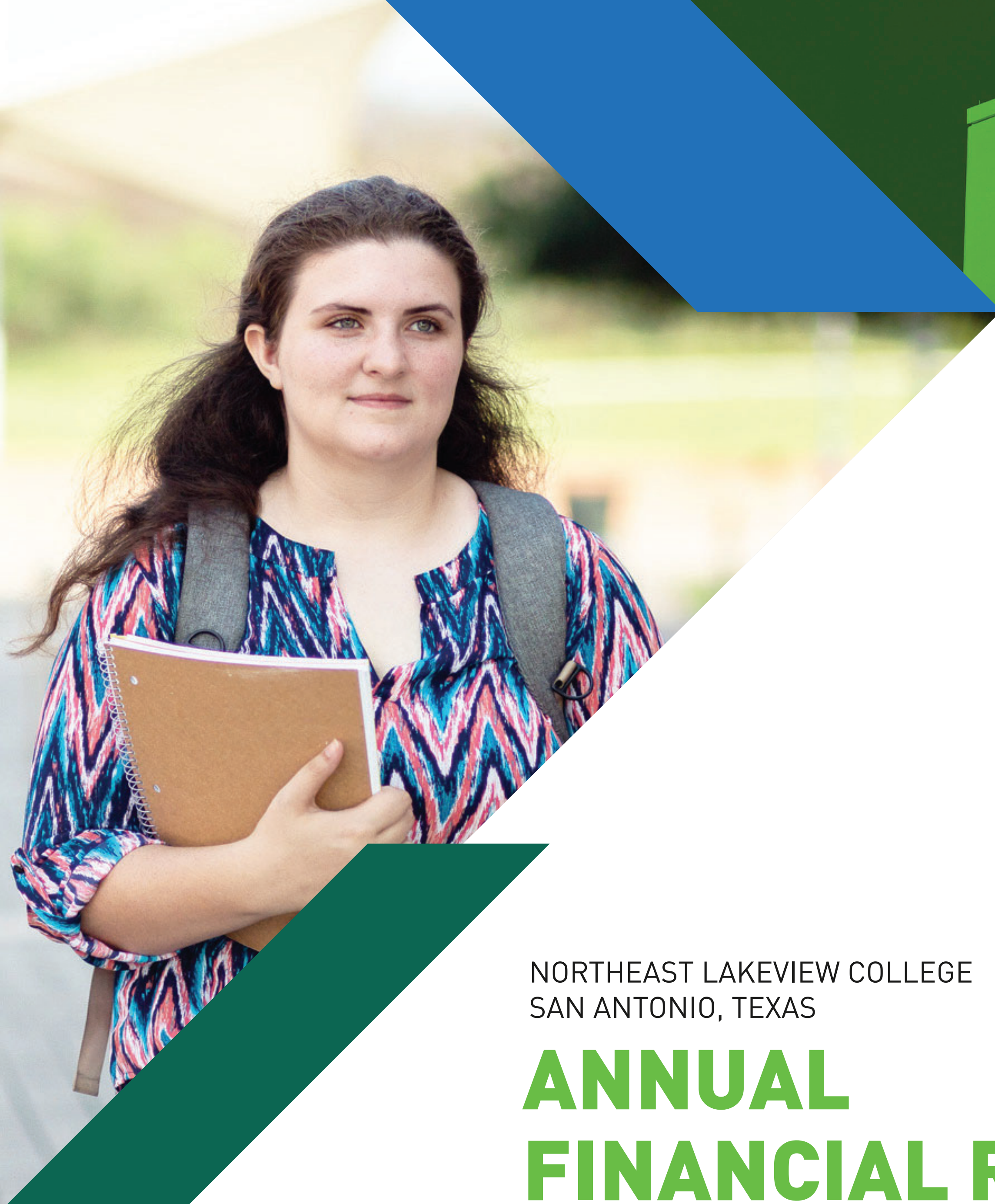

NORTHEAST LAKEVIEW COLLEGE
SAN ANTONIO, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

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, 2021 and 2020

Prepared by:

Finance and Fiscal Services Department

NORTHEAST LAKEVIEW COLLEGE

(A college of the Alamo Community College District)

ANNUAL FINANCIAL REPORT
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Northeast Lakeview College

Introductory Section

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

September 27, 2022

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, 2021 and 2020. 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 2021, 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 2021 and 2020 AFR for the College. This AFR is prepared primarily for submission to the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) 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. Questions about the accreditation of Northeast Lakeview College may be directed in writing to the Southern Association of Colleges and Schools Commission on Colleges at 1866 Southern Lane, Decatur, GA 30033-4097, by calling (404) 679-4500, or by using information available on SACSCOC's website (www.sacscoc.org).

Northeast Lakeview College offers Associate of Arts, Associate of Arts in Teaching, Associate of Science and Associate of Applied Science degrees and certificates 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. 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 6,600 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 15,000 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 2021, as revenues from ad valorem taxes increased by 5.7% as net assessed property values within the District increased from approximately $173.5 billion in 2020 to $183.3 billion in 2021, 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 2021.

State appropriations, which are critical to keeping student tuition rates low, increased by $0.4 million in 2021 due to actions by the 86th 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.

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. At the College's 2021annual leadership retreat, the 2019-2022 strategic plan was reviewed and extended as the 2022-2025 strategic plan to continue advancing the goals and objectives hindered by the global pandemic.

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 2020, 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.

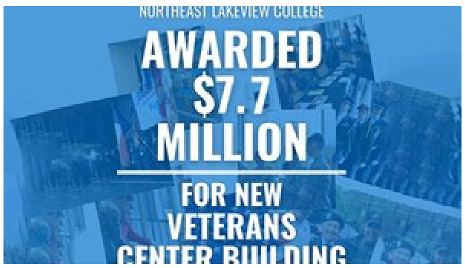
Committed to providing educational access to the communities that it serves, Northeast Lakeview College provided support to the second cohort of students within Judson ISD as part of the Alamo Colleges District AlamoPROMISE initiative, a last dollar scholarship program to assist students in paying for 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.

With the growth and expansion of the Nighthawks Nest Advocacy Center, Northeast Lakeview College continued to enhance its 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, clothes closet and counseling.

Northeast Lakeview College continues to increase both its enrollment and degrees and certificates award rates. The college exceeded its SMART growth goal of 685 degrees and certificates awarded for FY 21. At 911 degrees and certificates awarded, this demonstrates a 36% increase from 2020. The College also increased its fall headcount enrollment from 6,540 in Fall 2019 to 6,657 in Fall 2020, demonstrating a 2% increase.

In support of the growing region and student body, Northeast Lakeview College broke ground on its new Science Technology Engineering and Math (STEM) Building in November 2020. The 86,390 sq. ft facility will be the college's 10th building and home to classrooms and labs for physics, chemistry, etc. Tutoring, study spaces, academic support, and a 3rd-floor multipurpose room with the ability to host large college and community events are also included. Additionally, the building will provide space to expand career and technical programs.

Additionally, NLC received State funding to support the College's growing region and student body from the 87th Texas Legislature. With the appropriation of $7.7 million from the State of Texas' 2022-2023 biennium to the Alamo Colleges District, NLC will construct a Veterans Center building dedicated to supporting the College's growing active and retired military and dependent student population.



With this continued investment in the next biennium, the new Veterans Center building will provide a "one-stop" location offering a convenient central place for access to academic and non-academic services such as:

- Increased Veteran specific orientations, academic and nonacademic programming;
- Enhanced career planning, training, job assistance search, and transitional services;
- A Veteran mentoring program that matches incoming Veterans with current students to support the transition process from military life to academia;
- Private meeting spaces to discuss confidential matters such as disability claims, benefits, veteran-specific advocacy and emergency services, and legal services; and
- Community space to host organizations and other events that support Veterans such as faculty support in the classroom, military culture, and learning styles.

Embracing one of NLC's core values of "community-engaged," the college partnered with the San Antonio Food Bank (SAFB) to host several Pop-Up Drive thru Food Markets. Averaging assistance to more than 150 families, these pop-up markets began in efforts to support families struggling with food insecurities during the COVID-19 pandemic. Understanding the continued need, NLC is honored to continue the partnership with SAFB and provide this service and support to families in its service area.

Additionally, President Dr. Veronica Garcia served as an Honorary Commander for Joint Base San Antonio (JBSA)-Randolph. Honorary commanders are civic leaders chosen from communities around the JBSA metropolitan area and are paired with 502nd Air Base Wing military commanders and senior leaders. Dr. Garcia attended and participated in various community events, as well as activities that support the military to expand NLC's connection with the military and Veterans.

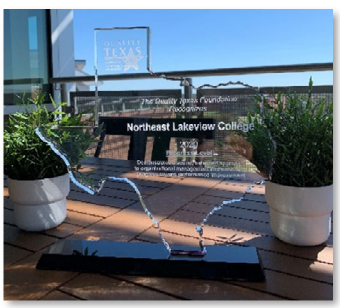
Awards and Acknowledgements

Northeast Lakeview College was named one of the 2021 Most Promising Places to Work in Community Colleges. The recognition was given by the National Institute for Staff and Organizational Development (NISOD) and Diverse: Issues in Higher Education, and recognized 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 recognized NLC'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. This was the third year in a row that Northeast Lakeview College received this recognition.

Northeast Lakeview College was also one of fourteen (14) colleges and universities honored by the Texas Veterans Commission and received the first-ever Veteran Education Excellence Recognition. This new award established by the State of Texas recognizes universities and colleges that provide excellence in education and related services that significantly contribute to the academic success of student veterans and military-connected students. The college received the 2021 Silver Award.

The College also gained Hispanic Serving Institution (HSI) Designation in 2021. To earn this designation, institutions of higher education have a Hispanic student body of 25% or more and a high percentage of students qualified for federal student loans or grants. HSI provides NLC with several added benefits, including recruiting and funding purposes. NLC can now apply for grants using HSI designation which opens the possibility for more student and institutional funding opportunities. As an added benefit, HSI institutions wave the 25% for matching Federal Work-Study payments. NLC began its HSI designation efforts after receiving its accreditation from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC).

Northeast Lakeview College received recognition for having one of the best 20 associate degree programs in Cybersecurity. *Best Value Schools* ranks schools and their programs by the annual tuition and fees per year, and the annual graduation rate. Colleges were ranked in a points system with the emphasis on lower tuition costs and higher graduation rate percentages. A weighted total of three-quarters tuition and fees and the one-quarter graduation rate was then applied for the final score.



Northeast Lakeview College received Performance Recognition from the Quality Texas Foundation (QTF) at the Progress Level. 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.

Northeast Lakeview College was also approved for its candidacy status for QM's Online Learner Support Program Certification and is committed to implement a quality assurance process at the institutional level and undergo the Program Review process at the end of the maximum 3-year candidacy period (from 10/01/2020 to 10/01/2023). The Quality Matters Program Certification process ensures that online programs and courses promote learner engagement and provides students with the tools and resources they need to be successful learners.

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.

Dr. Diane Snyder — Digitally signed by Dr. Diane Snyder Date: 2022.09.30 17:34:12 -05'00'

Lisa L. Mazure, MSA CPA — Digitally signed by Lisa L. Mazure, MSA CPA Date: 2022.10.04 11:32:11 -05'00'

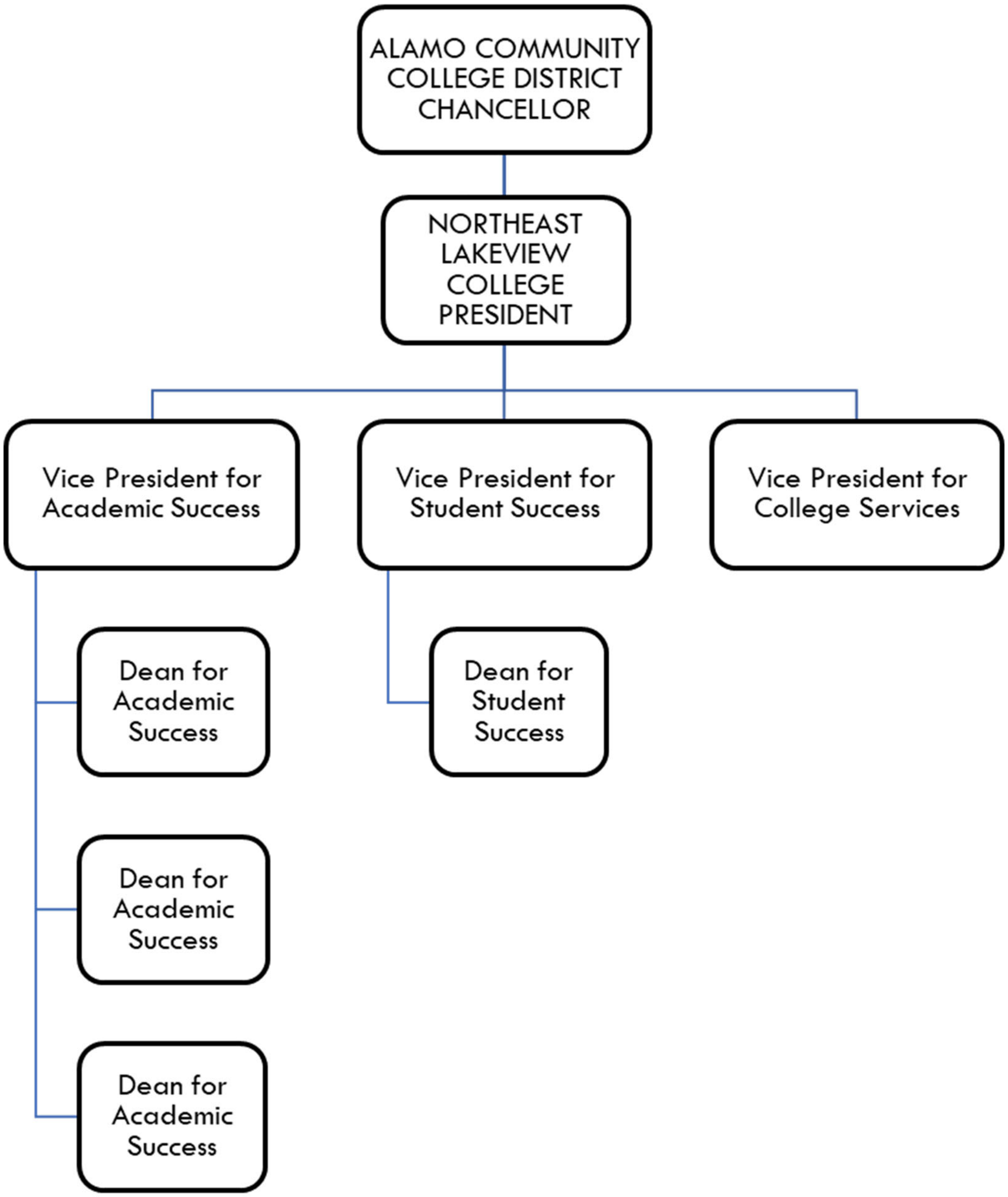
Diane E. Snyder, CPA, Ph.D.
Vice Chancellor
Finance and Administration
Alamo Community College District

Lisa Mazure, MSA, CPA
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, 2021

ELECTED OFFICIALS

Member	Position	City, State	District	Term Expires
Dr. Gene Sprague	Chairperson	Helotes, Texas	6	2024
Dr. Yvonne Katz	Vice-Chairperson	San Antonio, Texas	7	2024
Clint Kingsbery	Secretary	San Antonio, Texas	8	2026
Gloria Ray	Assistant Secretary	San Antonio, Texas	2	2022
Joe Alderete, Jr.	Member of the Board	San Antonio, Texas	1	2022
Anna Uriegas Bustamante	Member of the Board	San Antonio, Texas	3	2022
Dr. Lorena Pulido	Member of the Board	San Antonio, Texas	4	2026
Roberto Zárate	Member of the Board	San Antonio, Texas	5	2024
Leslie Sachanowicz	Member of the Board	San Antonio, Texas	9	2026
Aja Leija	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
Shayne West	Interim Associate Vice Chancellor for Finance and Fiscal Services
Patrick F. Vrba, Jr., CPA	District Controller
Frank Cortez	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.

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 Statements of Net Position of Northeast Lakeview College (the College), a college of the Alamo Community College District (the District), as of August 31, 2021 and 2020, the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years 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 audits. We conducted our audits 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.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

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, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 28 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 audits 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 51 to 54 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 audits 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 audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 September 27, 2022 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
September 27, 2022

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 (the District), as of and for the year ended August 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001, which we consider to be a material weakness.

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*.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

The Board of Trustees
Alamo Community College District

The College's Response to Finding

The College's response to the finding identified in our audit is described in the accompanying corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
September 27, 2022

Northeast Lakeview College

Schedule of Findings
Year Ended August 31, 2021

Finding 2021-001: Insufficient Consideration of Applicable GAAP for Certain Transactions and Presentation Issues
Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria: Generally accepted accounting principles applicable to governmental entities (GAAP) state that current assets should not include cash and claims to cash that are restricted for expenditure in the acquisition or construction of noncurrent assets or are segregated for the liquidation of long-term debt, except to the extent expected to be used in current operations or to liquidate current obligations.

Condition: The College's current assets were understated and noncurrent assets were overstated by approximately $4.5 million and $84,000 at August 31, 2021 and 2020, respectively, due to misapplication of GAAP related to the classification of restricted cash and cash equivalents. The misstatement at August 31, 2020 was corrected through a restatement of the College's financial statements at that date.

Cause: The College did not sufficiently evaluate applicable GAAP for these transactions and presentation issues in light of the College's specific circumstances.

Effect: Misstatements of the College's current and previously issued financial statements were not prevented, or detected and corrected, on a timely basis by the College's system of internal control.

Recommendation: We recommend that the College ensure that classification of restricted cash and cash equivalents reflects adequate consideration of the current liabilities that will be paid with those resources.

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

From: Patrick Vrba, Controller

Subject: Corrective Action Plan for Audit Finding 2021-001

Finding 2021-001: Insufficient Consideration of Applicable GAAP for Certain Transactions and Presentation Issues

Views of Responsible Officials and Planned Corrective Actions

Management has performed a thorough review and analysis of applicable GAAP related to accounting for classification of restricted cash and cash equivalents to understand the cause of the misinterpretation of GAAP.

In the future, the District will ensure restricted cash and claims on cash are classified as current when available for use in current operations or to liquidate current liabilities.

Implementation Date: August 2022

Responsible Person: Diane E. Snyder, CPA, Ph.D.

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

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, 2021 and 2020. 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, 2021 and 2020; 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 $47,548,000 and total liabilities increased approximately $37,798,000.
- Total net position at August 31, 2021 was approximately $36,315,000, reflecting an increase of approximately $9,750,000 from fiscal year 2020.
- The College's operating loss was approximately $28,421,000.

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 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 Statement of Net Position is presented on the following page. Total assets increased 39.1% or $47,548,000 during fiscal year 2021 and 4.5% or $5,244,000 during fiscal year 2020. The increase in 2021 was primarily due to an increase in cash and cash equivalents of approximately $27,580,000 and an increase in net capital assets of approximately $18,215,000. The increase to cash and cash equivalents was primarily from $42.0 million of proceeds from the issuance of general obligation bonds allocated to the College for capital projects, as reported on Exhibit 3 and in Note 5 and Note 7. The $18.2 million increase to net capital assets was primarily the result of increases to construction in progress of $20.4 million and buildings and other capital assets of $1.3 million, offset by $3.5 million of recorded depreciation as reported in Note 4. The total assets increase in 2020 was primarily due to an increase in cash and cash equivalents of $8,470,000 related to $8.1 million of proceeds from the issuance of maintenance tax notes debt, offset by a decrease in net capital assets of $3,008,000. The net capital asset decrease 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.

Total liabilities increased 39.8% or $37,798,000 in 2021 and by 3.4% or $3,114,000 during fiscal year 2020. Current liabilities increased by approximately $3,568,000 in 2021 primarily due to increases of $3,280,000 and $1,790,000 to accounts payable and accrued liabilities, respectively, due to timing and retainage related to larger construction projects, offset by a decrease of $1,567,000 to the current portion of noncurrent liabilities. Noncurrent liabilities increased $34,230,000 in 2021, primarily due to the $42.0 million allocated to NLC from general obligation bonds as reported in Note 5. Current liabilities increased by approximately $4,351,000 in 2020 primarily due to a $5,113,000 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 increase to the current portion of noncurrent liabilities was 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 2020. Noncurrent liabilities decreased $1,237,000 in fiscal year 2020 due to scheduled debt service payments as reported in Note 5, partially offset by an increase to the noncurrent portion of maintenance tax note debt of $2,295,000.

The College's net position at August 31, 2021 was $36,315,000 compared to $26,565,000 at August 31, 2020. This amounted to an increase of approximately $9,750,000 or 36.7%. The fiscal year 2021 increase to net position was due to increases to the net investment in capital assets, student aid and unrestricted components of net position of $9,120,000, $99,000 and $540,000, respectively, partially offset by a decrease to the instructional programs component of net position of $8,000. The fiscal year 2021 increases to net position are due to conservative spending, disruptions in vendor supply chains causing some projects to be delayed, cost savings related to the pandemic in areas such as travel, events, and utility and custodial costs, additional federal aid related to the pandemic, and tax revenues received for payment of debt that increased equity in capital assets. 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.

Condensed Statements of Net Position
(in thousands)

	Fiscal Year			Change	
Assets	**2021**	**2020**	**2019**	**2020 to 2021**	**2019 to 2020**
Cash and cash equivalents	$ 45,810	$ 18,230	$ 9,760	$ 27,580	$ 8,470
Accounts receivable, net and other assets	2,062	309	526	1,753	(217)
Capital assets	164,135	142,434	141,942	21,701	492
Accumulated depreciation	(42,823)	(39,337)	(35,837)	(3,486)	(3,500)
Total assets	169,184	121,636	116,391	47,548	5,246
Liabilities					
Current liabilities	16,747	13,179	8,828	3,568	4,351
Noncurrent liabilities	116,122	81,892	83,129	34,230	(1,237)
Total liabilities	132,869	95,071	91,957	37,798	3,113
Net Position					
Net investment in capital assets	31,664	22,544	21,003	9,120	1,541
Restricted, expendable for					
Student aid	942	843	782	99	61
Instructional programs	9	17	20	(8)	(3)
Unrestricted	3,700	3,160	2,628	540	532
Total net position	$ 36,315	$ 26,565	$ 24,434	$ 9,750	$ 2,131

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 a decrease 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, 2021, 2020 and 2019 is presented below in table form.

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

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Change 2020 to 2021	Change 2019 to 2020
Operating revenues	$ 6,574	$ 7,852	$ 8,008	$ (1,278)	$ (156)
Operating expenses	34,995	33,342	30,888	1,653	2,454
Operating loss	(28,421)	(25,490)	(22,880)	(2,931)	(2,610)
Non-operating revenues (expenses):					
State appropriations	6,469	6,413	6,161	55	253
Ad valorem taxes	23,891	16,314	15,824	7,577	490
Federal and State grants, non-operating	10,584	7,717	6,867	2,866	851
Interest on capital-related debt	(2,784)	(2,680)	(3,184)	(104)	503
Other net non-operating revenues (expenses)	13	(144)	29	157	(173)
Total non-operating revenues, net	38,171	27,621	25,697	10,550	1,924
Increase in net position	9,750	2,131	2,816	7,619	(686)
Net position - beginning of year	26,565	24,434	21,618	2,131	2,816
Net position - end of year	$ 36,315	$ 26,565	$ 24,434	$ 9,750	$ 2,131

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

Operating Revenues
(in thousands)

	2021 Amount	2021 % of Total	2020 Amount	2020 % of Total	2019 Amount	2019 % of Total	Change 2020 to 2021	Change 2019 to 2020
Net tuition and fees	$ 5,972	90.8%	$ 7,142	91.0%	$ 7,354	91.8%	$ (1,169)	$ (212)
Grants and contracts	52	0.8%	116	1.5%	94	1.2%	(64)	22
Auxiliary enterprises	222	3.4%	262	3.3%	344	4.3%	(40)	(82)
Other operating revenues	328	5.0%	332	4.2%	217	2.7%	(4)	115
Total operating revenues	$ 6,574	100.0%	$ 7,852	100.0%	$ 8,008	100.0%	$ (1,278)	$ (156)

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

As shown in the operating table on the previous page, total operating revenues decreased by $1,278,000 or 16.3% and decreased $156,000 or 1.9% for the years ended August 31, 2021 and 2020, respectively. The $1,278,000 decrease in fiscal year 2021 resulted from decreases to net tuition and fees of $1,169,000, grants and other operating revenues of $69,000 and auxiliary enterprises of $40,000. 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 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 2021 decreased approximately $1,169,000, or 16.4%, with gross tuition and fees decreasing by approximately $2.1 million and discounts decreasing by almost $1.0 million. The continued effects of the COVID-19 pandemic were reflected in the net tuition and fees decrease of $1.2 million in fiscal year 2021 due to closed down facilities and decreases to the number of contact hours taken by students. The 11.7%, or $1.0 million, decrease in discounts reflects a related reduction. In 2020, net tuition and fees decreased by approximately $212,000. While gross tuition increased by almost $2.0 million, discounts grew by almost $2.2 million as a result of increases in all categories of scholarship allowances and discounts awarded under two initiatives designed to encourage students to continue on their path towards a degree or certificate.

Net Tuition and Fees
(in thousands)

	2021		2020		2019	
	Amount	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Tuition	$ 13,271	222.2%	$ 15,385	215.4%	$ 13,433	182.7%
Fees	263	4.4%	317	4.4%	319	4.3%
Discounts	(7,562)	-126.6%	(8,561)	-119.9%	(6,399)	-87.0%
Total net tuition and fees	$ 5,972	100.0%	$ 7,142	100.0%	$ 7,354	100.0%

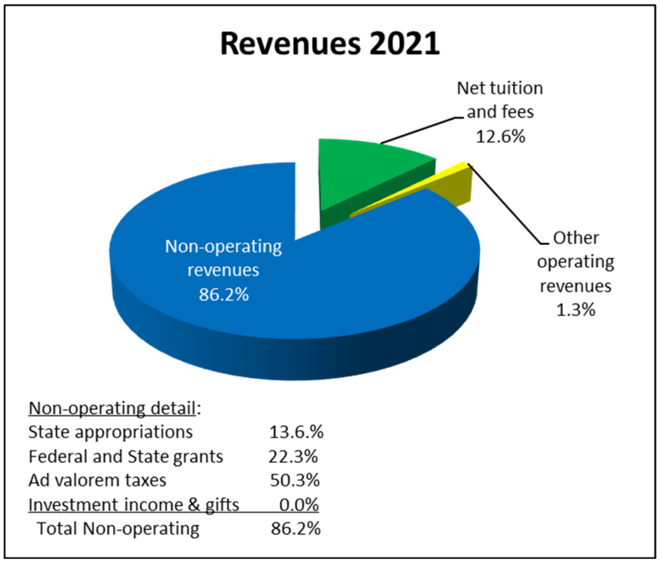
Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

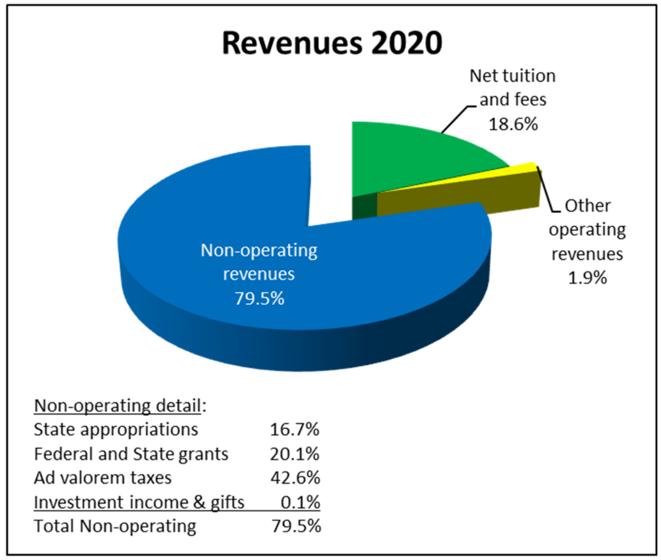
Following are charts of the major sources of revenue for fiscal years 2021 and 2020, comparing operating and non-operating revenues. Non-operating revenues comprise the largest portion of total revenues at 86.2% for fiscal year 2021 and 79.5% for fiscal year 2020. Non-operating revenues increased by $10.6 million for fiscal year 2021. Ad valorem taxes remain as the primary component of non-operating revenues, comprising 50.3% of total revenues in 2021 and 42.6% of total revenues in 2020. Approximately $7.6 million of the total non-operating revenue increase was attributed to the increase in ad valorem taxes resulting from skyrocketing property values in Bexar County. Federal and state grant non-operating revenue increased as a percentage of total revenues by the largest percentage other than ad valorem taxes due to grant increases of $2.9 million in continuing 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 2021.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis
(Unaudited)

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 2021, salaries and benefits decreased a combined $71,000, primarily due to a 3% decrease in benefits expense. During 2020, salaries and benefits increased a combined $1,519,000, primarily due to a 3% general wage increase effective January 1, 2019 and 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 2002 after the transition was made to 100% online instruction and remote working for all non-essential employees.

Operating Expenses in Natural Classification
(in thousands)

	Fiscal Year			Change	Change
	2021	**2020**	**2019**	**2020 to 2021**	**2019 to 2020**
Salaries	$ 14,747	$ 14,690	$ 13,555	$ 57	$ 1,135
Benefits	4,644	4,773	4,388	(128)	384
Scholarships and fellowships	5,288	4,229	3,636	1,058	594
Supplies and services	6,824	6,152	5,791	672	361
Depreciation	3,492	3,498	3,519	(6)	(21)
Total operating expenses	$ 34,995	$ 33,342	$ 30,888	$ 1,653	$ 2,453

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

Total operating expenses increased by $1,706,000 in fiscal year 2021 and increased by $2,400,000 in 2020. All natural classifications of operating expenses increased in 2021 except for benefits and depreciation, the latter of which decreased by $6,000 due to asset disposals in the furniture, machinery and equipment category. Scholarships and fellowships increased by approximately $1,058,000 and supplies and services increased by $672,000 in 2021. The increase in scholarships and fellowships was due to approximately $978,000 of emergency aid scholarships awarded using federal funds received under CARES Act in 2021. Supplies and services increased $672,000 due to increased costs to respond to the COVID-19 pandemic such as PPE, computers and other technology to facilitate remote and hybrid teaching and working, partially offset by reductions in travel expenses and utilities. Similarly, in fiscal year 2020, all natural classifications of operating expenses increased other than depreciation, which decreased by $21,000 due to asset disposals. In addition to the increase in salaries and benefits discussed previously, scholarships and fellowships increased by approximately $594,000 in 2020 due to approximately $672,000 of emergency aid scholarships awarded using federal funds received under the CARES Act.

Operating Expenses in Functional Classification
(in thousands)

	Fiscal Year			Change	
	2021	2020	2019	2020 to 2021	2019 to 2020
Instruction	$ 10,395	$ 10,821	$ 10,229	$ (426)	$ 591
Academic support	3,474	3,517	3,083	(43)	434
Student services	4,672	4,567	3,870	105	696
Institutional support	4,294	3,148	2,826	1,146	322
Operation and maintenance of plant	3,381	3,535	3,724	(154)	(189)
Depreciation	3,492	3,498	3,519	(6)	(21)
Scholarships and fellowships	5,288	4,229	3,636	1,058	594
Total educational and general	34,995	33,315	30,887	1,680	2,427
Auxiliary enterprises	-	27	1	(27)	26
Total operating expenses	$ 34,995	$ 33,342	$ 30,888	$ 1,653	$ 2,453

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 2021, instruction expenses decreased $426,000. Overall instruction salaries and benefits decreased $165,000, primarily due a reduction in adjunct faculty salaries of $421,000, partially offset by increases due to the talent excellence payment, full-time faculty increases and a full-year of the telecommunication allowance. Operating expenses and non-capitalized equipment expenses decreased $261,000 in 2021 due to the effects of the pandemic on enrollment. 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 and 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.

- 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 2021, academic support costs decreased by $43,000, with reductions in travel expenses of $13,000 and noncapitalized equipment purchase reductions of $145,000, partially offset by the $115,000 increase to salary and benefits. In fiscal year 2020, academic support costs increased by $434,000, with $215,000 attributable to the salary increase effective January 31, 2019 discussed previously. Of the remaining $220,000 increase, approximately $132,000 was for noncapitalized computers and other IT equipment, increased costs for computer service charges of $45,000 and contracted services increased costs of $25,000.

- 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 $105,000 in 2021 and $696,000 in 2020. $153,000 of the fiscal year 2021 increase was for salaries and benefits due to compensation adjustments and telecommunications allowances paid to employees working remotely due to COVID-19, accompanied by operating expense increase of $12,000, offset by reductions in travel of $32,000 and noncapitalized equipment purchases of $28,000. Of the $696,000 increase in 2020, $445,000 was related to salaries and benefits due to compensation adjustments and the telecommunications allowance discussed previously, along with increases to computer service charges, noncapitalized computers and IT equipment, and instructional supplies in the amounts of $133,000, $57,000 and $29,000, respectively.

- 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 $1,146,000 in 2021 mostly due to PPE costs charged to HEERF grants to respond to the COVID-19 pandemic. In 2020, institutional support expenses increased by $322,000, with $187,000 attributable to salaries and benefits and the remaining increase related to a net increase in nonlabor institutional costs.

- Operation and maintenance of plant includes expenses for custodial, grounds, and building maintenance, as well as utilities. This category decreased $154,000 in fiscal year 2021, primarily due to teaching and working remotely. In 2020, operation and maintenance of plant expenses decreased by $189,000 primarily due to decreased expenses due to floor care of $399,000, partially offset by decreases to utilities of $141,000 due to less onsite presence due to COVID-19.

- Scholarships and fellowships increased by $1,058,000 in FY21 and by $594,000 in FY20. In both years, the College continued to spend the unprecedented federal aid received under the Higher Education Emergency Relief Fund (HEERF) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was 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.

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 $27,580,000 and $8,470,000 for the years ended August 31, 2021 and 2020, 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 $164,135,000 and $142,434,000 in capital assets at August 31, 2021 and 2020, respectively, and accumulated depreciation of $42,823,000 and $39,337,000 at the same dates, respectively. Depreciation expense totaled approximately $3,492,000 in fiscal year 2021 and $3,498,000 in fiscal year 2020. (See Note 4, Capital Assets, included in the financial statements.) A summary of net capital assets is presented below.

Net Capital Assets at Fiscal Year End
(in thousands)

	Fiscal Year			Change	
	2021	2020	2019	2020 to 2021	2019 to 2020
Land	$ 4,953	$ 4,953	$ 5,259	$ -	$ (306)
Buildings and other real estate improvements	93,632	95,780	99,204	(2,148)	(3,423)
Construction in progress	22,290	1,923	1,222	20,367	701
Furniture, machinery and equipment	51	56	46	(5)	10
Library materials	386	384	375	1	10
Total net capital assets	$ 121,312	$ 103,097	$ 106,105	$ 18,215	$ (3,008)

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 at August 31, 2021 and 2020. 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 2021			Fiscal Year 2020		
	Capitalized	Accumulated Depreciation	% Depreciated	Capitalized	Accumulated Depreciation	% Depreciated
Buildings and other real estate improvements	$ 135,080	$ 41,448	30.7%	$ 133,805	$ 38,025	28.4%
Furniture, machinery and equipment	817	766	93.8%	810	754	93.1%
Library materials	995	609	61.2%	943	558	59.2%

In fiscal year 2021, the College recorded additions to construction in progress, buildings and building improvements, furniture, machinery and equipment, and library materials of approximately $20,367,000, $1,276,000, $12,000 and $52,000, respectively. 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.

Schedule of Major Capital Assets

	Square footage (in thousands)
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 From District debt issues allocated to the College, in fiscal year 2020 debt outstanding was $91.2 million, or 37% of District debt issues with allocations to the College. In fiscal year 2021, an additional $42 million was allocated to the College from general obligation bonds, resulting in outstanding debt of $123.9 million, or 21% of District debt with allocations to the College. $42.0 million of general obligation bond debt was allocated to the College in 2021 for capital projects on campus. In 2020, approximately $8.1 million of maintenance tax note debt was allocated to the College to supplement funding for capital projects on campus. For additional information, see Note 6 and Note 7.

The District had $646.8 million and $514.3 million in outstanding bonds and maintenance tax note debt at August 31, 2021 and 2020, respectively, before premiums and discounts. This amounts to an increase of $132.5 million in fiscal year 2021 and a decrease of $17.2 million in fiscal year 2020. The $132.5 million increase in 2021 was the result of issuing the second tranche of general obligation bonds related to the $450 million voter approved bond package in 2017, offset by scheduled payments and maintenance tax note refunding. 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 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. 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 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.

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 has demonstrated tremendous resiliency throughout the duration of the COVID-19 pandemic.

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, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,434,056	$ 6,869,408
Restricted cash and cash equivalents	4,543,446	84,483
Accounts receivable, net of allowance for doubtful accounts	2,061,635	308,818
Total current assets	14,039,137	7,262,709
Noncurrent assets:		
Restricted cash and cash equivalents	33,832,725	11,276,135
Capital assets (net)	121,312,108	103,096,770
Total noncurrent assets	155,144,833	114,372,905
TOTAL ASSETS	169,183,970	121,635,614
LIABILITIES		
Current liabilities:		
Accounts payable	3,946,091	665,962
Accrued liabilities	1,789,774	-
Funds held for others	38,455	62,087
Unearned revenues	3,203,160	3,113,989
Current portion of noncurrent liabilities	7,769,862	9,337,000
Total current liabilities	16,747,342	13,179,038
Noncurrent liabilities	116,121,930	81,891,972
TOTAL LIABILITIES	132,869,272	95,071,010
NET POSITION		
Net investment in capital assets	31,663,865	22,544,267
Restricted for:		
Expendable		
Student aid	941,716	843,404
Instructional programs	9,245	16,766
Unrestricted	3,699,872	3,160,167
TOTAL NET POSITION	$ 36,314,698	$ 26,564,604

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
Years Ended August 31, 2021 and 2020

	2021	2020
OPERATING REVENUES:		
Tuition and fees (net of discounts of $7,561,669 and $8,560,537 respectively)	$ 5,972,414	$ 7,141,813
Grants and contracts	51,632	115,865
Auxiliary enterprises	221,696	261,967
Other operating revenues	327,809	332,151
Total operating revenues (Schedule A)	6,573,551	7,851,796
OPERATING EXPENSES:		
Instruction	10,394,509	10,820,682
Academic support	3,473,578	3,516,769
Student services	4,672,352	4,567,484
Institutional support	4,293,857	3,147,888
Operation and maintenance of plant	3,381,060	3,534,645
Scholarships and fellowships	5,287,660	4,229,423
Auxiliary enterprises	-	27,092
Depreciation	3,491,542	3,497,692
Total operating expenses (Schedule B)	34,994,558	33,341,675
Operating loss	(28,421,007)	(25,489,879)
NON-OPERATING REVENUES/(EXPENSES):		
State appropriations	6,468,560	6,413,249
Ad valorem taxes		
Taxes for maintenance and operations	17,249,976	11,779,594
Taxes for maintenance notes	3,686,875	599,047
Taxes for general obligation bonds	2,953,658	3,935,219
Federal grants, non-operating	10,459,773	7,609,083
State grants, non-operating	123,839	108,390
Gifts	3,318	11,489
Investment income	4,148	13,061
Interest on capital-related debt	(2,784,478)	(2,680,472)
Other non-operating revenues/(expenses)	5,432	(168,053)
Net non-operating revenues (Schedule C)	38,171,101	27,620,607
Increase in net position	9,750,094	2,130,728
NET POSITION:		
Net position - beginning of year	26,564,604	24,433,876
Net position - end of year (Schedule D)	$ 36,314,698	$ 26,564,604

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
Years Ended August 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 6,236,709	$ 6,257,687
Receipts from grants and contracts	115,414	13,463
Other receipts	327,809	329,151
Payments to or on behalf of employees	(17,824,606)	(17,951,740)
Payments to suppliers for goods and services	(6,248,162)	(5,534,868)
Payments for scholarships and fellowships	(5,287,660)	(4,229,423)
Net cash used by operating activities	(22,680,496)	(21,115,730)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	4,901,757	4,902,393
Receipts from ad valorem taxes	17,249,976	11,779,594
Receipts from non-operating federal and state revenue	8,826,108	7,726,398
Receipts from gifts and grants (other than capital)	3,318	11,489
Receipts from Federal loans for students	1,142,861	1,760,986
Payment for Federal loans issued to students	(1,155,748)	(1,767,049)
(Payments to) / receipts from student organizations and other agency transactions	(23,632)	25,306
Net cash provided by noncapital financing activities	30,944,640	24,439,117
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on issuance of capital debt	42,000,000	8,100,000
Receipts from ad valorem taxes for debt service	6,640,533	4,534,266
Payments for capital assets acquisition and construction of capital assets	(17,206,966)	(616,180)
Payments on capital debt - principal	(9,337,180)	(4,204,159)
Payments on capital debt - interest	(2,784,478)	(2,680,472)
Net cash provided by capital and related financing activities	19,311,909	5,133,455
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	4,148	13,061
Net cash provided by investing activities	4,148	13,061
INCREASE IN CASH AND CASH EQUIVALENTS	27,580,201	8,469,903
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,230,026	9,760,123
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 45,810,227	$ 18,230,026

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
Years Ended August 31, 2021 and 2020 (continued)

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH		
USED BY OPERATING ACTIVITIES:		
Operating loss	$ (28,421,007)	$ (25,489,879)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	3,491,542	3,497,692
Allowance for doubtful accounts	324,098	200,101
Non-cash state appropriations - on-behalf payments	1,566,803	1,510,856
Changes in assets and liabilities:		
Accounts receivable	(306,524)	(115,080)
Other assets	-	129,337
Accounts payable	575,421	313,101
Unearned income	89,171	(1,161,858)
Net cash used by operating activities	$ (22,680,496)	$ (21,115,730)

	2021	2020
SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
State on-behalf payments	$ 1,566,803	$ 1,510,856
Gifts of depreciable and non-depreciable assets	$ -	$ 3,000

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 an Annual Comprehensive 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

<u>Reporting Guidelines</u>
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 Colleges* for fiscal year 2021. 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).

<u>Basis of Accounting</u>
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.

<u>Budgetary Data</u>
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.

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
Restricted cash and cash equivalents that can be used to pay current liabilities (in keeping with restrictions) are classified as current assets.

Cash and cash equivalents that are externally restricted (except as discussed in the preceding paragraph) 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
Non-depreciable assets:			
Land	$ 5,000	Not depreciated	-
Works of art/historical treasures	5,000	Not depreciated	-
Buildings:			
Buildings	100,000	40	10%
Portable buildings	10,000	10	10%
Other real estate improvements:			
Building improvements	100,000	20	-
Infrastructure	100,000	20	10%
Land improvements (except tennis courts)	100,000	20	-
Leasehold improvements	10,000	Shorter of lease or useful life	-
Tennis courts	10,000	7	-
Furniture, machinery and equipment:			
Furniture, machinery and equipment	5,000	5-10	-
Technology systems	50,000	5	-
Software	5,000	5	-
Library materials	All	15	-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 by the District as earned and sick leave is not accrued, as a terminated employee is not paid for accumulated sick leave.

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 prior to year end are recorded as unearned revenues. Revenue from federal and state grants and entitlements is recognized as allowable costs are incurred, provided all eligibility requirements, if any, have been met and qualifying expenditures, if required, have been incurred. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (TPEG), 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. The portion of the award disbursed directly to students is reported 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. The portion of the award disbursed directly to students is reported as a scholarship expense.

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. The portion of the award disbursed directly to students is reported as a 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.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation. Specifically, we have elected to present certain capital outlay and other expenses as Operating Expenses, and have reclassified certain restricted cash and cash equivalent amounts from non-current to current.

New Pronouncements

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The College early implemented the requirements of this Statement during fiscal year 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 evaluated the requirements of GASB 84 in fiscal year 2021 and determined it did not have any material fiduciary activities.

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. The College evaluated the requirements of GASB 90 in fiscal year 2021 and determined it did not have any majority equity interests.

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 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 College evaluated the requirements of paragraphs 8 and 9 of GASB 92 and determined it did not have any material fiduciary activities. The College evaluated the requirements of paragraph 12 of GASB 92 and determined there was no effect on the College's financial statements.

<u>Pending Pronouncements</u>
The following GASB pronouncements have been issued but not yet implemented by the College:

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, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021. 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. Earlier application is encouraged and is permitted by topic.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 87, 91, 92, 93, 94, 96 and 97 on its future financial statements.

3. CASH AND CASH EQUIVALENTS

Total cash and cash equivalents at August 31, 2021 and 2020 were $45,810,227 and $18,230,026, respectively. The FDIC insures all of the noninterest-bearing demand deposits. Interest-bearing deposits in excess of $250,000 are collateralized at a level of at least 100% in U.S. Treasuries and Government Securities held in the District's name.

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

Notes to Financial Statements

4. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2021 was as follows:

	Balance 9/1/2020	Increases	Decreases	Balance 8/31/2021
Not Depreciated:				
Land	$ 4,953,478	$ -	$ -	$ 4,953,478
Construction in progress	1,922,689	20,366,862	-	22,289,551
Subtotal	6,876,167	20,366,862	-	27,243,029
Subject to Depreciation:				
Buildings and building improvements	117,273,693	1,275,636	-	118,549,329
Other real estate improvements	16,530,898	-	-	16,530,898
Total buildings and other real estate improvements	133,804,591	1,275,636	-	135,080,227
Furniture, machinery and equipment	810,060	12,129	5,361	816,828
Library materials	942,810	52,253	-	995,063
Total buildings and other capital assets	135,557,461	1,340,018	5,361	136,892,118
Accumulated Depreciation:				
Buildings and building improvements	30,208,231	2,673,102	-	32,881,333
Other real estate improvements	7,816,297	750,370	-	8,566,667
Total buildings and other real estate improvements	38,024,528	3,423,472	-	41,448,000
Furniture, machinery and equipment	753,899	17,065	5,361	765,603
Library materials	558,431	51,005	-	609,436
Total accumulated depreciation	39,336,858	3,491,542	5,361	42,823,039
Net capital assets	$ 103,096,770	$ 18,215,338	$ -	$ 121,312,108

Notes to Financial Statements

4. CAPITAL ASSETS (continued)

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

	Balance 9/1/2019	Increases	Decreases	Balance 8/31/2020
Not Depreciated:				
Land	$ 5,259,089	$ -	$ 305,611	$ 4,953,478
Construction in progress	1,222,051	700,638	-	1,922,689
Subtotal	6,481,140	700,638	305,611	6,876,167
Subject to Depreciation:				
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	133,804,591	-	-	133,804,591
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	135,460,545	94,363	(2,553)	135,557,461
Accumulated Depreciation:				
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	34,601,056	3,423,472	-	38,024,528
Furniture, machinery and equipment	733,210	18,136	(2,553)	753,899
Library materials	502,347	56,084	-	558,431
Total accumulated depreciation	35,836,613	3,497,692	(2,553)	39,336,858
Net capital assets	$ 106,105,072	$ (2,702,691)	$ 305,611	$ 103,096,770

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, 2021, noncurrent liabilities are $116,121,930 with activity for the fiscal year as follows:

	Bonds and Tax Notes Payable (in thousands)				
	Balance 9/1/2020	Additions	Reductions	Balance 8/31/2021	Current Portion
Bonds and tax notes payable					
General obligation bonds	$ 73,100	$ 42,000	$ 2,965	$ 112,135	$ 3,704
Revenue bonds	3,140	-	567	2,573	593
Maintenance tax notes	14,989	-	5,805	9,184	3,473
Total	$ 91,229	$ 42,000	$ 9,337	$ 123,892	$ 7,770

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 9/1/2019	Additions	Reductions	Balance 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	$ 87,333	$ 8,100	$ 4,204	$ 91,229	$ 9,337

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 21% of the applicable current outstanding bonds and tax notes.

Debt service requirements (in thousands) at August 31, 2021 were as follows:

For the Year Ending August 31,	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes		TOTAL BONDS AND NOTES	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 3,704	$ 5,069	$ 593	$ 106	$ 3,473	$ 353	$ 7,770	$ 5,528
2023	4,170	4,602	621	78	1,607	243	6,398	4,923
2024	4,367	4,406	651	48	1,028	178	6,046	4,632
2025	4,573	4,201	292	26	1,083	125	5,948	4,352
2026	4,792	3,984	197	15	1,137	70	6,126	4,069
2027-2031	28,512	16,311	219	22	856	21	29,587	16,354
2032-2036	36,280	9,003	-	-	-	-	36,280	9,003
2037-2041	14,432	2,571	-	-	-	-	14,432	2,571
2042-2046	11,305	817	-	-	-	-	11,305	817
TOTAL	$ 112,135	$ 50,964	$ 2,573	$ 295	$ 9,184	$ 990	$ 123,892	$ 52,249

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 AND NOTES	
	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
TOTAL	$ 73,100	$ 33,370	$ 3,140	$ 427	$ 14,989	$ 1,636	$ 91,229	$ 35,433

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, 2021 and 2020 were as follows:

				District Balances	
Series	Instrument Type and Purpose	Amount Issued and Authorized	Current Interest Rates	Balance August 31, 2021	Balance August 31, 2020
General Obligation Bonds (Repayment source - Ad valorem taxes)					
2007	Construct, renovate, acquire and equip new and existing facilities. Dated March 15, 2007.	$ 271,085,000	4.5%	$ 15,760,000	$ 15,760,000
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%	50,090,000	52,355,000
2017	Refund the District's outstanding Limited Tax Bonds Series 2007 and 2007A and construct, renovate, acquire and equip new and existing facilities. Dated September 15, 2017.****	258,940,000	3.0% - 5.0%	192,285,000	N/A
2021	Construct, renovate, acquire and equip new and existing facilities. Dated May 15, 2021.*****	195,980,000	2.375% - 5.0%	195,980,000	-
Maintenance Tax Notes (Repayment source - Ad valorem taxes)					
2014	Refunding of certain maturities of the 2007 Maintenance Tax Notes. Dated January 15, 2014.	$ 40,665,000	5.0% - 5.5%	$ 9,435,000	$ 14,565,000
2020	Renovate and repair existing District facilities. Dated January 28, 2020.***	48,475,000	4.0%	19,005,000	48,475,000
Combined Fee Revenue Bonds (Repayment source Pledged revenues*)					
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%	$ 34,395,000	$ 39,570,000
	Total Bonds for which the College has an Allocation	$ 1,017,120,000		$ 591,060,000	$ 244,835,000
	Allocation Percentage			21%	37%
	Balance Allocated to the College at August 31, 2021 and 2020			**$ 123,891,792**	**$ 91,228,972**

*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.

**** Bond series Limited Tax Bonds 2017 with bond premiums netted $173,000,000 in new funding for projects, with approximately $18,000,000 allocated to NLC. This was reflected in the District August 31, 2021 balance above. No funding for 2017 debt was allocated to NLC in FY2020.

***** Bond series Limited Tax Bonds 2021 with bond premiums netted $225,000,000 in new funding for projects, with approximately $24,000,000 allocated to NLC. This was reflected in the District August 31, 2021 balance above.

Debt service requirements at August 31, 2021 and 2020 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.

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 2021 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.texas.gov, 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 2021, 2020 and 2019 and a State contribution rate of 7.5% for each of the fiscal years 2021 and 2020, and 6.8% for fiscal year ended August 31, 2019. 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.

8. EMPLOYEES' RETIREMENT PLANS (continued)

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 years 2021 and 2020, and 6.8% for fiscal year 2019. Each participant contributed 6.65% for the fiscal years ended August 31, 2021, 2020 and 2019. 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 $473,738, $394,143 and $385,232 for the fiscal years ended August 31, 2021, 2020 and 2019, 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 $961,940, $929,091, and $851,352 for the fiscal years ended August 31, 2021, 2020 and 2019, respectively, and represents the total required contributions for each year.

The total payroll for all College employees was $14,747,165, $14,689,938 and $13,554,870 for fiscal years 2021, 2020 and 2019, respectively. The total payroll of College employees covered by the TRS was $10,930,931, $10,521,476 and $10,607,451, and the total payroll of College employees covered by ORP was $1,882,595, $1,861,234 and $1,912,429 for fiscal years 2021, 2020 and 2019, 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 $115,512 was contributed by 22 College employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity (TSA) program and 10 participants contributed a total of $102,199 to a Section 457 Deferred Compensation Plan (DCP) in the fiscal year ended August 31, 2021.

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.

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, 2021 and 2020 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, 2021 and 2020 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 $38,455 and $62,087 as of August 31, 2021 and 2020, 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 $3,074,944 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.

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 $1,222 per month for the year ended August 31, 2021 and between $625 and $1,223 per month for the year ended August 31, 2020. The cost of providing those benefits for all employees, paid by the State of Texas on behalf of the College, totaled $1,154,983 and $1,178,958 for the years ended August 31, 2021 and 2020, 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 2021 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, 2021 and 2020 was approximately $254,323,000 and $250,823,000, 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, 2021 and 2020 were 101.4% and 97.5%, 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 District 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, 2021 and 2020.

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, 2021, various lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District 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 District has entered into several contracts for construction and various other renovation projects related to the College. Since the College is not a separate legal entity, the related commitments are made by the District.

19. SUBSEQUENT EVENTS

The College's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended August 31, 2021 through September 27, 2022, 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.

Supplementary Information

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

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

Schedule A
Schedule of Operating Revenues
For the Year Ended August 31, 2021
With Memorandum Totals for the Year Ended August 31, 2020

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY21 Total	FY20 Total
OPERATING REVENUES:						
Tuition						
State-funded courses						
In-District resident tuition	$ 6,994,221	$ -	$ 6,994,221	$ -	$ 6,994,221	$ 7,545,030
Out-of-District resident tuition	4,535,975	-	4,535,975	-	4,535,975	6,189,926
Non-resident tuition	1,085,643	-	1,085,643	-	1,085,643	879,016
TPEG - credit set aside *	655,094	-	655,094	-	655,094	771,422
Total tuition	13,270,933	-	13,270,933	-	13,270,933	15,385,394
Fees						
Other	263,150	-	263,150	-	263,150	316,956
Total fees	263,150	-	263,150	-	263,150	316,956
Total tuition and fees	13,534,083	-	13,534,083	-	13,534,083	15,702,350
Scholarship allowances and discounts						
Institutional allowances and scholarships	(865,431)	-	(865,431)	-	(865,431)	(1,332,424)
Remissions and exemptions - state	(577,660)	-	(577,660)	-	(577,660)	(916,383)
Remissions and exemptions - local	(2,696,959)	-	(2,696,959)	-	(2,696,959)	(2,506,542)
Federal grants to students	-	(2,896,594)	(2,896,594)	-	(2,896,594)	(3,498,260)
TPEG awards	-	(177,834)	(177,834)	-	(177,834)	(151,266)
State grants to students	-	(142,150)	(142,150)	-	(142,150)	(155,662)
Other local awards	-	(205,041)	(205,041)	-	(205,041)	-
Total scholarship allowances and discounts	(4,140,050)	(3,421,619)	(7,561,669)	-	(7,561,669)	(8,560,537)
Total net tuition and fees	9,394,033	(3,421,619)	5,972,414	-	5,972,414	7,141,813
Other operating revenues						
Federal grants and contracts	928,705	(877,073)	51,632	-	51,632	115,865
Other operating revenues	327,809	-	327,809	-	327,809	332,151
Total other operating revenues	1,256,514	(877,073)	379,441	-	379,441	448,016
Sales and services of auxiliary enterprises						
Bookstore commission	-	-	-	(7,134)	(7,134)	13,503
Vending machines and copiers	-	-	-	543	543	9,499
Auxiliary-restricted	-	-	-	225,174	225,174	227,464
Other	-	-	-	3,113	3,113	11,501
Total sales and services of auxiliary enterprises	-	-	-	221,696	221,696	261,967
Total operating revenues	$10,650,547	$ (4,298,692)	$ 6,351,855	$ 221,696	$ 6,573,551	$ 7,851,796
					(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, $655,094 and $771,422 of tuition was set aside for the Texas Public Education Grant for the years ended August 31, 2021 and 2020.

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, 2021
With Memorandum Totals for the Year Ended August 31, 2020

	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	FY21 Total	FY20 Total
OPERATING EXPENSES:						
Unrestricted - educational activities						
Instruction	$ 7,207,455	$ -	$ 1,487,160	$ 976,237	$ 9,670,852	$ 10,055,484
Academic support	2,141,552	-	469,175	572,854	3,183,581	3,169,677
Student services	2,897,578	-	700,446	608,495	4,206,519	3,976,133
Institutional support	1,800,968	-	202,343	535,348	2,538,659	2,710,459
Operation and maintenance of plant	399,065	-	115,403	2,489,761	3,004,229	3,481,435
Scholarships and fellowships	-	-	-	88,136	88,136	33,000
Total unrestricted educational activities	14,446,618	-	2,974,527	5,270,831	22,691,976	23,426,188
Restricted - educational activities						
Instruction	-	723,657	-	-	723,657	765,198
Academic support	27,746	235,752	4,821	21,678	289,997	347,092
Student services	78,812	376,200	-	10,821	465,833	591,351
Institutional support	193,989	245,299	36,176	1,279,734	1,755,198	437,429
Operation and maintenance of plant	-	47,813	-	329,018	376,831	53,210
Scholarships and fellowships	-	-	-	5,199,524	5,199,524	4,196,423
Total restricted educational activities	300,547	1,628,721	40,997	6,840,775	8,811,040	6,390,703
Total educational activities	14,747,165	1,628,721	3,015,524	12,111,606	31,503,016	29,816,891
Auxiliary enterprises	-	-	-	-	-	27,092
Depreciation expense - buildings	-	-	-	3,423,472	3,423,472	3,423,472
Depreciation expense - equipment	-	-	-	68,070	68,070	74,220
Total operating expenses	$ 14,747,165	$ 1,628,721	$ 3,015,524	$ 15,603,148	$ 34,994,558	$ 33,341,675
					(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, 2021
With Memorandum Totals for the Year Ended August 31, 2020

	Unrestricted	Restricted	Total Educational Activities	FY21 Total	FY20 Total
NON-OPERATING REVENUES:					
State appropriations					
Education and general State support	$ 4,839,839	$ -	$ 4,839,839	$ 4,839,839	$ 4,840,148
State group insurance	-	1,154,983	1,154,983	1,154,983	1,178,958
State retirement match	-	473,738	473,738	473,738	394,143
Ad valorem taxes					
Taxes for maintenance and operations	17,249,976	-	17,249,976	17,249,976	11,779,594
Taxes for maintenance notes	3,686,875	-	3,686,875	3,686,875	599,047
Taxes for general obligation bonds	-	2,953,658	2,953,658	2,953,658	3,935,219
Federal revenue, non-operating	-	10,459,773	10,459,773	10,459,773	7,609,083
State revenue, non-operating	-	123,839	123,839	123,839	108,390
Gifts	-	3,318	3,318	3,318	11,489
Investment income	-	4,148	4,148	4,148	13,061
Total non-operating revenues	25,776,690	15,173,457	40,950,147	40,950,147	30,469,132
NON-OPERATING EXPENSES:					
Interest on capital related debt	-	(2,269,379)	(2,269,379)	(2,269,379)	(2,331,368)
Interest on capital related debt-MTN	(515,099)	-	(515,099)	(515,099)	(349,104)
Gain (Loss) on disposal of capital assets	5,432	-	5,432	5,432	(168,053)
Other non-operating expenses	-	-	-	-	-
Total non-operating expenses	(509,667)	(2,269,379)	(2,779,046)	(2,779,046)	(2,848,525)
Net non-operating revenues	$ 25,267,023	$ 12,904,078	$ 38,171,101	$ 38,171,101	$ 27,620,607
				(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, 2021
With Memorandum Totals for the Year Ended August 31, 2020

	Detail by Source				Available for Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:						
Unrestricted	$ 3,699,872	$ -	$ -	$ 3,699,872	$ 3,699,872	$ -
Restricted	-	950,961	-	950,961	-	950,961
Net investment in capital assets	-	-	31,663,865	31,663,865	-	31,663,865
Total net position, August 31, 2021	3,699,872	950,961	31,663,865	36,314,698 (Exhibit 1)	3,699,872	32,614,826
Total net position, August 31, 2020	3,160,167	860,170	22,544,267	26,564,604 (Exhibit 1)	3,160,167	23,404,437
Net increase in net position	$ 539,705	$ 90,791	$ 9,119,598	$ 9,750,094 (Exhibit 2)	$ 539,705	$ 9,210,389

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

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