



ALAMO COLLEGES DISTRICT
Northeast Lakeview College

NORTHEAST LAKEVIEW COLLEGE
SAN ANTONIO, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022



STUDENTS FIRST

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

Annual Financial Report

**For the Years Ended
August 31, 2023 and 2022**

Prepared by:

Finance and Fiscal Services Department

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ALAMO COLLEGES DISTRICT
Northeast Lakeview College

Introductory Section



ALAMO COLLEGES DISTRICT
Northeast Lakeview College



February 20, 2024

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, 2023 and 2022. 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 August 2023, the District's Board of Trustees selected the independent accounting firm of CliftonLarsonAllen, 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 2023 and 2022 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. 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 8,200 students in its ten buildings that sit on 267 acres. To provide enhanced service to its growing student population in the New Braunfels and Seguin areas, Northeast Lakeview College became the lead college for the Central Texas Technology Center (CTTC) building in April 2023 and offered its first set of classes at its New Braunfels location in Fall 2023.

The College, as a member of the Alamo Colleges District, manages its capital assets as well as administers and conducts its educational services under its own organizational structure. The District supports the College by managing debt and investments, acquiring capital assets, assessing and collecting property taxes and allocating State of Texas appropriations.



The College's administration and staff direct their own budget, as approved by the Board of Trustees of the Alamo Colleges District, and make decisions regarding the funds provided to them or generated by them while conducting its educational activities. These educational activities include the development of curriculum, the hiring of faculty and staff within District guidelines and the delivery of educational and student support services.

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

Economic Conditions and Outlook

The College sits along the I-35 Corridor toward Austin, one of the fastest growing areas in the region. In addition to northeast San Antonio, the College serves the Metrocom area, comprised of eleven small cities with a combined population of over 155,000 according to the Northeast Partnership for Economic Development. Randolph Air Force Base, a stable presence in the area since opening in 1930, unites the cities and currently has over 17,000 personnel on its base. The area provides affordable housing, low tax rates, opportunities for growth, award-winning school districts, and a skilled work force and the College contributes convenient, affordable higher education. The College location, among growing suburban communities that share a common goal of economic development and quality of life for their citizens and businesses, enhances the College's potential for success. Additionally, acquiring an off-site location in New Braunfels expands the College's economic impact and coordinates course offerings and services with New Braunfels 4B Economic Development Board and Seguin 4A Economic Development Board to provide higher education and technical skills training in this region. 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 several independent school districts (ISDs) in its service area by providing dual credit courses and early college high school programs. One of these, the Judson Early College Academy sits on the NLC campus, and is 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 2023, as revenues from ad valorem taxes increased by 15.5% as net assessed property values within the District increased from approximately \$193.4 billion in 2022 to \$224.3 billion in 2023, providing funding for facilities' repairs and maintenance. There was no increase in the District's tax rate for fiscal year 2023. State appropriations, which are critical to keeping student tuition rates low, increased by \$3.7 million in 2023 due to actions by the 87th Texas Legislature. State appropriations are distributed based on a cost-based formula for student contact hour reimbursement, core operations funding, and student success outcomes.

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 2022 annual 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 to offer Associate of Applied Science degrees and short-term certificates in high wage, high demand programs. Some of these include Network Administration Technology, Cyber Defense, Logistics & Supply Chain Management, Cloud Computing and is 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 continues to provide support to students through 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.

The Nighthawks Nest Advocacy Center at Northeast Lakeview College continues 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 its graduation and completion rates through degrees and certificates awarded. The college exceeded its graduation target; at 952 graduates, demonstrating an increase of 4.5% from the previous year.

In support of the growing region and student body and to meet the employee demand for a skilled workforce, Northeast Lakeview College became the lead college for the Central Texas Technology Center in New Braunfels. NLC continues to work with business and industry partners to develop program and course offerings to best serve the region's economic and workforce demands.





Additionally, NLC continues to embrace its core value of “community-engaged” and announced that it has partnered with Bezos Academy to bring a tuition-free, Montessori-style preschool to the area. This is the first Bezos Academy planned for northeast Bexar County and the greater San Antonio area.

Continuing its journey to create a compassionate campus focused on the overall well-being and health and wellness of its students and employees, NLC began work on the development of a Zen Garden on its campus. The Garden will include trails, benches, a fountain, and various trees and shrubs. The project is partially funded with grant dollars from San Antonio on Alcohol & Drug Awareness (SACADA). Its expected completion date is Spring 2024.

Awards and Acknowledgements



Northeast Lakeview College was selected as a 2023 Most Promising Places to Work in community colleges. The annual award recognizes community and technical colleges committed to diversity through best-in-class student and staff recruitment and retention practices, inclusive learning and working environments, and meaningful community service and engagement opportunities. NLC has received this award each year since 2019.

Northeast Lakeview College was also awarded the Gold 2023 Veterans Education Excellence Recognition Award (VEERA). The Texas State Legislature established the VEERA program to recognize public colleges and universities for their excellence in providing education and related services to veterans and the military-connected community. Northeast Lakeview College received the Silver Award in 2021 and the Gold Award in 2022.



Students at the College continue to excel academically and professionally. NLC student, Gabriella Rodriguez, was selected by the San Antonio Council for International Visitors (SACIV) to receive the prestigious Irma Reyes Citizen Diplomacy Scholarship for her strong interest in global affairs and a commitment to making a positive impact on the world. Student, Justin Henkel, was selected and participated in the NASA Community College Aerospace Scholars (NCAS) Mission 2: Exploration Simulation. And student, Meghan Coghlan, was featured by Amazon’s Career Choice Program for completing her GED and is now enrolled at NLC completing classes to pursue a degree in Accounting.

NLC’s Cyber defense program was recognized by the National Security Agency (NSA) as the San Antonio areas newest Center of Academic Excellence in Cyber Defense Education. Additionally, students in this program demonstrate their proficiency and technical skills by outperforming graduates of other programs across the country. In Spring 2023, NLC students placed 23rd in the National Cyber League’s OSINT Challenge among 3,593 teams.



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.

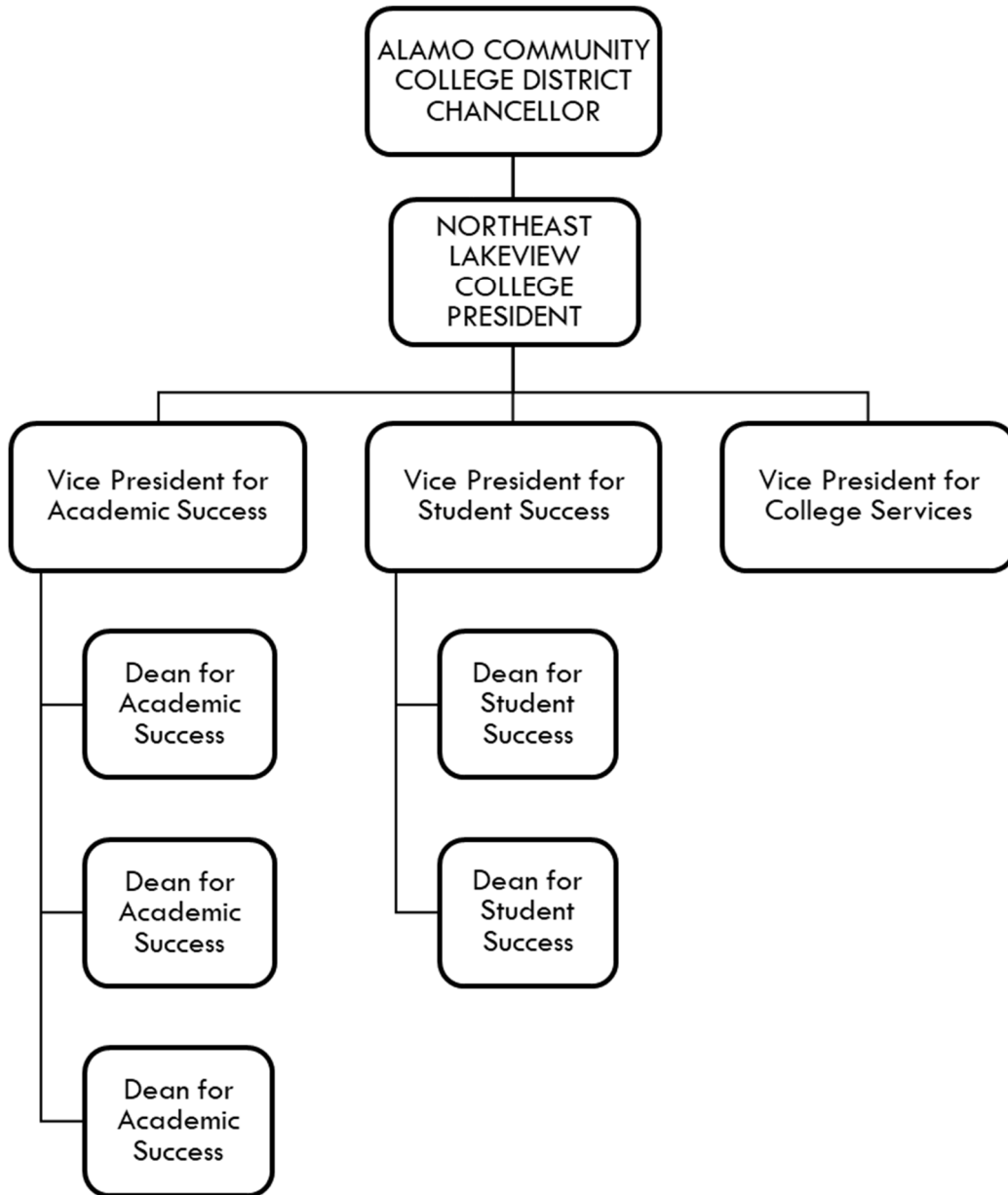
Dr. Thomas S. Cleary
Interim Vice Chancellor
Finance and Administration
Alamo Community College District

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, 2023

ELECTED OFFICIALS

Member	Position	City, State	District	Term Expires
Roberto Zárate	Chairperson	San Antonio, Texas	5	2024
Clint Kingsbery	Vice-Chairperson	San Antonio, Texas	8	2026
Dr. Lorena Pulido	Secretary	San Antonio, Texas	4	2026
Gloria Ray	Assistant Secretary	San Antonio, Texas	2	2028
Dr. Gene Sprague	Member of the Board	Helotes, Texas	6	2024
Dr. Yvonne Katz	Member of the Board	San Antonio, Texas	7	2024
Joe Alderete, Jr.	Member of the Board	San Antonio, Texas	1	2028
Anna Uriegas Bustamante	Member of the Board	San Antonio, Texas	3	2028
Leslie Sachanowicz	Member of the Board	San Antonio, Texas	9	2026
Brandon Aviado	Student Trustee	San Antonio, Texas		*

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

ADMINISTRATIVE OFFICIALS

Dr. Mike Flores	Chancellor
Vacant	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
Barton T. Simpson, CFRE	Executive Director of Institutional Advancement
Dr. Veronica Garcia	President, Northeast Lakeview College
Dr. Amy Bosley	President, Northwest Vista College
Dr. Robert Garza	President, Palo Alto College
Dr. Adena Loston	President, St. Philip's College
Dr. Naydeen González-De Jesús	President, San Antonio College
Lisa Mazure, MSA, CPA	Associate Vice Chancellor for Finance and Fiscal Services
Patrick F. Vrba, Jr., CPA	District Controller
Frank Cortez, CIA, CISA, CISSP	District Director of Internal Audit

NORTHEAST LAKEVIEW COLLEGE

(A college of the Alamo Community College District)

MISSION

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

VISION

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

VALUES

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



STUDENTS FIRST



RESPECT FOR ALL



COMMUNITY-ENGAGED



CAN-DO SPIRIT



COLLABORATION



DATA-INFORMED

Financial Section



ALAMO COLLEGES DISTRICT
Northeast Lakeview College



INDEPENDENT AUDITORS' REPORT

Board of Directors
Northeast Lakeview College
San Antonio, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Northeast Lakeview College, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Northeast Lakeview College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Northeast Lakeview College, as of August 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northeast Lakeview College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

The financial statements of Northeast Lakeview College for the year ended August 31, 2022 were audited by another auditor whose report dated June 16, 2023, expressed an unmodified opinion of those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northeast Lakeview College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northeast Lakeview College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Lakeview College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Lakeview College's basic financial statements. The schedule of operating revenues, schedule of operating expenses by object, schedule of non-operating revenues and expenses and schedule of net position by source and availability, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of operating revenues, schedule of operating expenses by object, schedule of non-operating revenues and expenses and schedule of net position by source and availability are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024, on our consideration of the Northeast Lakeview 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 the Northeast Lakeview College's 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 Northeast Lakeview College's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 20, 2024



ALAMO COLLEGES DISTRICT
Northeast Lakeview College

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

Management's Discussion and Analysis
(Unaudited)

Management's Discussion and Analysis is included to provide a narrative introduction, overview and analysis of the financial condition and operating results of Northeast Lakeview College (NLC or the College), a college of the Alamo Community College District (Alamo Colleges District or the District), for the fiscal years ended August 31, 2023 and 2022. 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, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of August 31, 2023 and 2022; 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.

FY 2023

- Total assets decreased approximately \$1,528,000 and total liabilities decreased approximately \$3,080,000.
- Total net position at August 31, 2023 was approximately \$45,143,000, reflecting an increase of approximately \$4,653,000 from fiscal year 2022.
- The College's operating loss was approximately \$38,554,000.

FY 2022

- Total assets decreased approximately \$3,294,000 and total liabilities decreased approximately \$7,475,000.
- Total net position at August 31, 2022 was approximately \$40,490,000, reflecting an increase of approximately \$4,170,000 from fiscal year 2021.
- The College's operating loss was approximately \$36,352,000.

Ongoing Impact of Coronavirus (COVID-19) Pandemic

While the effects of the global COVID-19 pandemic have tempered, the College and the communities it serves continue to recover from its impact. In previous years, COVID-19 disrupted normal operations requiring an expansion of online teaching and learning, as well as remote and hybrid work schedules for employees. In fiscal year 2023, students and faculty have returned to the classroom similar to pre-pandemic levels and the unprecedented amount of federal and state grants awarded to the College under the various tranches of the Higher Education Emergency Relief Fund (HEERF) have begun winding down. Restrictions for travel expenses and on-site events have been lifted after seeing significant decreases in those categories in fiscal years 2022 and 2021. Finally, the investments for technology distributed to students, faculty and staff to support remote teaching, learning and working in the previous fiscal years have curbed. Throughout each of the sections of this Management's Discussion and Analysis, references will be made to the coronavirus and COVID-19 and the resulting impacts to the College's revenues, expenses and other financial statement balances.

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

Management's Discussion and Analysis
(Unaudited)

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, deferred outflows of resources, liabilities and deferred inflows of resources of the College. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, 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 0.9% or \$1,528,000 during fiscal year 2023. The total assets increase in 2023 was primarily due to an increase in cash and cash equivalents of approximately \$1,627,000 and an increase in net capital assets of approximately \$836,000, partially offset by a decrease in accounts receivable and other assets of approximately \$935,000. The increase to cash and cash equivalents was primarily due to unspent construction fund revenues. Accounts receivable and other assets declined due to collections of outstanding grant receivables from the winding down of COVID-19 economic stimulus grants. The \$836,000 increase to net capital assets was primarily the result of increases to construction in progress of \$799,000 and buildings and other capital assets of \$4.4 million, offset by \$4.5 million of recorded depreciation as reported in Note 5. Total assets decreased 1.9% or \$3,294,000 during fiscal year 2022. The total assets decrease in 2022 was primarily due to a decrease in cash and cash equivalents of \$17,619,000 mostly related to bond proceeds for capital projects, offset by an increase in net capital assets of \$14,570,000. The net capital asset increase was the result of approximately \$3.6 million of recorded depreciation offset by a combined increase to construction in progress, buildings, furniture, machinery and equipment and library materials of approximately \$18,121,000 as reported in Note 5.

Total liabilities decreased 2.5% or \$3,080,000 in 2023 and decreased by 5.6% or \$7,474,000 during fiscal year 2022. Current liabilities decreased by approximately \$2,898,000 in 2023 primarily due to decreases of \$2,400,000 and \$1,296,000 to construction retainage payable and accounts payable and accrued liabilities, respectively, due to timing and retainage released on completed construction projects. These decreases were offset by increases to unearned income and current portion of long-term debt of \$319,000 and \$465,000, respectively. Increases in enrollment for Fall and increase in tuition rates contributed to the increase in unearned income, while additional debt allocated to NLC contributed to the increase in the current portion of long-term debt. Further information on long-term debt is provided in Notes 6, 7 and 8. Noncurrent liabilities decreased \$182,000 in 2023, primarily due to \$7,400,000 allocated to NLC from maintenance tax notes, offset by scheduled debt service payments of \$7,100,000 as reported in Note 6. Current liabilities decreased by approximately \$1,076,000 in 2022 primarily due to decreases of \$2,236,000 and \$1,372,000 to accounts payable and the current portion of noncurrent liabilities, respectively; partially offset by increases of \$1,842,000 and \$666,000 to accrued liabilities and unearned tuition and fees, respectively, due to timing and retainage related to construction projects. Noncurrent liabilities decreased \$6,398,000 in fiscal year 2022 due to scheduled debt service payments as reported in Note 6.

The College's net position at August 31, 2023 was \$45,143,000 compared to \$40,490,000 at August 31, 2022. The fiscal year 2023 increase to net position was due to increases to the net investment in capital assets, student aid and capital projects components of net position of \$1,510,000, \$144,000 and \$3,741,000, respectively, partially offset by a decrease to the unrestricted component of net position of \$473,000. The fiscal year 2023 increases to net position are due to unspent capital state appropriations and tax revenues received for payment of debt that increase net position, or equity in capital assets. The decrease in unrestricted net position is the result of encumbrances reserved in FY22 that were not able to be fulfilled due to vendor supply chain issues or materials and supplies shortages that were spent in FY23. This amounted to an increase of approximately \$4,170,000 or 11.5%. The fiscal year 2022 increase to net position was due to increases to the net investment in capital assets and unrestricted components of net position in the amounts of \$3,126,000 and \$1,158,000, respectively. These increases to net position were due to federal aid related to the pandemic, conservative spending, disruptions in vendor supply chains causing some projects to be delayed, and tax revenues received for payment of debt that increased equity in capital assets.

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

Management's Discussion and Analysis
(Unaudited)

Condensed Statements of Net Position
(in thousands)

Assets	Fiscal Year			Change	
	2023	2022	2021, as Restated	2022 to 2023	2021 to 2022
Cash and cash equivalents	\$ 29,818	\$ 28,191	\$ 45,810	\$ 1,627	\$ (17,619)
Accounts receivable, net and other assets	1,178	2,113	2,358 *	(935)	(245)
Capital assets	187,390	182,171	164,135	5,219	18,036
Accumulated depreciation	(50,672)	(46,289)	(42,823)	(4,383)	(3,466)
Total assets	167,714	166,186	169,480	1,528	(3,294)
Liabilities					
Current liabilities	12,773	15,671	16,747	(2,898)	(1,076)
Noncurrent liabilities	109,542	109,724	116,122	(182)	(6,398)
Total liabilities	122,315	125,395	132,869	(3,080)	(7,474)
Deferred Inflows of Resources					
Deferred inflows related to leases	256	301	291 *	(45)	10
Total deferred inflows of resources	256	301	291	(45)	10
Net Position					
Net investment in capital assets	36,300	34,790	31,664	1,510	3,126
Restricted, expendable for					
Student aid	964	820	942	144	(122)
Instructional programs	11	10	9	1	1
Capital projects	3,478	7	-	3,471	7
Unrestricted	4,390	4,863	3,705 *	(473)	1,158
Total net position	\$ 45,143	\$ 40,490	\$ 36,320	\$ 4,653	\$ 4,170

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.
Note: *Due to the implementation of GASB 87, certain FY2021 balances have been restated (see Note 2).

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, 2023, 2022 and 2021 is presented below in table form.

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

	Fiscal Year			Change	Change
	2023	2022	2021, as Restated	2022 to 2023	2021 to 2022
Operating revenues	\$ 6,630	\$ 6,122	\$ 6,576 *	\$ 508	\$ (454)
Operating expenses	45,184	42,474	34,995	2,710	7,479
Operating loss	(38,554)	(36,352) *	(28,419) *	(2,202)	(7,933)
Non-operating revenues (expenses):					
State appropriations	7,014	6,970	6,469	44	501
Ad valorem taxes	25,185	22,706	23,891	2,479	(1,185)
Federal and State grants, non-operating	11,431	14,387	10,584	(2,956)	3,803
Interest on capital-related debt	(4,345)	(3,557)	(2,784)	(788)	(773)
Other net non-operating revenues	67	9	14 *	58	(5)
Total non-operating revenues, net	39,352	40,515	38,174	(1,163)	2,341
Other revenues					
Other income	3,855	7	-	3,848	7
Total other revenues	3,855	7	-	3,848	7
Increase/(decrease) in net position	4,653	4,170	9,755 *	483	(5,585)
Net position - beginning of year	40,490	36,320	26,565	4,170	9,755
Net position - end of year	\$ 45,143	\$ 40,490	\$ 36,320 *	\$ 4,653	\$ 4,170

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.
Note: *Due to the implementation of GASB 87, certain FY2021 balances have been restated (see Note 2).

Operating Revenues
(in thousands)

	2023		2022		2021		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	2022 to 2023	2021 to 2022
Net tuition and fees	\$ 5,500	83.0%	\$ 5,483	89.6%	\$ 5,972	90.8%	\$ 17	\$ (489)
Grants and contracts	474	7.1%	40	0.7%	52	0.8%	434	(12)
Auxiliary enterprises	238	3.6%	250	4.1%	222	3.4%	(12)	28
Other operating revenues	418	6.3%	349	5.7%	330	5.0% *	69	19
Total operating revenues	\$ 6,630	100.0%	\$ 6,122	100.0%	\$ 6,576	100.0%	\$ 508	\$ (454)

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

As shown in the operating table above, total operating revenues increased by \$508,000 or 8.3% and decreased \$454,000 or 6.9% for the years ended August 31, 2023 and 2022, respectively. The \$508,000 increase in fiscal year 2023 resulted from an increase to net tuition and fees of \$17,000, and increases to grants and contracts revenue and other operating revenues of \$434,000 and \$69,000, respectively, partially offset by a reduction in auxiliary enterprises revenues of \$12,000. The \$454,000 decrease in fiscal year 2022 resulted from decreases to net tuition and fees and federal grants and contracts of \$489,000 and \$12,000, respectively, offset by increases to auxiliary enterprises revenues and other operating revenues of \$28,000 and \$20,000, respectively.

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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. In 2023, gross tuition and fees rebounded after the pandemic decrease, increasing \$2.6 million over 2022. Discounts grew \$2.5 million as a result of continuing support to mitigate the pandemic effects from federal and state grants, growth in dual credit enrollment exemptions, and additional institutional TPEG grants to students. In fiscal year 2022, gross tuition and fees remained flat, increasing \$17,000 from 2021. Discounts grew \$496,000 as a result of continuing support to mitigate the pandemic effects from federal and state grants, growth in dual credit enrollment exemptions, and additional institutional TPEG grants to students.

Net Tuition and Fees
(in thousands)

	2023		2022		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Tuition	\$ 15,608	283.8%	\$ 13,301	242.6%	\$ 13,271	222.2%
Fees	493	9.0%	240	4.4%	263	4.4%
Discounts	(10,601)	-192.7%	(8,058)	-147.0%	(7,562)	-126.6%
Total net tuition and fees	\$ 5,500	100.0%	\$ 5,483	100.0%	\$ 5,972	100.0%

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

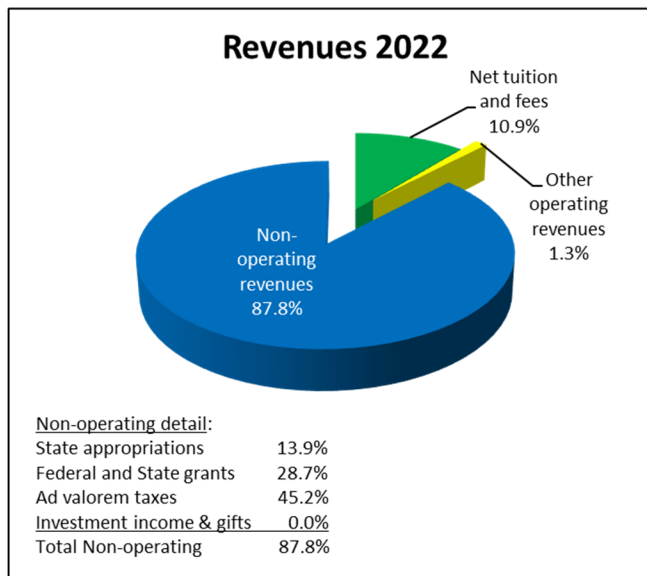
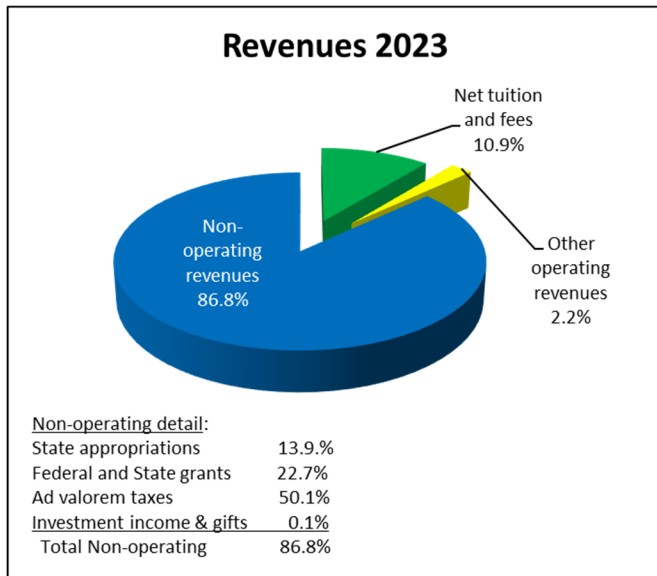
Following are charts of the major sources of revenue for fiscal years 2023 and 2022, comparing operating and non-operating revenues. Non-operating revenues comprise the largest portion of total revenues at 86.8% for fiscal year 2023 and 87.8% for fiscal year 2022.

Non-operating revenues decreased by approximately \$369,000 in fiscal year 2023. Ad valorem taxes remain as the primary component of non-operating revenues, comprising 50.1% of total revenues in 2023 and 45.2% of total revenues in 2022. Increases in state appropriations of \$45,000, ad valorem tax revenues of \$2,479,000, investment income and gifts of \$64,000 were offset by a \$2,957,000 reduction in federal and state grants to comprise the decrease in non-operating revenues in FY23. Federal and state grant non-operating revenue decreased as a percentage of total revenues by the largest percentage as shown in the graphs below due to grant decreases of \$2.9 million, reflecting the winding down of federal funds received under the Higher Education Emergency Relief Fund (HEERF) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or CARES). Non-operating revenues increased by \$3.1 million for fiscal year 2022. Approximately \$3.8 million of the total non-operating revenue increase was attributed to the increase in non-operating federal and state grant revenues. Federal and state grant non-operating revenue increased as a percentage of total revenues by the largest percentage due to grant increases of \$3.8 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 2022. Tax revenues support for the college decreased \$1.2 million due to conservative spending, easing into normal operations, and continuing federal and state support. State appropriations increased \$0.5 million due to growth in contact hours generated during the base periods of Summer 2021 to Spring 2022 vs. Summer 2019 to Spring 2020 which affect these fiscal years. Other revenues received in 2023 included \$3,855,480 in state appropriations earmarked for construction projects. There were no Other revenues received in 2022.

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Revenue Components – Operating and Non-operating



Operating expenses are presented in the following charts in both a natural and functional classification. Following is a three-year comparison of operating expenses by natural classification.

Total operating expenses increased by \$2,710,000 in fiscal year 2023 and \$7,479,000 in 2022. All natural classifications of operating expenses increased in both years, except for scholarships and fellowships, which declined in FY23. During fiscal year 2023, salaries and benefits increased \$2,194,000 or 10.6%. The primary factors contributing to the increase was the payment and accrual of a retirement incentive program, a general 4.5% salary increase, increases to high wage earners, and adjunct faculty salary increases resulting from enrollment bouncing back from pandemic levels, going from a total duplicated count of 15,457 students in 2022 to 17,531 students in 2023 for the Fall, Spring and Summer semesters, using end of term counts for regular academic tuition. During fiscal year 2022, salaries and benefits increased \$1,216,000 due to an approved general wage increase for full-time benefitted faculty and staff and training stipends for instructors to become certified to teach online. In addition to the salary increase, the College increased its employee headcount by 19 positions as it went back to normal on campus operations. With the winding down of COVID-19, economic and financial aid scholarship funding decreased, leading to a reduction in scholarship expenses of \$1,834,000 in 2023. While scholarship aid declined, supplies increased \$1,402,000. A significant portion of the increase was related to instructional supplies in relation to AlamoBOOKS+. AlamoBOOKS+ is a revolutionary way to dispense academic materials to students without students having to purchase expensive textbooks. Instead, students rent the materials from Alamo at a reduced price. Scholarships and supplies increased significantly in 2022 by \$2,474,000 and \$3,730,000, respectively. These increases are due primarily to the continuation of the final year of CARES grant funding, purchases of PPE, computers and other technology to facilitate remote and hybrid teaching and working, and the rebounding of travel expenses and utilities. Depreciation expense increased \$948,000 in 2023 due to completion of projects related to NLC from the \$450 million voter approved general obligation bond program. Depreciation increased \$59,000 in 2022.

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Operating Expenses in Natural Classification
(in thousands)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2022 to 2023</u>	<u>2021 to 2022</u>
Salaries	\$ 17,472	\$ 15,684	\$ 14,747	\$ 1,788	\$ 937
Benefits	5,329	4,923	4,644	406	279
Scholarships and fellowships	5,928	7,762	5,288	(1,834)	2,474
Supplies and services	11,956	10,554	6,824	1,402	3,730
Depreciation	4,499	3,551	3,492	948	59
Total operating expenses	<u>\$ 45,184</u>	<u>\$ 42,474</u>	<u>\$ 34,995</u>	<u>\$ 2,710</u>	<u>\$ 7,479</u>

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

Operating Expenses in Functional Classification
(in thousands)

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2022 to 2023</u>	<u>2021 to 2022</u>
Instruction	\$ 13,948	\$ 10,441	\$ 10,394	\$ 3,507	\$ 47
Academic support	4,127	3,560	3,474	567	86
Student services	6,432	5,635	4,672	797	963
Institutional support	4,970	5,441	4,294	(471)	1,147
Operation and maintenance of plant	5,280	6,084	3,381	(804)	2,703
Depreciation	4,499	3,551	3,492	948	59
Scholarships and fellowships	5,928	7,762	5,288	(1,834)	2,474
Total educational and general	45,184	42,474	34,995	2,710	7,479
Auxiliary enterprises	-	-	-	-	-
Total operating expenses	<u>\$ 45,184</u>	<u>\$ 42,474</u>	<u>\$ 34,995</u>	<u>\$ 2,710</u>	<u>\$ 7,479</u>

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. Instructional expenses increased by \$3.5 million, or 33.6%, in fiscal year 2023 primarily related to a generally-approved average salary increase of 4.5% plus related benefits, and a retirement incentive program allocated by functional category. These two items contributed mostly to the \$962,000 increase in salary and benefits for instructional employees. Other instructional operating expenses increased \$2.5 million primarily due to the expansion of the AlamoBOOKS+ program, where Alamo purchases books and supplies for all students. These textbooks and materials, which were previously bought by students, are now rented back to students at a much more economical rate and ensure that all students are prepared on day one of classes with all necessary resources. This results in a significant decrease in the cost of attendance for students. In fiscal year 2022, instructional expenses increased \$47,000. Salaries and benefits increased \$195,000 due to approved salary increases and supplies and operating expenses increased \$7,400, offset by a reduction of \$156,000 in non-capitalized equipment expenses as the College returned to on-campus operations.

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- 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. Academic support costs increased by \$567,000 in fiscal year 2023 primarily attributable to the general salary increase and allocated costs for the retirement incentive program, resulting in a salary and benefit increase of \$215,000. Other expenses increased \$352,000 related to increased enrollment and providing additional learning resources. In fiscal year 2022, academic support costs increased \$86,000. Approved salary increases were offset by a reduction in academic support personnel leading to a decrease in salaries and benefits of \$78,000. With a return to on-campus instruction and work in 2022, all other categories of expenses increased, operating expenses, travel, and non-capitalized furniture and equipment, \$58,000, \$11,000, and \$95,000, respectively.
- 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. Student services costs increased \$797,000 in 2023 and increased \$962,000 in 2022. Of the \$797,000 increase in 2023, \$585,000 was due to a general salary increase of 4.5%, the allocated retirement incentive program, federal work study program and related employee benefits. All other expenses increased \$212,000, spurred by additional grant activity, coupled by unrestricted increases in support of student programs. Student services costs increased \$963,000 in 2022. Salaries and benefits increased \$625,000 benefitting from a salary increase, 2 new full-time budgeted positions, and a return to on-campus activities which brought back student employment. With the pandemic considered no longer a severe threat or disruption to operations, the College returned to on-campus activities and events, operating expenses supplies, travel and non-capitalized furniture and equipment increased \$269,000, \$23,000, and \$46,000 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. In fiscal year 2023, institutional support costs decreased \$471,000. The \$471,000 decrease primarily resulted from the following: \$211,000 in increased salaries, wages and associated fringe benefits for institutional support employees attributable to the general salary increase of 4.5% and allocated retirement incentive program, offset by a \$682,000 decrease in operating expenses related to decreases in expenditures from the winding down of HEERF funding in support of the College, offset by \$450,000 in exterior college signage. This category increased \$1,147,000 in 2022. \$332,000 was due to salary increases detailed before, offset by budgeted reduction of 4 positions. Operating expenses and non-capitalized furniture and equipment increased \$815,000 due to return to on-campus operations and continued support from HEERF grants to renovate facilities to expand social distancing in College facilities.
- Operation and maintenance of plant includes expenses for custodial, grounds, and building maintenance, as well as utilities. In 2023 operation and maintenance decreased by approximately \$804,000. Salaries and related benefits increased \$220,000 due to the general salary increase of 4.5% and allocated retirement incentive program. All other expenditures decreased approximately \$1 million mainly due to a reduction of non-capitalized bond expenditures. In 2022, operation and maintenance costs increased \$2,703,000 with the salary increase and return to on-campus instruction and work environment of \$141,000. Non-capitalized equipment expenses increased \$2,369,000 from bond projects for furnishing and equipping new facilities. Utilities also increased due to returning to normal on-campus activities and inflationary pressures, increasing \$195,000.
- Scholarships and fellowships recorded a significant decrease of \$1,834,000 in 2023 with the winding down of COVID-19 economic and financial aid scholarship funding. Scholarships and fellowships increased by \$2,475,000 in FY22 as the College continued to spend the unprecedented amount of 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.

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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 reflected an increase in cash of approximately \$1,627,000 and a decrease of approximately \$17,619,000 for the years ended August 31, 2023 and 2022, respectively. The \$1.6 million increase in 2023 is attributed to the receipt of state appropriations for construction yet to be spent. The 2022 decrease was attributed to expenditure of bond proceeds for intended capital projects. 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 \$181,285,000 and \$176,864,000 in capital assets and accumulated depreciation of \$50,672,000 and \$46,288,000 at August 31, 2023 and 2022, respectively. Depreciation expense totaled approximately \$4,499,000 in fiscal year 2023 and \$3,551,000 in fiscal year 2022. (See Note 5, 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	
	2023	2022	2021	2022 to 2023	2021 to 2022
Land	\$ 4,953	\$ 4,953	\$ 4,953	\$ -	\$ -
Buildings and other real estate improvements	128,939	129,306	93,632	(367)	35,674
Works of art	125	125	-	-	125
Construction in progress	1,027	228	22,290	799	(22,062)
Furniture, machinery and equipment	1,379	930	51	449	879
Library materials	295	340	386	(45)	(46)
Total net capital assets	<u>\$ 136,718</u>	<u>\$ 135,882</u>	<u>\$ 121,312</u>	<u>\$ 836</u>	<u>\$ 14,570</u>

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

One method of evaluating the continued life of capital assets is to compare the accumulated depreciation to the original cost of the assets as a percentage. The following table lists assets subject to depreciation and the percentage depreciated at August 31, 2023 and 2022. The accumulated depreciation rate for buildings and other real estate improvements is low, as is expected of a campus comprised of relatively new buildings.

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Depreciable Capital Assets and Accumulated Depreciation Percentages
(in thousands)

	Fiscal Year 2023			Fiscal Year 2022		
		Accumulated	%		Accumulated	%
	Capitalized	Depreciation	Depreciated	Capitalized	Depreciation	Depreciated
Buildings and other real estate improvements	\$ 178,243	\$ 49,304	27.7%	\$ 174,241	\$ 44,935	25.8%
Furniture, machinery and equipment	2,071	692	33.4%	1,628	698	42.9%
Library materials	971	676	69.6%	995	655	65.8%

In fiscal year 2023, the College recorded net increases to construction in progress, buildings and building improvements, and furniture, machinery and equipment of approximately \$799,000, \$384,000 and \$449,000, respectively. Library materials reflected a net decrease of approximately \$46,000. In fiscal year 2022, the College recorded net decreases to construction in progress and library materials of approximately \$22,062,000 and \$46,000, respectively, and net increases to buildings and furniture, machinery, equipment of \$36,424,000 and \$878,000, respectively. Major capital additions and renovations completed in fiscal years 2023 and 2022 include the following:

Fiscal Year 2023	Amount (in millions)
Northeast Lakeview College Paluxy Hall Career Technology Building additions	\$ 3.4
Fiscal Year 2022	Amount (in millions)
Northeast Lakeview College Paluxy Hall STEM Building	\$ 39.2

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 reports an amortized portion of general obligation bonds, revenue bonds and tax notes issued by the District based upon the original capital projects budget for the bonds developed by the College before issuance from District debt allocated to the College, reduced by amortized debt service. In fiscal year 2023 debt outstanding was \$116.4 million, or 16% of District debt issues with allocations to the College. In 2023, NLC received an allocation of \$7.4 million from the issuance of 2023 maintenance tax notes. In fiscal year 2022, an additional \$42 million was allocated to the College for capital projects on campus from general obligation bonds, resulting in outstanding debt of \$116.1 million, or 22% of District debt with allocations to the College. For additional information, see Note 6, 7 and 8.

The District had \$829.1 million and \$591.9 million in outstanding bonds and maintenance tax note debt at August 31, 2023 and 2022, respectively, before premiums and discounts. This amounts to an increase of \$237.2 million in fiscal year 2023 and a decrease of \$54.9 million in fiscal year 2022. The \$237.2 million increase in 2023 was the result of new debt issued. Of the new debt, \$49.8 million of the increase in 2023 was the result of issuing the third and final tranche of general obligation bonds under the \$450 million voter-approved bond package in 2017. \$247.6 million was the result of issuing 2023 maintenance tax notes to renovate and furnish and equip multiple facilities, plus the related premium on those issuances, offset by scheduled payments and maintenance tax notes refunding. The \$54.9 million decrease in 2022 was the result of regularly scheduled debt service payments and other debt transactions including redemptions and defeasances totaling \$8.5 million.

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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 pursuant to applicable Texas law.

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 6, 7, and 8 to its financial statements.

Factors Having Probable Future Financial Significance

In May 2023, the 88th Texas Legislature approved a historic change in the state funding methodology for public community colleges in Texas with the passing of House Bill 8 (HB 8). Beginning with fiscal year 2024, HB 8 transitions state funding from the traditional model largely based on student contact hours and, to a lesser degree, student success points, to a model with a primary focus on student performance. The updated funding formula will focus on four key areas of student success: obtaining credentials of value, obtaining credentials in high demand areas, transfer to four-year universities and completing sequences of courses in high school programs. Student success has always been a top institutional priority and the College is optimistic that it will be well positioned for favorable results under the new model.

The economic condition of the College 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. As the state, county and city move forward from the devastating effects of the COVID-19 pandemic to the economy, factors such as inflation, rising interest rates, market volatility, artificial intelligence and a possible recession pose newer challenges and opportunities.

According to the Bureau of Labor Statistics, the national and state unemployment rates for August 2023 are 3.8% and 4.1%, respectively. At the local level, the San Antonio area unemployment rate for August 2023 was 4.3% as compared to the peak during the pandemic of 13.6% in April 2020. Recognizing that the pandemic would have a lasting effect on our community for years to come, there are continued efforts to rebuild the job sector and strengthen businesses and the local workforce. This continues to be carried out through local governments' economic incentives, regional strategic partnerships, and the recent voter-approved Ready to Work SA workforce development program funded through the collection of a 1/8 cent sales tax through December 2025.

The San Antonio metropolitan area, encompassing Bexar County, stands as a highly favorable destination for business expansion, driven by factors such as cost-effective land, ample power resources, and a dynamic education system marked by ongoing enhancements. The robust and varied economy spans across diverse industries, including bioscience, healthcare, aerospace, aviation, military, tourism, financial services, manufacturing, and information technology with a focus on cybersecurity. Demonstrating a commendable history of collaboration among governmental bodies, nonprofit organizations, industry stakeholders, and educational institutions, the region is committed to fostering a prosperous future for businesses and consumers within the metropolitan area.

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
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EXHIBIT 1

Statements of Net Position
August 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,417,165	\$ 8,969,698
Restricted cash and cash equivalents	1,282,988	4,690,688
Accounts receivable and notes receivable, net of allowance	918,487	1,819,370
Total current assets	10,618,640	15,479,756
Noncurrent assets:		
Restricted cash and cash equivalents	20,118,324	14,530,864
Leases receivable	259,496	293,436
Capital assets (net)	136,717,658	135,882,192
Total noncurrent assets	157,095,478	150,706,492
TOTAL ASSETS	167,714,118	166,186,248
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	1,648,491	5,342,327
Funds held for others	73,008	61,163
Unearned revenues	4,188,394	3,869,230
Current portion of noncurrent liabilities	6,863,389	6,398,249
Total current liabilities	12,773,282	15,670,969
Noncurrent liabilities	109,541,518	109,723,681
TOTAL LIABILITIES	122,314,800	125,394,650
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	256,581	301,495
TOTAL DEFERRED INFLOWS OF RESOURCES	256,581	301,495
NET POSITION		
Net investment in capital assets	36,299,566	34,789,901
Restricted for:		
Expendable		
Student aid	964,108	819,720
Instructional programs	10,545	10,545
Capital projects	3,478,280	6,900
Unrestricted	4,390,238	4,863,037
TOTAL NET POSITION	\$ 45,142,737	\$ 40,490,103

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, 2023 and 2022

	2023	2022
OPERATING REVENUES:		
Tuition and fees (net of discounts of \$10,601,005 and \$8,058,115, respectively)	\$ 5,499,660	\$ 5,482,966
Grants and contracts	473,579	40,234
Auxiliary enterprises	238,317	249,515
Other operating revenues	418,885	349,699
Total operating revenues (Schedule A)	6,630,441	6,122,414
OPERATING EXPENSES:		
Instruction	13,948,082	10,441,233
Academic support	4,126,964	3,559,840
Student services	6,432,653	5,635,357
Institutional support	4,969,685	5,440,945
Operation and maintenance of plant	5,280,650	6,083,641
Scholarships and fellowships	5,927,584	7,762,383
Depreciation	4,498,617	3,550,557
Total operating expenses (Schedule B)	45,184,235	42,473,956
Operating loss	(38,553,794)	(36,351,542)
NON-OPERATING REVENUES/(EXPENSES):		
State appropriations	7,014,412	6,969,858
Ad valorem taxes		
Taxes for maintenance and operations	18,567,621	16,393,520
Taxes for maintenance notes	3,461,068	1,990,819
Taxes for general obligation bonds	3,156,142	4,321,740
Federal grants, non-operating	10,867,324	13,949,797
State grants, non-operating	563,255	437,259
Gifts	26,500	1,300
Investment income	46,087	7,318
Interest on capital-related debt	(4,345,455)	(3,557,229)
Other non-operating expenses	(6,006)	-
Net non-operating revenues (Schedule C)	39,350,948	40,514,382
Income before other revenues	797,154	4,162,840
OTHER REVENUES:		
Other income	3,855,480	6,900
Total other revenues	3,855,480	6,900
Increase in net position	4,652,634	4,169,740
NET POSITION:		
Net position - beginning of year	40,490,103	36,320,363
Net position - end of year (Schedule D)	\$ 45,142,737	\$ 40,490,103

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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 5,984,640	\$ 6,176,172
Receipts from grants and contracts	376,635	76,220
Other receipts	414,183	344,217
Payments to or on behalf of employees	(21,174,445)	(19,044,489)
Payments to suppliers for goods and services	(11,817,663)	(11,563,244)
Payments for scholarships and fellowships	(5,927,584)	(7,762,383)
Payment for Federal loans issued to students	(1,540,246)	(983,253)
Receipts for Federal loans for students	1,519,232	911,711
Net cash used by operating activities	(32,165,248)	(31,845,049)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations (non-capital projects)	5,410,238	5,406,796
Receipts from ad valorem taxes	18,567,621	16,393,520
Receipts from non-operating federal and state revenue	12,502,540	14,907,776
Receipts from gifts and grants (other than capital)	16,000	8,200
Receipts from student organizations and other agency transactions	11,845	22,708
Net cash provided by non-capital financing activities	36,508,244	36,739,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on issuance of capital debt	7,409,053	-
Receipts from ad valorem taxes for debt service	6,617,210	6,312,559
Receipts from state appropriations for capital projects	3,855,480	-
Payments for capital assets acquisition and construction of capital assets	(9,172,068)	(17,505,714)
Payments on capital debt - principal	(7,126,076)	(7,769,862)
Payments on capital debt - interest	(4,345,455)	(3,557,229)
Net cash used by capital and related financing activities	(2,761,856)	(22,520,246)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	46,087	7,318
Net cash provided by investing activities	46,087	7,318
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,627,227	(17,618,977)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,191,250	45,810,227
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 29,818,477	\$ 28,191,250

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, 2023 and 2022 (continued)

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH		
USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (38,553,794)	\$ (36,351,542)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	4,498,617	3,550,557
Allowance for doubtful accounts	520,318	374,460
Non-cash state appropriations - on-behalf payments	1,604,174	1,563,062
Changes in assets and liabilities:		
Receivables (net)	(657,456)	(649,894)
Accounts payable	148,643	(1,008,465)
Unearned income	319,164	666,070
Deferred inflows related to leases	(44,914)	10,703
Net cash used by operating activities	\$ (32,165,248)	\$ (31,845,049)
 SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
 State on-behalf payments	\$ 1,604,174	\$ 1,563,062
 Gifts of depreciable and non-depreciable assets	\$ 10,500	\$ -

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

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

Notes to Financial Statements

1. REPORTING ENTITY

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

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

The Alamo Colleges District is considered to be a special purpose, primary government. While the Alamo Colleges District receives funding from local, state and federal sources and must comply with the spending, reporting and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity. The Alamo Colleges District issues 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

Reporting Guidelines

The significant accounting policies followed in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community Colleges* for fiscal year 2023. For financial reporting purposes Northeast Lakeview College is part of the District, which is considered a special purpose, primary government engaged in business-type activities. The primary purpose for the preparation of the separately issued financial statements of the College is to satisfy requirements for the College's accreditation body, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC).

Basis of Accounting

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

Budgetary Data

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

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

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of operating cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition.

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 and Notes Receivable

Accounts receivable are recorded at the invoiced amounts. Notes receivable represent short-term student loans. 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.

Leases Receivable

The College is a lessor for noncancelable leases of property. The College recognizes a lease receivable and a deferred inflow of resources in the Statements of Net Position.

At the commencement of a lease, the College initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, if any. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The College uses the Treasury rate with the maturity that most closely matches the length of the lease term, as of the date of the beginning of the lease term, obtained from the treasury.gov website, as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The College monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	5,000	5	-
Software	5,000	5	-
Library materials	All	15	-
Subscription-based information technology arrangements	100,000	Shorter of contract or useful life	-

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.

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

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Resources

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

Estimates

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

New Pronouncements

In 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 availability payment arrangements (APAs) and provide 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. The College evaluated the requirements of GASB 94 and determined there was no effect to the College's financial statements.

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 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. The College implemented Statement No. 96 in FY23 and retrospectively to FY22.

In June 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. The requirements of this provision are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The College evaluated the requirements of GASB 94 and determined there was no effect to the College's financial statements.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. The requirements of this provision are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The College implemented Statement No. 96 in FY23 and retrospectively to FY22.

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

Notes to Financial Statements

3. CASH AND CASH EQUIVALENTS

Total cash and cash equivalents at August 31, 2023 and 2022 were \$29,818,477 and \$28,191,250, 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.

4. LEASES RECEIVABLE

The College, as lessor, has entered into a lease agreement with New Cingular Wireless PCS, LLC to lease 2,500 square feet of rooftop space at Northeast Lakeview College for the installation of communications equipment. The lease term began August 28, 2013 for a five-year term. The lease is automatically renewed for four additional five-year terms unless lessee terminates by written notice, making it possible for this lease to extend through August 27, 2038. In exchange for the space the College will receive \$12,000 annually, subject to a 3% per annum increase on the anniversary of the commencement date. Accordingly, the College has recorded a lease receivable asset in the amount of \$307,897. In FY23 lease revenue and interest revenue for this lease was \$17,105 and \$3,349, respectively. In FY22 lease revenue and interest revenue for this lease was \$17,105 and \$3,493, respectively.

The College, as lessor, has entered into a lease agreement with East Pointe Holdings dba Heartland Food Group to lease 790 square feet of restaurant and café space at the College for the operation of food services. The lease term began August 9, 2021, with a termination date of August 31, 2023. There was an option to renew for four one-year periods. Accordingly, the College had recorded a lease receivable asset in the amount of \$34,761. On September 1, 2022 this lease was terminated, resulting in a loss of \$90.

	Interest Rate(s)	Receivable At Commencement	Lease Term In Years	Balance 8/31/2023	Balance 8/31/2022
<u>Business-type Activities</u>					
Cell phone tower space with AT&T	1.20%	\$ 307,897	18.0	\$ 272,430	\$ 284,743
Cafeteria and café space - Heartland Food Service	0.78%	34,761	5.0	-	27,899
Leases receivable				<u>\$ 272,430</u>	<u>\$ 312,642</u>

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

Notes to Financial Statements

5. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2023 was as follows:

	Balance 9/1/2022	Increases	Decreases	Balance 8/31/2023
<u>Not Depreciated:</u>				
Land	\$ 4,953,478	\$ -	\$ -	\$ 4,953,478
Works of art	125,000	-	-	125,000
Construction in progress	228,024	1,026,779	228,024	1,026,779
Subtotal	<u>5,306,502</u>	<u>1,026,779</u>	<u>228,024</u>	<u>6,105,257</u>
<u>Subject to Depreciation:</u>				
Buildings and building improvements	157,710,465	4,001,688	-	161,712,153
Other real estate improvements	16,530,898	-	-	16,530,898
Total buildings and other real estate improvements	<u>174,241,363</u>	<u>4,001,688</u>	<u>-</u>	<u>178,243,051</u>
Furniture, machinery and equipment	1,627,795	536,012	93,069	2,070,738
Library materials	995,063	-	24,377	970,686
Total buildings and other capital assets	<u>176,864,221</u>	<u>4,537,700</u>	<u>117,446</u>	<u>181,284,475</u>
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	35,618,216	3,618,008	-	39,236,224
Other real estate improvements	9,317,037	750,370	-	10,067,407
Total buildings and other real estate improvements	<u>44,935,253</u>	<u>4,368,378</u>	<u>-</u>	<u>49,303,631</u>
Furniture, machinery and equipment	698,324	84,720	90,696	692,348
Library materials	654,954	45,518	24,377	676,095
Total accumulated depreciation	<u>46,288,531</u>	<u>4,498,616</u>	<u>115,073</u>	<u>50,672,073</u>
Net capital assets	<u>\$ 135,882,192</u>	<u>\$ 1,065,863</u>	<u>\$ 230,397</u>	<u>\$ 136,717,658</u>

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

Notes to Financial Statements

5. CAPITAL ASSETS (continued)

Capital assets activity for the year ended August 31, 2022 was as follows:

	Balance 9/1/2021	Increases	Decreases	Balance 8/31/2022
<u>Not Depreciated:</u>				
Land	\$ 4,953,478	\$ -	\$ -	\$ 4,953,478
Works of art	-	125,000	-	125,000
Construction in progress	22,289,551	228,022	22,289,549	228,024
Subtotal	27,243,029	353,022	22,289,549	5,306,502
<u>Subject to Depreciation:</u>				
Buildings and building improvements	118,549,329	39,161,136	-	157,710,465
Other real estate improvements	16,530,898	-	-	16,530,898
Total buildings and other real estate improvements	135,080,227	39,161,136	-	174,241,363
Furniture, machinery and equipment	816,828	896,032	85,065	1,627,795
Library materials	995,063	-	-	995,063
Total buildings and other capital assets	136,892,118	40,057,168	85,065	176,864,221
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	32,881,333	2,736,883	-	35,618,216
Other real estate improvements	8,566,667	750,370	-	9,317,037
Total buildings and other real estate improvements	41,448,000	3,487,253	-	44,935,253
Furniture, machinery and equipment	765,603	17,786	85,065	698,324
Library materials	609,436	45,518	-	654,954
Total accumulated depreciation	42,823,039	3,550,557	85,065	46,288,531
Net capital assets	\$ 121,312,108	\$ 36,859,633	\$ 22,289,549	\$ 135,882,192

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

Notes to Financial Statements

6. 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, based on the Board-approved construction projects for the College. The District is the financial obligor for repayment of these obligations from College tuition and fee revenues, and allocated 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, 2023, noncurrent liabilities are \$109,541,518 with activity for the fiscal year as follows:

	Bonds and Tax Notes Payable (in thousands)				
	Balance			Balance	
	9/1/2022	Additions	Reductions	8/31/2023	Current Portion
Bonds and tax notes payable					
General obligation bonds	\$ 108,431	\$ -	\$ 4,170	\$ 104,261	\$ 4,367
Revenue bonds	1,980	-	621	1,359	651
Maintenance tax notes	5,711	7,409	2,335	10,785	1,845
Total	<u>\$ 116,122</u>	<u>\$ 7,409</u>	<u>\$ 7,126</u>	<u>\$ 116,405</u>	<u>\$ 6,863</u>

As of August 31, 2022, noncurrent liabilities are \$109,723,681 with activity for the fiscal year as follows:

	Bonds and Tax Notes Payable (in thousands)				
	Balance			Balance	
	9/1/2021	Additions	Reductions	8/31/2022	Current Portion
Bonds and tax notes payable					
General obligation bonds	\$ 112,135	\$ -	\$ 3,704	\$ 108,431	\$ 4,170
Revenue bonds	2,573	-	593	1,980	621
Maintenance tax notes	9,184	-	3,473	5,711	1,607
Total	<u>\$ 123,892</u>	<u>\$ -</u>	<u>\$ 7,770</u>	<u>\$ 116,122</u>	<u>\$ 6,398</u>

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

Notes to Financial Statements

7. 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, 2023 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
2024	\$ 4,367	\$ 4,406	\$ 651	\$ 48	\$ 1,845	\$ 468	\$ 6,863	\$ 4,922
2025	4,573	4,201	292	26	1,942	376	6,807	4,603
2026	4,792	3,984	197	15	2,040	281	7,029	4,280
2027	5,018	3,756	51	10	1,805	189	6,874	3,955
2028	5,255	3,518	53	7	998	123	6,306	3,648
2029-2033	32,641	13,596	115	5	2,155	101	34,911	13,702
2034-2038	30,230	5,822	-	-	-	-	30,230	5,822
2039-2043	10,443	1,678	-	-	-	-	10,443	1,678
2044-2048	6,942	332	-	-	-	-	6,942	332
TOTAL	\$ 104,261	\$ 41,293	\$ 1,359	\$ 111	\$ 10,785	\$ 1,538	\$ 116,405	\$ 42,942

Debt service requirements (in thousands) at August 31, 2022 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
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	5,018	3,756	51	10	856	21	5,925	3,787
2028-2032	30,778	14,995	168	12	-	-	30,946	15,007
2033-2037	35,469	7,395	-	-	-	-	35,469	7,395
2038-2042	10,115	2,007	-	-	-	-	10,115	2,007
2043-2047	9,149	549	-	-	-	-	9,149	549
TOTAL	\$ 108,431	\$ 45,895	\$ 1,980	\$ 189	\$ 5,711	\$ 637	\$ 116,122	\$ 46,721

8. 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.

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

Notes to Financial Statements

8. BOND AND TAX NOTES PAYABLE (continued)

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 at August 31, 2023 and 2022 were as follows:

Series	Instrument Type and Purpose	Amount Issued and Authorized	Current Interest Rates	District Balances	
				Balance August 31, 2023	Balance August 31, 2022
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%	65,630,000	65,630,000
2016	Refund the District's outstanding Limited Tax Bonds Series 2006 and 2006A. Dated May 15, 2016.	72,065,000	3.5% - 5.0%	45,280,000	47,735,000
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	4.0% - 5.0%	166,820,000	179,735,000
2021	Construct, renovate, acquire and equip new and existing facilities. Dated May 15, 2021.*****	195,980,000	2.375% - 5.0%	188,980,000	193,210,000
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		\$ -	\$ 4,030,000
2020	Renovate and repair existing District facilities. Dated January 28, 2020.***	48,475,000		-	3,770,000
2022	Renovate and repair existing District facilities. Dated August 1, 2022.*****	247,570,000	5.0%	223,250,000	-
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%	\$ 23,240,000	\$ 28,960,000
Total Bonds for which the College has an Allocation		\$ 1,264,690,000		\$ 728,960,000	\$ 538,830,000
Allocation Percentage				16%	22%
Balance Allocated to the College at August 31, 2023 and 2022				\$ 116,404,907	\$ 116,121,930
*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, 2022 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, 2022 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 FY2022.					
***** 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, 2022 balance above.					
***** Bond series Tax Notes 2022 with bond premiums netted \$270,000,000 in new funding for projects, with approximately \$7,400,000 allocated to NLC. This was reflected in the District August 31, 2023 balance above.					
Debt service requirements at August 31, 2023 and 2022 are based on the percentage allocation as discussed above, applied to the debt service of the District.					

NORTHEAST LAKEVIEW COLLEGE
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Notes to Financial Statements

9. 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 11 included in the District's fiscal year 2023 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 8.0% for fiscal years 2023 and 2022, and 7.7% for 2021 and a State contribution rate of 8.0% for fiscal year 2023, 7.75% for fiscal year 2022, and 7.5% for the fiscal year ended August 31, 2021. In certain instances, the District was required to make all or a portion of the State's contribution.

NORTHEAST LAKEVIEW COLLEGE
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Notes to Financial Statements

9. EMPLOYEES' RETIREMENT PLANS (continued)

Optional Retirement Plan (ORP) – Defined Contribution Plan

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

Funding Policy: Contribution requirements are not actuarially determined, but are established and amended by the Texas State Legislature. Since individual annuity contracts are purchased, the State has no additional or unfunded liability for this program. The combined percentage of salaries currently contributed by the College and State of Texas was 8.0% for fiscal year 2023, 7.75% for fiscal year 2022 and 7.5% for fiscal year 2021. Each participant contributed 6.65% for the fiscal years ended August 31, 2023, 2022 and 2021. 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 \$486,718, \$454,747, and \$473,738, for the fiscal years ended August 31, 2023, 2022 and 2021, 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 \$1,066,343, \$961,940, and \$929,091 for the fiscal years ended August 31, 2023, 2022 and 2021, respectively, and represents the total required contributions for each year.

The total payroll for all College employees was \$17,471,657, \$15,684,132 and \$14,747,165 for fiscal years 2023, 2022 and 2021, respectively. The total payroll of College employees covered by the TRS was \$12,893,733 \$11,925,509, and \$10,930,931, and the total payroll of College employees covered by ORP was \$1,913,082, \$1,906,528, and \$1,882,595 for fiscal years 2023, 2022 and 2021, respectively.

10. 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 \$176,613 was contributed by 23 College employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity (TSA) program and 12 participants contributed a total of \$135,534 to a Section 457 Deferred Compensation Plan (DCP) in the fiscal year ended August 31, 2023.

A total of \$176,884 was contributed by 24 College employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity (TSA) program and 12 participants contributed a total of \$97,028 to a Section 457 Deferred Compensation Plan (DCP) in the fiscal year ended August 31, 2022.

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.

11. RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Receivables at August 31, 2023 and 2022 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, 2023 and 2022 are primarily related to operating accounts payable and construction.

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

Notes to Financial Statements

12. 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 \$73,008 and \$61,163 at August 31, 2023 and 2022, respectively.

13. 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 \$450,000 per occurrence. Individual losses of over \$450,000 are covered by a specific excess insurance policy up to the maximum statutory benefit per occurrence. Additionally, for the years ended August 31, 2023 and August 31, 2022, approximately \$3,278,495 and \$3,074,944, respectively, 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.

14. 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 \$623 and \$1,220 per month for the year ended August 31, 2023 and between \$625 and \$1,222 per month for the year ended August 31, 2022. The cost of providing those benefits for all employees, paid by the State of Texas on behalf of the College, totaled \$1,180,114 and \$1,167,531 for the years ended August 31, 2023 and 2022, 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.

15. 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.

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

Notes to Financial Statements

15. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

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 19 included in the District's fiscal year 2023 financial statements.

16. 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, 2023 and 2022 was approximately \$308,256,000 and \$274,877,000, 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, 2023 and 2022 were 98.5% and 98.6%, respectively, of the current year's original unadjusted tax levy. Allowances for uncollectible taxes are estimated and recorded at the District level.

17. 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, 2023 and 2022.

18. 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.

19. COMMITMENTS AND CONTINGENCIES

As of August 31, 2023 and 2022, 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.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The District's management believes disallowances, if any, will not have a significant financial impact on the District's financial position.

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.

NORTHEAST LAKEVIEW COLLEGE
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Notes to Financial Statements

20. SUBSEQUENT EVENTS

The College's management has evaluated subsequent events through the date the financial statements were available to be issued and no changes were necessary to be made to the financial statements as a result of this evaluation.

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, 2023
With Memorandum Totals for the Year Ended August 31, 2022

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY23 Total	FY22 Total
OPERATING REVENUES:						
Tuition						
State-funded courses						
In-District resident tuition	\$ 6,549,400	\$ -	\$ 6,549,400	\$ -	\$ 6,549,400	\$ 5,770,060
Out-of-District resident tuition	7,119,627	-	7,119,627	-	7,119,627	5,494,657
Non-resident tuition	1,300,372	-	1,300,372	-	1,300,372	1,385,326
TPEG - credit set aside *	638,198	-	638,198	-	638,198	650,902
Total tuition	<u>15,607,597</u>	<u>-</u>	<u>15,607,597</u>	<u>-</u>	<u>15,607,597</u>	<u>13,300,945</u>
Fees						
Other	493,068	-	493,068	-	493,068	240,136
Total fees	<u>493,068</u>	<u>-</u>	<u>493,068</u>	<u>-</u>	<u>493,068</u>	<u>240,136</u>
Total tuition and fees	<u>16,100,665</u>	<u>-</u>	<u>16,100,665</u>	<u>-</u>	<u>16,100,665</u>	<u>13,541,081</u>
Scholarship allowances and discounts						
Institutional allowances and scholarships	(1,101,931)	-	(1,101,931)	-	(1,101,931)	(861,253)
Remissions and exemptions - state	(624,702)	-	(624,702)	-	(624,702)	(586,651)
Remissions and exemptions - local	(4,352,688)	-	(4,352,688)	-	(4,352,688)	(2,889,123)
Federal grants to students	-	(3,984,695)	(3,984,695)	-	(3,984,695)	(3,235,592)
TPEG awards	-	(291,500)	(291,500)	-	(291,500)	(289,749)
State grants to students	-	(245,489)	(245,489)	-	(245,489)	(195,747)
Total scholarship allowances and discounts	<u>(6,079,321)</u>	<u>(4,521,684)</u>	<u>(10,601,005)</u>	<u>-</u>	<u>(10,601,005)</u>	<u>(8,058,115)</u>
Total net tuition and fees	<u>10,021,344</u>	<u>(4,521,684)</u>	<u>5,499,660</u>	<u>-</u>	<u>5,499,660</u>	<u>5,482,966</u>
Other operating revenues						
Federal grants and contracts	-	225,646	225,646	-	225,646	40,234
State grants and contracts	-	195,866	195,866	-	195,866	-
Non-governmental grants and contracts	-	52,067	52,067	-	52,067	-
Other operating revenues	418,885	-	418,885	-	418,885	349,699
Total other operating revenues	<u>418,885</u>	<u>473,579</u>	<u>892,464</u>	<u>-</u>	<u>892,464</u>	<u>389,933</u>
Sales and services of auxiliary enterprises						
Bookstore commission	-	-	-	(13,221)	(13,221)	18,496
Vending machines and copiers	-	-	-	9,700	9,700	6,061
Auxiliary-restricted	-	-	-	241,186	241,186	221,224
Other	-	-	-	652	652	3,734
Total sales and services of auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,317</u>	<u>238,317</u>	<u>249,515</u>
Total operating revenues	<u>\$10,440,229</u>	<u>\$ (4,048,105)</u>	<u>\$ 6,392,124</u>	<u>\$ 238,317</u>	<u>\$ 6,630,441</u>	<u>\$ 6,122,414</u>
				(Exhibit 2)	(Exhibit 2)	

*In accordance with Education Code 56.033, \$638,198 and \$650,902 of tuition was set aside for the Texas Public Education Grant for the years ended August 31, 2023 and 2022.

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, 2023
With Memorandum Totals for the Year Ended August 31, 2022

	Salaries and Wages	Benefits		Other Expenses	FY23 Total	FY22 Total
		State	Local			
OPERATING EXPENSES:						
Unrestricted - educational activities						
Instruction	\$8,174,863	\$ -	\$1,662,427	\$2,754,315	\$ 12,591,605	\$ 9,721,139
Academic support	2,273,127	-	483,979	1,073,542	3,830,648	3,292,440
Student services	3,752,179	-	877,382	978,137	5,607,698	5,061,257
Institutional support	2,006,035	-	422,180	1,329,662	3,757,877	2,781,927
Operation and maintenance of plant	694,066	-	168,183	3,266,578	4,128,827	3,127,767
Scholarships and fellowships	-	-	-	239,406	239,406	144,024
Total unrestricted educational activities	16,900,270	-	3,614,151	9,641,640	30,156,061	24,128,554
Restricted - educational activities						
Instruction	811	736,893	163	618,610	1,356,477	720,094
Academic support	26,243	227,704	6,067	36,302	296,316	267,400
Student services	217,059	416,608	503	190,785	824,955	574,100
Institutional support	327,275	224,448	41,323	618,762	1,211,808	2,659,018
Operation and maintenance of plant	-	61,179	-	1,090,644	1,151,823	2,955,874
Scholarships and fellowships	-	-	-	5,688,178	5,688,178	7,618,359
Total restricted educational activities	571,388	1,666,832	48,056	8,243,281	10,529,557	14,794,845
Total educational activities	17,471,658	1,666,832	3,662,207	17,884,921	40,685,618	38,923,399
Depreciation expense - buildings	-	-	-	4,368,379	4,368,379	3,487,254
Depreciation expense - equipment	-	-	-	130,238	130,238	63,303
Total operating expenses	\$ 17,471,658	\$ 1,666,832	\$ 3,662,207	\$ 22,383,538	\$ 45,184,235	\$ 42,473,956
					(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, 2023
With Memorandum Totals for the Year Ended August 31, 2022

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>FY23 Total</u>	<u>FY22 Total</u>
NON-OPERATING REVENUES:					
State appropriations					
Education and general State support	\$ 5,347,580	\$ -	\$ 5,347,580	\$ 5,347,580	\$ 5,347,580
State group insurance	-	1,180,114	1,180,114	1,180,114	1,167,531
State retirement match	-	486,718	486,718	486,718	454,747
Ad valorem taxes					
Taxes for maintenance and operations	18,567,621	-	18,567,621	18,567,621	16,393,520
Taxes for maintenance notes	3,461,068	-	3,461,068	3,461,068	1,990,819
Taxes for general obligation bonds	-	3,156,142	3,156,142	3,156,142	4,321,740
Federal revenue, non-operating	-	10,867,324	10,867,324	10,867,324	13,949,797
State revenue, non-operating	-	563,255	563,255	563,255	437,259
Gifts	10,500	16,000	26,500	26,500	1,300
Investment income	3,349	42,738	46,087	46,087	7,318
Total non-operating revenues	<u>27,390,118</u>	<u>16,312,291</u>	<u>43,702,409</u>	<u>43,702,409</u>	<u>44,071,611</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	-	(2,567,440)	(2,567,440)	(2,567,440)	(3,254,077)
Interest on capital related debt-MTN	(1,778,015)	-	(1,778,015)	(1,778,015)	(303,152)
Loss on disposal of capital assets	(3,633)	(2,373)	(6,006)	(6,006)	-
Total non-operating expenses	<u>(1,781,648)</u>	<u>(2,569,813)</u>	<u>(4,351,461)</u>	<u>(4,351,461)</u>	<u>(3,557,229)</u>
Net non-operating revenues	<u>\$ 25,608,470</u>	<u>\$ 13,742,478</u>	<u>\$ 39,350,948</u>	<u>\$ 39,350,948</u> (Exhibit 2)	<u>\$ 40,514,382</u> (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, 2023
With Memorandum Totals for the Year Ended August 31, 2022

	Detail by Source				Available for Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:						
Unrestricted	\$ 4,390,238	\$ -	\$ -	\$ 4,390,238	\$ 4,390,238	\$ -
Restricted	-	4,452,933	-	4,452,933	-	4,452,933
Net investment in capital assets	-	-	36,299,566	36,299,566	-	36,299,566
Total net position, August 31, 2023	4,390,238	4,452,933	36,299,566	45,142,737	4,390,238	40,752,499
				(Exhibit 1)		
Total net position, August 31, 2022	4,863,037	837,165	34,789,901	40,490,103	4,863,037	35,627,066
				(Exhibit 1)		
Net (decrease) increase in net position	<u>\$ (472,799)</u>	<u>\$ 3,615,768</u>	<u>\$ 1,509,665</u>	<u>\$ 4,652,634</u>	<u>\$ (472,799)</u>	<u>\$ 5,125,433</u>
				(Exhibit 2)		



ALAMO COLLEGES DISTRICT
Northeast Lakeview College

Internal Control Over Financial Reporting



**INDEPENDENT AUDITORS' 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***

Board of Trustees
Northeast Lakeview College
San Antonio, Texas

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 the business-type activities of Northeast Lakeview College, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Northeast Lakeview College's basic financial statements, and have issued our report thereon dated February 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeast Lakeview College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Lakeview College's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Lakeview 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Lakeview 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 financial statements. 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*.

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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 20, 2024



ALAMO COLLEGES DISTRICT
Northeast Lakeview College



ALAMO COLLEGES DISTRICT
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