities or for repairs and renovation of those facilities. The amount of ad valorem taxes allocated to the College is based on two variables - debt service requirements by the College on allocated debt and District support determined by the budget process for College operations. Any uncollectible assessed taxes are covered by the District.

Revenue Recognition and Unearned Income

Tuition and fee revenues are recorded when earned. Unrestricted tuition and fees and other revenues related to the upcoming fall semester that are received in FY2020 are recorded as unearned revenues. Revenue from federal and state grants and entitlements is recognized as allowable costs are incurred, provided all eligibility requirements have been met. Unrestricted unearned charges have been netted against unearned income. Restricted charges where all obligations have been fulfilled are treated as expenses in the period incurred.

Tuition Discounting

*Texas Public Education Grants*

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. These amounts, called the Texas Public Education Grant, are shown with tuition and fee revenue as a separate set aside amount (Texas Education Code §56.033). When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. When the award is used for purposes other than tuition and fees, the amount is recorded as a scholarship expense.

*Title IV Higher Education Act (HEA) Program Funds*

Certain Title IV HEA Program funds are received by the College to pass through to students. These funds are received by the College and recorded as revenue. When a student uses the award for tuition and fees, the amount is recorded as a tuition discount. When the award is used for purposes other than tuition and fees, the amount is recorded as a scholarship expense.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Other Tuition Discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these funds are used for tuition and fees, the awards are recorded as a tuition discount. When these awards are used for purposes other than tuition and fees, the amounts are recorded as scholarship expense.

Operating and Non-operating Expenses

Operating expenses include the cost of providing instruction, academic support, student services, operation and maintenance of plant and depreciation on capital assets. Expenses related to non-operating federal revenues are reported as operating expenses, either as tuition discounts (if applied to tuition) or as scholarship expenses. The major non-operating expenses are interest on capital-related debt and capital expenses associated with bond proceeds which fall below the capitalization thresholds.

Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the expense is first applied against restricted resources and then against unrestricted resources.

Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Pronouncements

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The College early implemented the requirements of this Statement during fiscal year 2020 and have expensed all interest costs related to construction projects during the fiscal year in accordance with the Statement. Retrospective application was not required.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement postponed the effective dates of certain provisions contained in the following pronouncements by one year: Statement Nos. 83, 84, 88, 89, 90, 91, 92, & 93. Statement No. 95 postponed the effective date of GASB Statement No. 87 by 18 months. By providing governments with sufficient time to apply the authoritative guidance addressed in this Statement will help to safeguard the reliability of their financial statements. The requirements of this Statement are effective immediately, and have been applied by the College to the respective Statements.

Pending Pronouncements

The following GASB pronouncements have been issued but not yet implemented by the College:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2018, but the effective date was postponed to reporting periods beginning after December 15, 2019, due to the implementation of GASB Statement No. 95. The College does not expect the provisions of this Statement to have a material effect on its financial statements.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model and requires notes to financial statements related to the timing, significance and purpose of a government's leasing arrangements. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2019, but GASB Statement No. 95 postponed the effective date by 18 months to reporting periods beginning after June 15, 2020.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations. The requirements of the Statement should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2018, but GASB Statement No. 95 postponed the effective date by 12 months to reporting periods beginning after December 15, 2019.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The requirements of this statement were originally effective for periods beginning after December 15, 2020 but the effective date was postponed to reporting periods beginning after December 15, 2019, due to the implementation of GASB Statement No. 95. Earlier application is encouraged.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements in paragraph 4 related to the effective date of Statement 87 were originally effective upon issuance under Statement No. 92, but GASB 87 was postponed by the implementation of GASB 95 to become effective for reporting periods beginning after June 15, 2020. The requirements related to intra-entity transfers of assets addressed in paragraph 6 were effective immediately under GASB 92 but were postponed due to the implementation of GASB 95 to reporting periods for fiscal years beginning after June 15, 2021. The requirements related to the applicability of Statements 73 and 74 in paragraph 7 were originally effective for fiscal years beginning after June 15, 2020 but were postponed to reporting periods beginning after June 15, 2021 by GASB 95. The requirements in paragraphs 8 and 9 related to application of Statement 84 to postemployment benefit arrangements and those in paragraph 12 related to nonrecurring fair value measurements of asset or liabilities are effective for reporting periods beginning after June 15, 2020. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Earlier application is encouraged and is permitted by topic.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications resulting from global reference rate reform, especially since the London Interbank Offered Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The removal of LIBOR as an appropriate benchmark interest rate was to have been effective for reporting periods ending after December 31, 2021, but GASB Statement No. 95 postponed the effective date of this portion of the Statement to periods ending after December 31, 2022. All other requirements of this Statement were to have been effective for reporting periods beginning after June 15, 2020, but GASB Statement No. 95 postponed the requirements of this Statement to be effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government and end users (governments). The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The College has not yet completed the process of evaluating the impact of GASB Statements Nos. 84, 87, 90, 91, 92, 93, 94, 96 and 97 on its future financial statements.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**3. CASH AND CASH EQUIVALENTS**

Total cash and cash equivalents at August 31, 2020 and 2019 were \$18,230,026 and \$9,760,123, respectively. The FDIC insures all of the noninterest-bearing demand deposits. Interest-bearing deposits in excess of \$250,000 are collateralized at a level between 105% and 115% in U.S. Treasuries and Government Securities held in the District's name.

**4. CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2020 was as follows:

	Balance 9/1/2019	Increases	Decreases	Balance 8/31/2020
<u>Not Depreciated:</u>				
Land	\$ 5,259,089	\$ -	\$ 305,611	\$ 4,953,478
Construction in progress	1,222,051	700,638	-	1,922,689
Subtotal	<u>6,481,140</u>	<u>700,638</u>	<u>305,611</u>	<u>6,876,167</u>
<u>Subject to Depreciation:</u>				
Buildings and building improvements	117,273,693	-	-	117,273,693
Other real estate improvements	16,530,898	-	-	16,530,898
Total buildings and other real estate improvements	<u>133,804,591</u>	<u>-</u>	<u>-</u>	<u>133,804,591</u>
Furniture, machinery and equipment	778,972	28,535	(2,553)	810,060
Library materials	876,982	65,828	-	942,810
Total buildings and other capital assets	<u>135,460,545</u>	<u>94,363</u>	<u>(2,553)</u>	<u>135,557,461</u>
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	27,535,129	2,673,102	-	30,208,231
Other real estate improvements	7,065,927	750,370	-	7,816,297
Total buildings and other real estate improvements	<u>34,601,056</u>	<u>3,423,472</u>	<u>-</u>	<u>38,024,528</u>
Furniture, machinery and equipment	733,210	18,136	(2,553)	753,899
Library materials	502,347	56,084	-	558,431
Total accumulated depreciation	<u>35,836,613</u>	<u>3,497,692</u>	<u>(2,553)</u>	<u>39,336,858</u>
Net capital assets	<u>\$ 106,105,072</u>	<u>\$ (2,702,691)</u>	<u>\$ 305,611</u>	<u>\$ 103,096,770</u>

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**4. CAPITAL ASSETS (continued)**

Capital assets activity for the year ended August 31, 2019 was as follows:

	Balance 9/1/2018	Increases	Decreases	Balance 8/31/2019
<u>Not Depreciated:</u>				
Land	\$ 5,259,089	\$ -	\$ -	\$ 5,259,089
Construction in progress	262,702	959,349	-	1,222,051
Subtotal	<u>5,521,791</u>	<u>959,349</u>	<u>-</u>	<u>6,481,140</u>
<u>Subject to Depreciation:</u>				
Buildings and building improvements	117,273,693	-	-	117,273,693
Other real estate improvements	16,530,898	-	-	16,530,898
Total buildings and other real estate improvements	<u>133,804,591</u>	<u>-</u>	<u>-</u>	<u>133,804,591</u>
Furniture, machinery and equipment	778,092	10,950	10,070	778,972
Library materials	811,283	65,699	-	876,982
Total buildings and other capital assets	<u>135,393,966</u>	<u>76,649</u>	<u>10,070</u>	<u>135,460,545</u>
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	24,862,027	2,673,102	-	27,535,129
Other real estate improvements	6,315,558	750,369	-	7,065,927
Total buildings and other real estate improvements	<u>31,177,585</u>	<u>3,423,471</u>	<u>-</u>	<u>34,601,056</u>
Furniture, machinery and equipment	708,401	34,711	9,902	733,210
Library materials	441,714	60,633	-	502,347
Total accumulated depreciation	<u>32,327,700</u>	<u>3,518,815</u>	<u>9,902</u>	<u>35,836,613</u>
Net capital assets	<u>\$ 108,588,057</u>	<u>\$ (2,482,817)</u>	<u>\$ 168</u>	<u>\$ 106,105,072</u>

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**5. NONCURRENT LIABILITIES**

Noncurrent liabilities include the College's allocated portion of the District's general obligation bonds, maintenance tax notes and combined fee revenue bonds reported below to satisfy requirements from the College's accreditation body, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). The District is the financial obligor for repayment of these obligations from tuition and fee revenues and assessed property taxes. Because all employees of the College are District employees and the District has the legal obligation to fund the long-term pension and OPEB benefits of its employees, the net pension liability and net OPEB liability for all of the College's employees are recorded in the District's financial statements.

As of August 31, 2020, noncurrent liabilities are \$81,891,972 with activity for the fiscal year as follows:

	Bonds and Tax Notes Payable (in thousands)					
	Balance		Additions	Reductions	Balance	
	9/1/2019				8/31/2020	Current Portion
Bonds and tax notes payable						
General obligation bonds	\$ 75,927	\$ -		\$ 2,827	\$ 73,100	\$ 2,965
Revenue bonds	3,681	-		541	3,140	567
Maintenance tax notes	7,725	8,100		836	14,989	5,805
Total	<u>\$ 87,333</u>	<u>\$ 8,100</u>		<u>\$ 4,204</u>	<u>\$ 91,229</u>	<u>\$ 9,337</u>

As of August 31, 2019, noncurrent liabilities are \$83,129,131 with activity for the fiscal year as follows:

	Bonds and Tax Notes Payable (in thousands)					
	Balance		Additions	Reductions	Balance	
	9/1/2018				8/31/2019	Current Portion
Bonds and tax notes payable						
General obligation bonds	\$ 78,618	\$ -		\$ 2,691	\$ 75,927	\$ 2,827
Revenue bonds	4,231	-		550	3,681	541
Maintenance tax notes	8,520	-		795	7,725	836
Total	<u>\$ 91,369</u>	<u>\$ -</u>		<u>\$ 4,036</u>	<u>\$ 87,333</u>	<u>\$ 4,204</u>

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**6. DEBT**

The College is not a separate legal entity and therefore cannot issue debt. Debt is issued by the District, who is the financial obligor and ultimately responsible for repayment of these obligations from tuition and fee revenues and assessed property taxes. In order to satisfy accreditation requirements from the College's accreditation body, the SACSCOC, the College reports an allocation of noncurrent liabilities, the current portion of long-term debt and debt service based on the level of expenses included in the budget documents prepared before the funding of each bond or note, which averages 37% of the applicable current outstanding bonds and tax notes.

Debt service requirements (in thousands) at August 31, 2020 were as follows:

For the Year Ending August 31,	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes		TOTAL BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,965	\$ 3,384	\$ 567	\$ 132	\$ 5,805	\$ 646	\$ 9,337	\$ 4,162
2022	3,111	3,238	593	106	3,473	354	7,177	3,698
2023	3,264	3,085	621	78	1,607	242	5,492	3,405
2024	3,415	2,934	651	48	1,028	178	5,094	3,160
2025	19,617	12,131	649	62	3,076	216	23,342	12,409
2026-2030	24,565	7,181	59	1	-	-	24,624	7,182
2031-2035	16,163	1,417	-	-	-	-	16,163	1,417
<b>TOTAL</b>	<b>\$ 73,100</b>	<b>\$ 33,370</b>	<b>\$ 3,140</b>	<b>\$ 427</b>	<b>\$ 14,989</b>	<b>\$ 1,636</b>	<b>\$ 91,229</b>	<b>\$ 35,433</b>

Debt service requirements (in thousands) at August 31, 2019 were as follows:

For the Year Ending August 31,	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes		TOTAL BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,827	\$ 3,525	\$ 541	\$ 158	\$ 836	\$ 371	\$ 4,204	\$ 4,054
2021	2,965	3,384	567	132	881	326	4,413	3,842
2022	3,111	3,238	593	106	927	280	4,631	3,624
2023	3,264	3,085	621	78	977	230	4,862	3,393
2024	3,415	2,934	651	48	1,028	178	5,094	3,160
2025-2029	19,617	12,131	649	62	3,076	216	23,342	12,409
2030-2034	24,565	7,181	59	1	-	-	24,624	7,182
2035-2037	16,163	1,417	-	-	-	-	16,163	1,417
<b>TOTAL</b>	<b>\$ 75,927</b>	<b>\$ 36,895</b>	<b>\$ 3,681</b>	<b>\$ 585</b>	<b>\$ 7,725</b>	<b>\$ 1,601</b>	<b>\$ 87,333</b>	<b>\$ 39,081</b>

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**7. BOND AND TAX NOTES PAYABLE**

The College is not a separate legal entity and therefore cannot issue debt. Debt is issued by the District, who is the financial obligor and ultimately responsible for repayment of these obligations. In order to satisfy requirements from its accreditation body, the SACSCOC, the College reports its allocated portion of bonds and tax notes payable that are used to fund construction and other capital projects of the College in order to carry out its mission.

Bond issuances are supported by planned construction and/or renovation projects. These planned projects become capital budgeted expenses and are approved by the Board and form the basis of the allocation of capital funding and debt to Northeast Lakeview College. The portion of project expenses for each listed bond issuance that have been budgeted by the Board for the College are disclosed in the table below. As bond issuances are paid off, the layer of budget related to that bond issuance is removed from the budgeted expenses for the College by the Board.

Bonds and tax notes payable associated with the College to be paid from District accounts for the years ended August 31, 2020 and 2019 were as follows:

Series	Instrument Type and Purpose	Amount Issued and Authorized	Current Interest Rates	District Balances		Budgeted Expenses for College by Board
				Balance August 31, 2020	Balance August 31, 2019	
<b>General Obligation Bonds (Repayment source - Ad valorem taxes)</b>						
2007	Construct, renovate, acquire and equip new and existing facilities. Dated March 15, 2007.	\$ 271,085,000	4.5%	\$ 15,760,000	\$ 37,410,000	\$ 85,730,315
2007A	Construct, renovate, acquire and equip new and existing facilities. Dated July 15, 2007.	63,490,000	-	-	5,600,000	37,708,222
2012	Refund certain of the District's outstanding Limited Tax Bonds Series 2007 and 2007A. Dated June 15, 2012.	74,110,000	3.5% - 5.0%	74,110,000	74,110,000	-
2016	Refund the District's outstanding Limited Tax Bonds Series 2006 and 2006A. Dated May 15, 2016.	72,065,000	3.5% - 5.0%	52,355,000	54,535,000	10,500,564
<b>Maintenance Tax Notes (Repayment source - Ad valorem taxes)</b>						
2014	Refunding of certain maturities of the 2007 Maintenance Tax Notes. Dated January 15, 2014.	\$ 40,665,000	5.0% - 5.5%	\$ 14,565,000	\$ 19,445,000	\$ 1,919,574
2020	Renovate and repair existing District facilities. Dated January 28, 2020.***	\$ 48,475,000	3.0% - 4.0%	\$ 48,475,000	\$ -	\$ 8,100,000
<b>Combined Fee Revenue Bonds (Repayment source Pledged revenues*)</b>						
2012A	Refund certain of the District's outstanding Combined Fee Revenue bonds and to construct a parking facility. Dated March 1, 2012.**	\$ 55,800,000	3.0% - 5.25%	\$ 39,570,000	\$ 44,545,000	\$ 5,720,570
<b>Total Bonds that the College has an Allocation</b>		<b>\$ 647,985,000</b>		<b>\$ 244,835,000</b>	<b>\$ 235,645,000</b>	<b>\$ 149,679,245</b>
<b>Allocation Percentage</b>				<b>37%</b>	<b>37%</b>	
<b>Balance Allocated to the College at August 31, 2020 and 2019</b>				<b>\$ 91,228,972</b>	<b>\$ 87,333,131</b>	
*Pledged revenue is all revenue to the extent it may be pledged as security for debt obligations pursuant to applicable Texas law.						
** Bond series 2012A included \$15,875,000 in new funding for projects, \$1,200,000 related to NLC. This was reflected in the District August 31, 2020 balance above.						
***Bond series Tax Notes 2020 with bond premiums netted \$50,000,000 in new funding for projects, \$8,100,000 related to NLC. This was reflected in the District August 31, 2020 balance above.						
Debt service requirements at August 31, 2020 and 2019 are based on the percentage allocation as discussed above, applied to the debt service of the District.						

**8. EMPLOYEES' RETIREMENT PLANS**

The State of Texas has joint contributory retirement plans for almost all of its employees. All employees of the College must participate in either the Teacher Retirement System of Texas (TRS) or in the Optional Retirement Plan (ORP). Faculty, administrators, counselors and librarians may enroll in either TRS or ORP. Secretarial, clerical and professional employees are limited to participation in the TRS. Employees who are eligible to participate in the ORP have ninety days from the date of their employment to select the optional retirement program. Employees who previously had the opportunity to participate in ORP but declined must remain with TRS for the duration of their employment in the Texas education system.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**8. EMPLOYEES' RETIREMENT PLANS (continued)**

In fiscal year 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which was subsequently amended by the release of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The GASB does not require the provisions of this Statement to be applied down to the organizational level and as such, the net pension liability recorded at the District level as required by GASB 68 is not allocated or recorded in the financial statements of the College. In addition, because all College employees are employees of the District and the District has the legal obligation to fund the long-term pension benefits of its employees, the net pension liability is recorded in the District's financial statements. For further information, see Note 10 included in the District's fiscal year 2020 financial statements.

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

*Plan Description:* The District contributes to the TRS, a cost-sharing, multiple-employer defined benefit pension plan that has a special funding situation. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems, colleges, universities and the State. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

*Funding Policy:* Contribution requirements are not actuarially determined, but are established and amended by the Texas legislature. The state funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; and (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. Senate Bill 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

State law provides for a member contribution rate of 7.7% for fiscal years 2020, 2019 and 2018 and a State contribution rate of 7.5% for fiscal year 2020, and 6.8% for each of the fiscal years ended August 31, 2019 and 2018. In certain instances, the District was required to make all or a portion of the State's contribution.

**Optional Retirement Plan (ORP) – Defined Contribution Plan**

*Plan Description:* The State of Texas has also established an optional retirement program for institutions of higher education. Participation in ORP is in lieu of participation in TRS. The optional retirement program is a defined contribution plan that provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

*Funding Policy:* Contribution requirements are not actuarially determined, but are established and amended by the Texas State Legislature. Since individual annuity contracts are purchased, the State has no additional or unfunded liability for this program. The combined percentage of salaries currently contributed by the College and State of Texas was 7.5% for fiscal year 2020 and 6.8% for fiscal years 2019 and 2018. Each participant contributed 6.65% for the fiscal years ended August 31, 2020, 2019 and 2018. Senate Bill 1812, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

The retirement expense for both plans to the State of Texas for the College was \$394,143, \$385,232 and \$311,176 for the fiscal years ended August 31, 2020, 2019 and 2018, respectively. This amount represents the portion of expended appropriations that should have been made by the State legislature on behalf of the College. The retirement expense for the College was \$929,091, \$851,352, and \$718,756 for the fiscal years ended August 31, 2020, 2019 and 2018, respectively, and represents the total required contributions for each year.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**8. EMPLOYEES' RETIREMENT PLANS (continued)**

The total payroll for all College employees was \$14,689,938, \$13,554,870 and \$13,098,475 for fiscal years 2020, 2019 and 2018, respectively. The total payroll of College employees covered by the TRS was \$12,387,880, \$10,607,451 and \$8,542,797, and the total payroll of College employees covered by ORP was \$1,861,234, \$1,912,429 and \$2,027,144 for fiscal years 2020, 2019 and 2018, respectively.

**9. DEFERRED COMPENSATION PROGRAM**

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Texas Government Code 609.001.

A total of \$155,509 was contributed by 23 College employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity (TSA) program and 10 participants contributed a total of \$54,091 to a Section 457 Deferred Compensation Plan (DCP) in the fiscal year ended August 31, 2020.

A total of \$92,980 was contributed by 25 College employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity (TSA) program and 7 participants contributed a total of \$52,646 to a Section 457 Deferred Compensation Plan (DCP) in the fiscal year ended August 31, 2019.

Neither the District nor the College contributes to either plan. The deferred compensation program is not included in the basic financial statements because the program assets are assets of the plan participants and not of the College.

**10. RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Receivables at August 31, 2020 and 2019 primarily consist of tuition and fee receivables, contract and grant receivables and other receivables. The District is responsible for collection of all receivables as well as the allowance for doubtful accounts. Accounts payable and accrued liabilities at August 31, 2020 and 2019 are primarily related to operating accounts payable and construction.

**11. FUNDS HELD FOR OTHERS**

The College holds funds for certain students as well as student and staff organizations. These amounts are reflected in the Statements of Net Position as funds held for others in the amount of \$62,087 and \$36,781 as of August 31, 2020 and 2019, respectively.

**12. SELF-INSURED AND RISK MANAGEMENT PLANS**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The buildings, structures, contents and equipment are fully insured through the purchase of commercial insurance at the District level.

The District's Workers' Compensation Self-Insurance Fund (the Fund) is administered by a third party. Through the Fund, the District self-insures workers' compensation claims up to \$400,000 per occurrence. Individual losses of over \$400,000 are covered by a specific excess insurance policy up to the maximum statutory benefit per occurrence. Additionally, approximately \$3,171,169 of unrestricted net position has been designated by the District to cover losses in excess of those covered by insurance and the Fund. The Fund pays the premium for the specific excess insurance policy and assumes all workers' compensation claims and expenses not covered by the policy. The District transfers the workers' compensation standard premium calculated for the District into the Fund.

Claims and administrative expenses are paid from the Fund and the balance is reserved toward future claims. The accrued liability representing a provision for unpaid expected claims is carried at the District level. These liabilities are generally based on an actuarial valuation and the present value of unpaid expected claims.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**13. HEALTH CARE AND LIFE INSURANCE BENEFITS**

The State of Texas pays certain health care and life insurance benefits for active employees. These benefits are provided through an insurance company whose premiums are based on benefits paid during the previous year.

The State recognizes the cost of providing these benefits for active employees and retirees by expending the annual insurance premiums. The State's contribution per eligible full-time employee or retiree was between approximately \$625 and \$1,223 per month for the year ended August 31, 2020 and between \$625 and \$1,223 per month for the year ended August 31, 2019. The cost of providing those benefits for all employees, paid by the State of Texas on behalf of the College, totaled \$1,178,958 and \$1,154,196 for the years ended August 31, 2020 and 2019, respectively. Payments of these benefits by the State were recognized as restricted state appropriations with an equal amount recognized as restricted benefit expenses. These payments do not flow through the cash accounts.

**14. OTHER POSTEMPLOYMENT BENEFIT PLAN**

Through the District, the College participates in a cost-sharing, multiple employer, other postemployment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP), also referred to as the State Retiree Health Plan (SRHP), is administered by the Employees Retirement System of Texas (ERS or System). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the College and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

In fiscal year 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The GASB does not require the provisions of this Statement to be applied down to the organizational level and as such, the net OPEB liability recorded at the District level as required by GASB 75 is not allocated or recorded in the financial statements of the College. In addition, because all College employees are employees of the District and the District has the legal obligation to fund the long-term OPEB benefits of its employees, the net OPEB liability is recorded in the District's financial statements. For further information, see Note 18 included in the District's fiscal year 2020 financial statements.

**15. AD VALOREM TAX**

Ad valorem property tax is levied each October 1 by the District on the assessed value as of the prior January 1 for all real and business personal property located in Bexar County. The total ad valorem tax levied by the District for August 31, 2020 and 2019 was approximately \$250,823,000 and \$235,124,000, respectively. Ad valorem property tax is allocated to the College based upon the amount required for maintenance and operations, the College's portion of debt service and depreciation and a proportionate share of overall results based on the College's allocated operating budget.

Taxes are due on October 1 of each year and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure payment of all taxes, penalties, and interest for the previous tax year. Tax collections for the years ended August 31, 2020 and 2019 were 97.52% and 97.72%, respectively, of the current year's original unadjusted tax levy. Allowances for uncollectible taxes are estimated and recorded at the District level.

**16. INCOME TAXES**

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2020 and 2019.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Notes to Financial Statements**

**17. OTHER OPERATING REVENUES**

Other operating revenues (Exhibit 2 and Schedule A) include rental income, paper recycling revenue, revenue from various fundraising activities, and other revenues not applicable to any other revenue category.

**18. COMMITMENTS AND CONTINGENCIES**

As of August 31, 2020, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

The College has entered into several contracts for construction and various other renovation projects. As of August 31, 2020 and 2019, the College was committed for approximately \$120,000 and \$32,000, respectively.

**18. SUBSEQUENT EVENTS**

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the College's operations and financial results at this time.

The College's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended August 31, 2020 through December 8, 2020, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.



ALAMO COLLEGES DISTRICT  
Northeast Lakeview College

## **Supplementary Information**

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Schedule A**  
**Schedule of Operating Revenues**  
**For the Year Ended August 31, 2020**  
**With Memorandum Totals for the Year Ended August 31, 2019**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY20 Total	FY19 Total
<b>OPERATING REVENUES:</b>						
<b>Tuition</b>						
State-funded courses						
In-District resident tuition	\$ 7,545,030	\$ -	\$ 7,545,030	\$ -	\$ 7,545,030	\$ 6,165,778
Out-of-District resident tuition	6,189,926	-	6,189,926	-	6,189,926	5,801,108
Non-resident tuition	879,016	-	879,016	-	879,016	839,103
TPEG - credit set aside *	771,422	-	771,422	-	771,422	627,079
<b>Total tuition</b>	<b>15,385,394</b>	<b>-</b>	<b>15,385,394</b>	<b>-</b>	<b>15,385,394</b>	<b>13,433,068</b>
<b>Fees</b>						
Other	316,956	-	316,956	-	316,956	319,396
<b>Total fees</b>	<b>316,956</b>	<b>-</b>	<b>316,956</b>	<b>-</b>	<b>316,956</b>	<b>319,396</b>
<b>Total tuition and fees</b>	<b>15,702,350</b>	<b>-</b>	<b>15,702,350</b>	<b>-</b>	<b>15,702,350</b>	<b>13,752,464</b>
<b>Scholarship allowances and discounts</b>						
Institutional allowances and scholarships	(1,332,424)	-	(1,332,424)	-	(1,332,424)	(427,559)
Remissions and exemptions - state	(916,383)	-	(916,383)	-	(916,383)	(777,452)
Remissions and exemptions - local	(2,506,542)	-	(2,506,542)	-	(2,506,542)	(1,979,405)
Federal grants to students	-	(3,498,260)	(3,498,260)	-	(3,498,260)	(3,016,443)
TPEG awards	-	(151,266)	(151,266)	-	(151,266)	(66,356)
State grants to students	-	(155,662)	(155,662)	-	(155,662)	(131,490)
<b>Total scholarship allowances and discounts</b>	<b>(4,755,349)</b>	<b>(3,805,188)</b>	<b>(8,560,537)</b>	<b>-</b>	<b>(8,560,537)</b>	<b>(6,398,705)</b>
<b>Total net tuition and fees</b>	<b>10,947,001</b>	<b>(3,805,188)</b>	<b>7,141,813</b>	<b>-</b>	<b>7,141,813</b>	<b>7,353,759</b>
<b>Other operating revenues</b>						
Federal grants and contracts	-	115,865	115,865	-	115,865	93,623
Non-governmental grants and contracts	-	-	-	-	-	2,010
Other operating revenues	332,151	-	332,151	-	332,151	214,685
<b>Total other operating revenues</b>	<b>332,151</b>	<b>115,865</b>	<b>448,016</b>	<b>-</b>	<b>448,016</b>	<b>310,318</b>
<b>Sales and services of auxiliary enterprises</b>						
Bookstore commission	-	-	-	13,503	13,503	73,088
Vending machines and copiers	-	-	-	9,499	9,499	15,364
Campus access fees and fines	-	-	-	227,464	227,464	237,554
Other	-	-	-	11,501	11,501	17,800
<b>Total sales and services of auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261,967</b>	<b>261,967</b>	<b>343,806</b>
<b>Total operating revenues</b>	<b>\$11,279,152</b>	<b>\$ (3,689,323)</b>	<b>\$ 7,589,829</b>	<b>\$261,967</b>	<b>\$ 7,851,796</b>	<b>\$ 8,007,883</b>
				(Exhibit 2)	(Exhibit 2)	

\*In accordance with Education Code 56.033, \$771,422 and \$627,079 of tuition was set aside for the Texas Public Education Grant for the years ended August 31, 2020 and 2019.

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Schedule B**  
**Schedule of Operating Expenses by Object**  
**For the Year Ended August 31, 2020**  
**With Memorandum Totals for the Year Ended August 31, 2019**

	Salaries and Wages	Benefits		Other Expenses	FY20 Total	FY19 Total
		State	Local			
<b>OPERATING EXPENSES:</b>						
Unrestricted - educational activities						
Instruction	\$ 7,221,653	\$ -	\$ 1,596,341	\$ 1,237,490	\$ 10,055,484	\$ 9,479,834
Academic support	1,965,452	-	490,845	713,380	3,169,677	2,763,225
Student services	2,646,992	-	673,592	655,549	3,976,133	3,336,928
Institutional support	1,958,476	-	168,521	583,462	2,710,459	2,575,209
Operation and maintenance of plant	490,805	-	247,254	2,743,376	3,481,435	3,327,872
Scholarships and fellowships	-	-	-	33,000	33,000	-
Total unrestricted educational activities	<u>14,283,378</u>	<u>-</u>	<u>3,176,553</u>	<u>5,966,257</u>	<u>23,426,188</u>	<u>21,483,068</u>
Restricted - educational activities						
Instruction	-	765,198	-	-	765,198	749,464
Academic support	66,551	231,226	10,283	39,032	347,092	319,751
Student services	259,001	320,765	-	11,585	591,351	533,396
Institutional support	80,550	255,912	12,558	88,409	437,429	251,177
Operation and maintenance of plant	-	-	-	-	-	395,958
Scholarships and fellowships	-	-	-	4,196,423	4,196,423	3,635,618
Total restricted educational activities	<u>406,102</u>	<u>1,573,101</u>	<u>22,841</u>	<u>4,335,449</u>	<u>6,337,493</u>	<u>5,885,364</u>
Total educational activities	14,689,480	1,573,101	3,199,394	10,301,706	29,763,681	27,368,432
Auxiliary enterprises	458	-	162	26,472	27,092	1,069
Depreciation expense - buildings	-	-	-	3,423,472	3,423,472	3,423,471
Depreciation expense - equipment	-	-	-	74,220	74,220	95,344
Total operating expenses	<u>\$ 14,689,938</u>	<u>\$ 1,573,101</u>	<u>\$ 3,199,556</u>	<u>\$ 13,825,870</u>	<u>\$ 33,288,465</u>	<u>\$ 30,888,316</u>
					(Exhibit 2)	(Exhibit 2)

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Schedule C**  
**Schedule of Non-Operating Revenues and Expenses**  
**For the Year Ended August 31, 2020**  
**With Memorandum Totals for the Year Ended August 31, 2019**

	Unrestricted	Restricted	Total Educational Activities	FY20 Total	FY19 Total
<b>NON-OPERATING REVENUES:</b>					
State appropriations					
Education and general State support	\$ 4,840,148	\$ -	\$ 4,840,148	\$ 4,840,148	\$ 4,621,304
State group insurance	-	1,178,958	1,178,958	1,178,958	1,154,196
State retirement match	-	394,143	394,143	394,143	385,232
Ad valorem taxes					
Taxes for maintenance and operations	11,779,594	-	11,779,594	11,779,594	11,425,968
Taxes for maintenance notes	599,047	-	599,047	599,047	618,960
Taxes for general obligation bonds	-	3,935,219	3,935,219	3,935,219	3,779,068
Federal revenue, non-operating		7,609,083	7,609,083	7,609,083	6,859,561
State revenue, non-operating		108,390	108,390	108,390	7,374
Gifts	3,000	8,489	11,489	11,489	20,319
Investment income	-	13,061	13,061	13,061	8,763
Total non-operating revenues	<u>17,221,789</u>	<u>13,247,343</u>	<u>30,469,132</u>	<u>30,469,132</u>	<u>28,880,745</u>
<b>NON-OPERATING EXPENSES:</b>					
Interest on capital related debt	-	(2,331,368)	(2,331,368)	(2,331,368)	(2,810,394)
Interest on capital related debt-MTN	(349,104)	-	(349,104)	(349,104)	(373,476)
Loss on disposal of capital assets	-	(168,053)	(168,053)	(168,053)	(168)
Other non-operating expenses	-	-	(53,210)	(53,210)	-
Total non-operating expenses	<u>(349,104)</u>	<u>(2,499,421)</u>	<u>(2,901,735)</u>	<u>(2,901,735)</u>	<u>(3,184,038)</u>
Net non-operating revenues	<u>\$ 16,872,685</u>	<u>\$ 10,747,922</u>	<u>\$ 27,567,397</u>	<u>\$ 27,567,397</u>	<u>\$ 25,696,707</u>
				(Exhibit 2)	(Exhibit 2)

**NORTHEAST LAKEVIEW COLLEGE**  
**(A college of the Alamo Community College District)**

**Schedule D**  
**Schedule of Net Position by Source and Availability**  
**For the Year Ended August 31, 2020**  
**With Memorandum Totals for the Year Ended August 31, 2019**

	Detail by Source				Available for Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets	Total	Yes	No
			Net of Depreciation & Related Debt			
Current:						
Unrestricted	\$ 3,160,167	\$ -	\$ -	\$ 3,160,167	\$ 3,160,167	\$ -
Restricted	-	860,170	-	860,170	-	860,170
Net investment in capital assets	-	-	22,544,267	22,544,267	-	22,544,267
Total net position, August 31, 2020	3,160,167	860,170	22,544,267	26,564,604	3,160,167	23,404,437
				(Exhibit 1)		
Total net position, August 31, 2019	2,628,476	802,376	21,003,024	24,433,876	2,628,476	21,805,400
				(Exhibit 1)		
Net increase in net position	\$ 531,691	\$ 57,794	\$ 1,541,243	\$ 2,130,728	\$ 531,691	\$ 1,599,037
				(Exhibit 2)		





**ALAMO COLLEGES DISTRICT**  
**Northeast Lakeview College**

Annual Financial Report

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