Northeast Lakeview College

San Antonio, Texas

Annual Financial Report

For the Years Ended August 31, 2018 and 2017

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

NORTHEAST LAKEVIEW COLLEGE

(A college of the Alamo Community College District)

San Antonio, Texas

Annual Financial Report

For the Years Ended
August 31, 2018 and 2017

Prepared by:

Finance and Fiscal Services Department

NORTHEAST LAKEVIEW COLLEGE

(a college of the Alamo Community College District)

ANNUAL FINANCIAL REPORT
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ALAMO COLLEGES DISTRICT
Northeast Lakeview College

Introductory Section

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

December 11, 2018

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), a college of the Alamo Community College District (Alamo Colleges District or District) for the fiscal years ended August 31, 2018 and 2017. 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 2018, the District's Board of Trustees affirmed the selection of the independent accounting firm of Grant Thornton 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 2018 and 2017 AFR for the College. This AFR is prepared primarily for submission to the Southern Association of Colleges and Schools Commission on College 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 Report of the Independent Certified Public Accountants 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. In addition to offering three degrees: Associate of Arts, Associate of Arts in Teaching and Associate of Science, the College also provides:

- University transfer programs,
- Corporate training programs,
- Developmental education, and
- Continuing education.

Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097; or call 404-679-4500 for questions about the accreditation of Northeast Lakeview College.

Students are taught by highly qualified faculty with Master's and Doctorate degrees 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.

Northeast Lakeview College is one of the youngest community colleges in the nation. It was established in January 2007 and is one of the five colleges of the Alamo Community College District. It serves students in northeast San Antonio and the surrounding municipalities to include Bexar, Comal and Guadalupe Counties. The College traces its beginnings back to 1996 as the Northeast Learning Center, an extension of St. Philip's College. Due to its growth, the Learning Center closed in 2001 and reopened as Northeast Campus in a larger location as a joint collaboration between St. Philip's College and San Antonio College. St. Philip's College discontinued offering classes at the College in 2009. With continued enrollment growth and as a result of the 2005 Bond election, a permanent $125 million campus (named Northeast Lakeview College) was constructed at the corner of 1604/Kitty Hawk and opened in fall 2008. Northeast Lakeview College now serves more than 5,500 students in its nine-building facility that sits on 257 acres.

The College, as a member of the Alamo Colleges District, manages its capital assets as well as administers and conducts its educational services under its own organizational structure. The District supports the College by managing debt and investments, acquiring capital assets, assessing and collecting property taxes and allocating State of Texas appropriations. The College's administration and staff direct their own budget, as approved by the Board of Trustees of the Alamo Colleges District, and make decisions regarding the funds provided to them or generated by them while conducting these 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 is the governing body of the District. The Trustees are elected locally to six-year terms by Bexar County voters. 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, a skilled work force and the College contributes convenient, affordable higher education. The College location, among growing suburban communities that share a common goal of economic development and quality of life for their citizens and businesses, enhances the College's potential for success. Northeast Lakeview College has been recognized by the City of Live Oak Economic Development Corporation as an asset to the community and has been recognized three times for contributing to continued economic growth in the area.

The College supports the local independent school districts and provides the home for the Judson Early College Academy, a unique partnership with 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 2018, as revenues from ad valorem taxes increased by 6.8% in 2018 as net assessed property values of the District increased from approximately $142.1 billion in 2017 to $151.8 billion in 2018, providing funding for facilities' repairs and maintenance. Since fiscal year 2008, revenues from ad valorem taxes have increased by 83% - over 6% per year on an annualized basis. The pattern of predictable and increasing property values and ad valorem tax collections relieves pressure to increase the tax rate for the District's constituents. There was no increase in the District's tax rate for fiscal year 2018.

State appropriations, which are critical to keeping student tuition rates low, remained flat in 2018 when ignoring the effects of the $4.0 million special item funding for the construction of a veteran's assistance center. State appropriations are distributed based on a cost-based formula for student contact hour reimbursement, core operations funding, and student success outcomes. For fiscal year 2018, the State only provided 24% of the costs, down from 75% in 2008/2009 and provided no funding for growth.

Tuition and fee rates remained flat in 2018 for in-district and out-of-state/international students, except for a rate reduction for out-of-district students of 13%. Tuition and fee waivers for high school program enrollments increased from 10,642 students in Fall 2015 to 13,020 in Fall 2017 – a 22% increase. High school programs create a college-going culture across the service area by providing access to students to earn college credits while in high school.

The District strives to avoid tuition increases and ad valorem tax rate increases in the midst of declining state appropriations and other revenue pressures. Since fiscal year 2013, the District has absorbed approximately $75.5 million in budget pressure resulting from declines in state appropriations and increased tuition waivers and exemptions, while simultaneously increasing student support services and faculty and staff compensation adjustments. Therefore, given the revenue positioning by the Alamo Colleges District and the State, strategic planning to manage costs and improve efficiencies remains paramount.

Strategic Planning

The College's Strategic Plan reflects the direction provided by the community and the leadership of the District. The inaugural Strategic Plan was developed as a three-year plan for fiscal years 2017-2019. The College's Strategic Plan 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 ensuring that the community's higher education needs are met. The College has its own mission, vision and goals. The goals include: 1) student success and learning; 2) valuing and empowering people; and 3) communications and community engagement. The College will: 1) enhance learning and student support by creating opportunities for innovative methods, processes and resources to enhance student success; 2) develop a culture of inclusion and create opportunities for employee development and recognition; and 3) increase community engagement and facilitate formal partnerships to support our industry and workforce community.

Major Initiatives

The Alamo Way is a theoretical framework for improvement adopted by the Board of Trustees and used throughout the Alamo Colleges District. This policy describes three dynamic models that drive increased employee and student performance as well as greater organizational efficiency, effectiveness and leadership. These models are fully integrated into the culture of the District, its students and employees. The Board holds that the Baldrige Criteria for Performance Excellence, the principles of Achieving the Dream and the Principle-Centered Leadership concepts from the Seven Habits of Highly Effective People (AlamoLEADS) provide the foundation for *The Alamo Way* (Always Inspire, Always Improve). By integrating leadership competencies and experiences into the core curriculum and in organizational learning opportunities for employees, the District empowers all students and employees to explore and realize their learning, professional and civic potential. The result is the organization achieving its full potential and our diverse communities achieving theirs.

The College continues to focus on achieving greater student success and has adopted the following initiatives. *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. *NLC's Pathways Project* partners with local ISDs to bring the college experience to students (pre-K through grade 12) and jumpstart their college experience. Once enrolled, NLC uses the AlamoINSTITUTES to help students identify their career path early in their college journey, streamlining course work and guiding students to completion or to employment quicker.

Committed to student success, in 2018, Northeast Lakeview College exceeded its goal in number of graduates, demonstrating a 116% increase in completion rates from 2017. In May 2018, Northeast Lakeview College received official approval from the Department of Veterans Affairs to accept Veteran Benefits from students attending NLC. The college received its Facility Code in May after a site visit in February. Receiving the Facility Code allows Northeast Lakeview College to now certify students to use their Chapter 30 Montgomery GI Bill®, Chapter 33 Post 9-11 GI Bill®, Chapter 35 Survivor benefits, and Chapter 31 Vocational Rehabilitation benefits. Additionally, NLC can now sign the Department of Defense Memorandum of Understanding (MOU) to receive active duty assistance.

Northeast Lakeview College remains a good steward of taxpayer dollars and ranked first among the Alamo Colleges for inventory management, and continues to expand the utilization of college resources by enhancing partnerships with universities. Most recently, NLC added the Texas A&M – Chevron Engineering Academy at Alamo Colleges District – Northeast Lakeview College. Offered in partnership with Texas A&M University's College of Engineering, this unique program offers students an opportunity to pursue an engineering degree while co-enrolled at Texas A&M and the Alamo Colleges District. Beginning Fall 2018, students will take engineering courses taught by Texas A&M faculty at Northeast Lakeview College before transitioning to the Texas A&M campus in College Station.

Since obtaining accreditation status, Northeast Lakeview College received approval to begin expanding its educational offerings and is now completing the process to offer its first two Associate of Applied Science (A.A.S.) degrees (A.A.S. - Information Assurance and A.A.S. -Cybersecurity and Network Administrator).

Awards and Acknowledgements

Northeast Lakeview College was recognized as one of the 10 Most Admired Colleges and Universities to Watch in 2018. Institutions are recognized for student engagement, faculty-student ratio, teaching quality, educational and curricular facilities, events and cultural programs, career opportunities, ethical knowledge, and a wide variety of other factors

Additionally, Northeast Lakeview College completed the requirements for recognition at the Engagement Level by the Quality Texas Foundation (QTF). The Engagement Level is for those organizations that have made a commitment to use performance improvement principles, but are new institutions or are new in their performance excellence journey. The Quality Texas Foundation assists organizations with continuous improvement efforts by utilizing the Baldrige Framework and since 1993, QTF has administered the Texas Award for Performance Excellence (TAPE) as an independent non-profit corporation.

Winning TAPE symbolizes that the organization is one of the best in the state of Texas based upon a very rigorous and robust process. QTF has also had many organizations also win the Malcolm Baldrige National Quality Award and lead all the other states in this area. The next step for Northeast Lakeview College is to submit for recognition at the Progress Level.

Dedicated to student success and creating the next generation of leaders, The Northeast Lakeview College chapter of The National Society of Leadership and Success (NSLS) received the prestigious Order of Sigma award, the highest honor of NSLS's Pillar Program, reserved for those chapters who successfully complete all 15 pillars in the administration of their chapters. Based on the 15 best practices of a healthy chapter, the National Office developed the program to help set each chapter up for long-term success and sustainability.

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 District staff.

Diane E. Snyder Digitally signed by Diane E. Snyder
DN: cn=Diane E. Snyder, o=Alamo Colleges, ou=VCFA, email=dsnyder12@alamo.edu, c=US
Date: 2018.12.12 17:09:12 -06'00'

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

Pamela K. Ansboury Digitally signed by Pamela K. Ansboury
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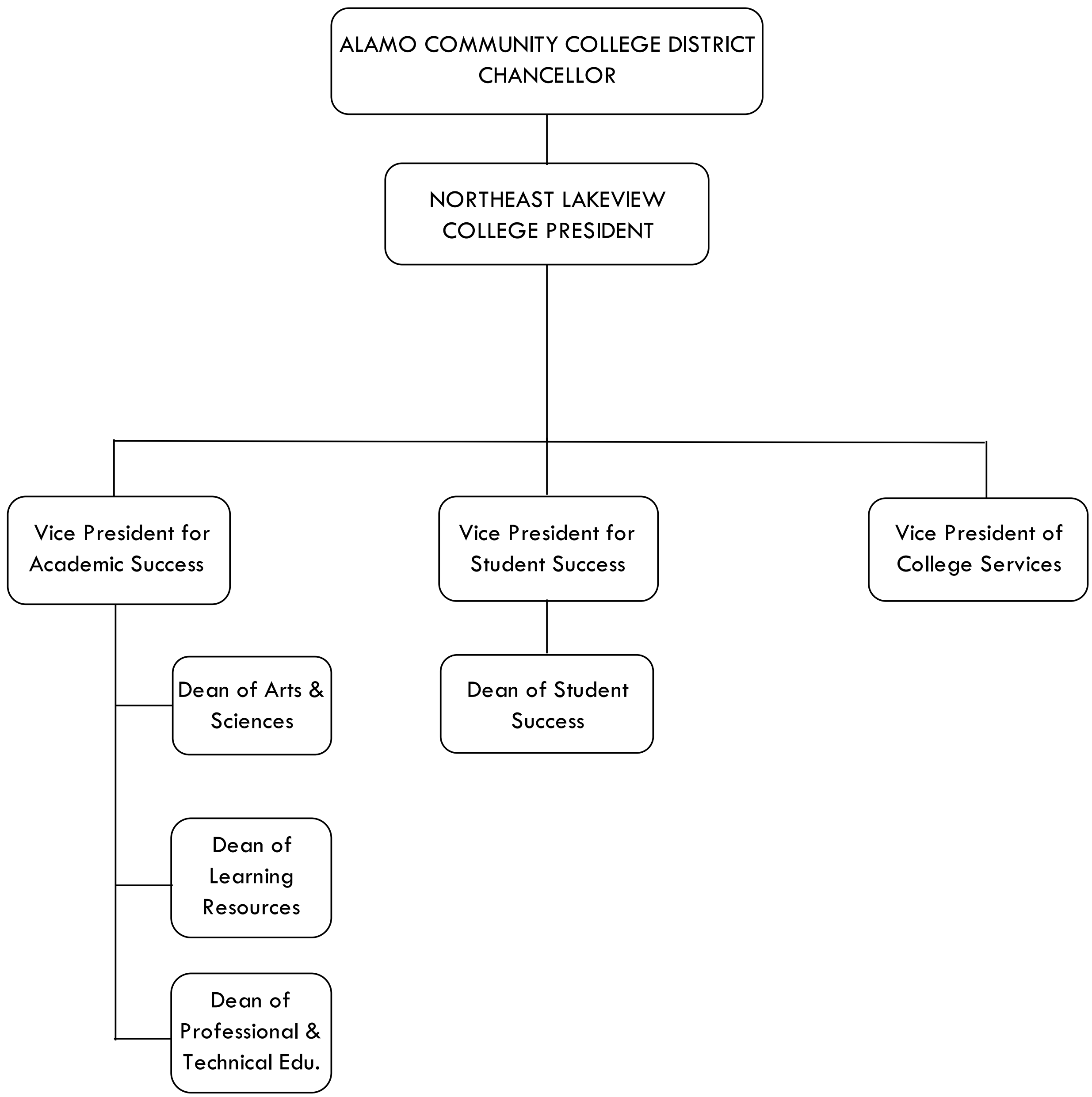
Date: 2018.12.12 17:12:39 -06'00'

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

NORTHEAST LAKEVIEW COLLEGE

(a college of the Alamo Community College District)

ORGANIZATIONAL CHART



NORTHEAST LAKEVIEW COLLEGE

(a college of the Alamo Community College District)

ALAMO COMMUNITY COLLEGE DISTRICT - ORGANIZATIONAL DATA

August 31, 2018

ELECTED OFFICIALS

Member	Position	City, State	Term Expires
Marcelo Casillas	Chairperson	San Antonio, Texas	2020
Joe Alderete, Jr.	Vice-Chairperson	San Antonio, Texas	2022
Anna Uriegas Bustamante	Secretary	San Antonio, Texas	2022
Joe Jesse Sanchez	Assistant Secretary	San Antonio, Texas	2020
Dr. Gene Sprague	Member of the Board	Helotes, Texas	2024
Denver McClendon	Member of the Board	San Antonio, Texas	2022
Clint Kingsbery	Member of the Board	San Antonio, Texas	2020
Dr. Yvonne Katz	Member of the Board	San Antonio, Texas	2024
Roberto Zarate	Member of the Board	San Antonio, Texas	2024
Monica Scraper	Student Trustee	San Antonio, Texas	*

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

ADMINISTRATIVE OFFICIALS

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

NORTHEAST LAKEVIEW COLLEGE

(a college of the Alamo Community College District)

MISSION

Northeast Lakeview College is a public community college within the system of the Alamo Colleges District, established in partnership with its communities, that is focused on student success through the offering of Associate degrees and continuing education, promoting engagement in civic activities and organizations, and encouraging participation in cultural and enrichment programs.

VISION

The first choice for higher education in the communities we serve.

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

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Management and Board of Trustees
Alamo Community College District

Report on the financial statements

We have audited the accompanying financial statements of Northeast Lakeview College (the "College"), a college of the Alamo Community College District, as of and for the years ended August 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the College's financial statements as listed in the table of contents.

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only Northeast Lakeview College and do not purport to, and do not, present fairly the financial position of the Alamo Community College District as of August 31, 2018 and 2017, and the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 27 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The Schedule of Operating Revenues for the year ended August 31, 2018, the Schedule of Operating Expenses by Object for the year ended August 31, 2018, the Schedule of Non-Operating Revenues and Expenses for the year ended August 31, 2018, the Schedule of Net Position by Source and Availability for the year ended August 31, 2018, as required by the Texas Higher Education Coordinating Board ("THECB")"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The Introductory Section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 11, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the College's internal control over financial reporting and compliance.

Grant Thornton LLP

Dallas, Texas
December 11, 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Alamo Community College District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northeast Lakeview College (the "College"), a college of the Alamo Community College District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 11, 2018.

Internal control over financial reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College'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 the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

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

Intended purpose

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 College'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 College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Dallas, Texas
December 11, 2018

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 (the College), a college of the Alamo Community College District (Alamo Colleges District or the District), for the fiscal years ended August 31, 2018 and 2017. This discussion is prepared by management and should be read in conjunction with the accompanying financial statements and notes.

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

The financial report includes three basic financial statements: the Statements of Net Position provide a summary of assets, liabilities and net position as of August 31, 2018 and 2017; the Statements of Revenues, Expenses and Changes in Net Position provide a summary of operations for the fiscal years; and the Statements of Cash Flows provide categorized information about cash inflows and outflows. Highlighted information from each basic financial statement is presented below.

- Total assets decreased approximately $1,579,000 and total liabilities decreased approximately $2,829,000.
- Total net position at August 31, 2018 was approximately $21,618,000, reflecting an increase of approximately $1,250,000 from fiscal year 2017.
- The College's operating loss was approximately $21,864,000.

Statements of Net Position

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

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

A Condensed Schedule of Net Position is presented on the following page. Total assets decreased 1.3% or $1,579,000 during fiscal year 2018 and 2.0% or $2,391,000 during fiscal year 2017. The decreases in 2018 and 2017 are primarily related to decreases in net capital assets of approximately $3.2 million and $3.5 million, respectively, related to depreciation taken on existing capital assets.

Total liabilities decreased 2.9% or $2,829,000 in 2018 and by 3.0% or $3,012,000 during fiscal year 2017. Current liabilities increased by approximately $1,207,000 in 2018 due to a $193,000 increase to the current portion of long-term liabilities; a $762,000 increase to unearned income related to Fall 2019 tuition revenues collected; as well as increases of $236,000 to accounts payable and $16,000 in funds held for others. Current liabilities increased by approximately $832,000 in 2017 due to a $131,000 increase to the current portion of long-term liabilities and a $478,000 increase to unearned income related to Fall 2018 tuition revenues collected, as well as a $221,000 increase to accounts payable. Noncurrent liabilities decreased $4,036,000 and $3,844,000 in fiscal years 2018 and 2017, respectively, due to scheduled debt service payments as illustrated in Note 5.

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

Management's Discussion and Analysis
(Unaudited)

The College's net position at August 31, 2018 was $21,618,000 compared to $20,368,000 at August 31, 2017. This amounted to an increase of approximately $1,250,000 or 6.1%. The fiscal year 2018 increase to net position resulted from a $2.2 million increase to the net investment in capital assets component of net position partially offset by decreases of $930,000 and $9,000 to the student aid and instructional program components of net position. The fiscal year 2017 increase of $621,000 was the result of a $318,000 increase to the net investment in capital assets category; a $115,000 increase in TPEG set-aside balances within the expendable student aid component of net position; and a $184,000 increase to unrestricted net position resulting from unused funds rolled over for equipment replacements and renovations.

Condensed Schedule of Net Position
(in thousands)

	Fiscal Year			Change	
Assets	**2018**	**2017**	**2016**	**2017 to 2018**	**2016 to 2017**
Cash and cash equivalents	$ 7,601	$ 5,867	$ 4,768	$ 1,734	$ 1,099
Accounts receivable, net and other assets	349	474	494	(125)	(20)
Capital assets	140,916	140,592	140,550	324	42
Accumulated depreciation	(32,328)	(28,816)	(25,305)	(3,512)	(3,511)
Total assets	116,538	118,117	120,508	(1,579)	(2,391)
Liabilities					
Current liabilities	7,587	6,380	5,548	1,207	832
Noncurrent liabilities	87,333	91,369	95,213	(4,036)	(3,844)
Total liabilities	94,920	97,749	100,761	(2,829)	(3,012)
Net Position					
Net investment in capital assets	18,752	16,565	16,247	2,188	318
Restricted, expendable for					
Student aid	347	1,277	1,163	(930)	114
Instructional programs	3	12	8	(9)	4
Unrestricted	2,515	2,514	2,330	1	184
Total net position	$ 21,618	$ 20,368	$ 19,747	$ 1,250	$ 621

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

Statements of Revenues, Expenses and Changes in Net Position

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

Total revenues and total expenses should be considered in assessing the change in the financial position of the College. When total revenues exceed total expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. Further detail is presented in the Statements of Revenues, Expenses and Changes in Net Position and notes to the financial statements.

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

Management's Discussion and Analysis
(Unaudited)

A summarized comparison of the College's revenues, expenses and changes in net position for the years ended August 31, 2018, 2017 and 2016 is presented below in table form.

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

	Fiscal Year			Change	
	2018	**2017**	**2016**	**2017 to 2018**	**2016 to 2017**
Operating revenues	$ 7,688	$ 9,308	$ 8,417	$ (1,620)	$ 891
Operating expenses	29,552	24,913	24,009	4,639	904
Operating loss	(21,864)	(15,605)	(15,592)	(6,259)	(13)
Non-operating revenues (expenses):					
State appropriations	6,002	6,381	6,190	(379)	191
Ad valorem taxes	16,336	14,449	14,618	1,887	(169)
Federal and State grants, non-operating	4,256	-	-	4,256	-
Interest on capital-related debt	(3,484)	(4,621)	(4,799)	1,137	178
Other net non-operating revenues	4	17	20	(13)	(3)
Total non-operating revenues, net	23,114	16,226	16,029	6,888	197
Increase in net position	1,250	621	437	629	184
Net position - beginning of year	20,368	19,747	19,310	621	437
Net position - end of year	$ 21,618	$ 20,368	$ 19,747	$ 1,250	$ 621

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

Operating Revenues
(in thousands)

	2018		2017		2016		Change	
	Amount	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**2017 to 2018**	**2016 to 2017**
Net tuition and fees	$ 7,192	93.5%	$ 8,821	94.8%	$ 7,953	94.5%	$ (1,628)	$ 868
Grants and contracts	74	1.0%	113	1.2%	82	1.0%	(39)	31
Auxiliary enterprises	345	4.5%	289	3.1%	303	3.6%	56	(14)
Other operating revenues	76	1.0%	85	0.9%	78	0.9%	(9)	7
Total operating revenues	$ 7,688	100.0%	$ 9,308	100.0%	$ 8,417	100.0%	$ (1,620)	$ 891

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

As shown in the operating table above, total operating revenues decreased $1,620,000 and increased $891,000 for the years ended August 31, 2018 and 2017, respectively. The decrease in fiscal year 2018 is attributable to a $1,628,000 decrease in net tuition and fees related to increased tuition scholarships and discounts awarded because the College achieved accreditation status and is now eligible to disburse federal financial aid on its own; a combined $48,000 decrease to operating grants and contracts and other operating revenues related to the winding down of spending on a multi-year National Science Foundation grant supporting excellence in STEM education; partially offset by an increase of $56,000 in auxiliary enterprise revenue collections. The increase in fiscal year 2017 is related to an $868,000 increase to net tuition and fees resulting from a slight uptick in enrollment at the College along with gross tuition and fee revenues increasing at a slightly faster rate than tuition scholarships and discounts (waivers), along with a $31,000 increase in operating grants and contracts, primarily due to an increase in grant funds received from the National Science Foundation.

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 is presented net of waivers. In December 2017, Northeast Lakeview College earned accreditation from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). As such, the College was able to accept federal financial aid from its students for a full academic year for the first time and certain operating scholarship allowances and discounts are now recorded at the College level. Prior to Fall 2017, students who qualified and needed federal financial aid to attend, registered at San Antonio College (SAC), another member college of the District. The federal financial aid was then attributed to SAC, however, the student's tuition was recorded at the college of attendance, Northeast Lakeview College. All tuition and fees for credit hours earned at the College were recorded as revenue of the College but the discounts represented by financial aid earned through association with San Antonio College, (primarily Title IV federal PELL and federal SEOG) were recorded at the awarding college.

Net tuition and fees decreased by $1,628,000 in fiscal year 2018 and increased by $868,000 in fiscal year 2017. The 2018 decrease is primarily related to a 184.9% or $2,174,000 increase in tuition discounts since federal and state grants (discounts) are now recorded at Northeast Lakeview due to achieving accreditation status as discussed previously. Gross tuition collections increased by approximately $555,000 or 5.6% in fiscal year 2018. The 2017 increase is primarily related to a $1.0 million increase in gross tuition revenues due to a slight increase in total enrollment while tuition discounts increased by a smaller percentage.

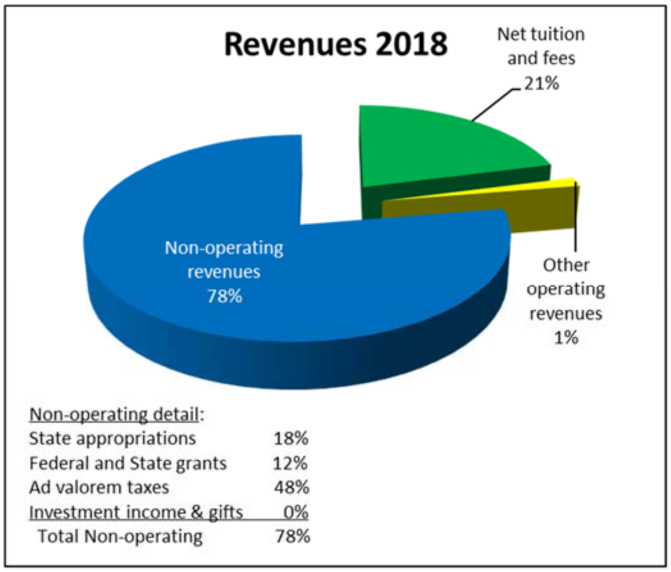
Net Tuition and Fees
(in thousands)

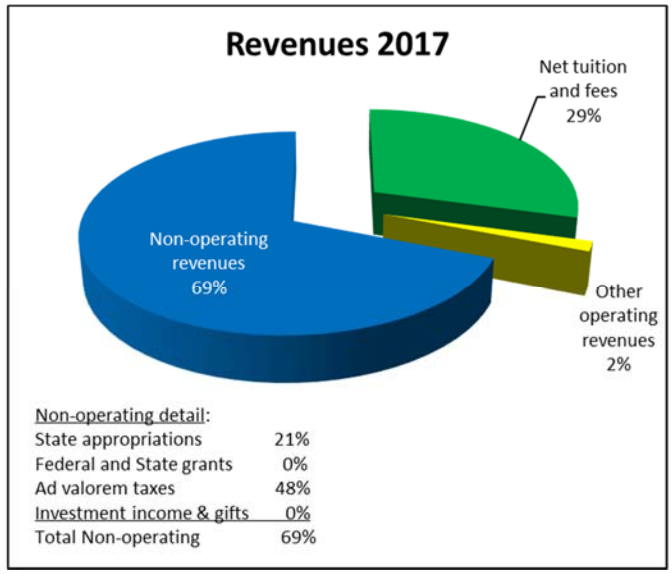
	2018		2017		2016	
	Amount	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Tuition	$ 10,381	144.3%	$ 9,826	111.4%	$ 8,810	110.8%
CE and contract training	-	0.0%	-	0.0%	5	0.1%
Fees	162	2.3%	171	1.9%	205	2.6%
Discounts	(3,350)	-46.6%	(1,176)	-13.3%	(1,067)	-13.4%
Total net tuition and fees	$ 7,192	100.0%	$ 8,821	100.0%	$ 7,953	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 2018 and 2017, comparing operating and non-operating revenues. The non-operating revenues comprise the largest portion of total revenues at 78% for fiscal year 2018 and 69% for fiscal year 2017. The significant increase to non-operating revenues in 2018 is due to the College accepting federal financial aid as a result of achieving accreditation status, as discussed previously. The primary components of non-operating revenues remain as state appropriations and ad valorem taxes.

Revenue Components – Operating and Non-operating





Operating expenses are presented below in both a natural and functional classification. Following is a three-year comparison of operating expenses by natural classification. Salaries and benefits increased $697,000 or 5.6% from fiscal year 2017 to 2018 and increased $987,000 or 6.4% from fiscal year 2016 to 2017. The $697,000 increase in 2018 is due to budgeted salary increases that averaged 4.15%, 3.0% and 3.0% for full-time faculty, staff and administrators, respectively, along with corresponding increases to benefit costs. The $987,000 increase to salaries and benefits in fiscal year 2017 is directly related to budgeted compensation adjustments which included average salary increases of 7.1%, 4.9% and 4.8% for faculty, staff and administration, respectively, along with a corresponding increase to benefits related to the compensation increases in addition to rising health insurance costs. As a key strategic priority, the College has invested in its faculty, staff and administrators by aligning faculty pay with salaries for the top three peer community colleges in Texas and by conducting market studies to determine compensation adjustments for staff and administrative positions.

Operating Expenses in Natural Classification
(in thousands)

	Fiscal Year			Change	
	2018	2017	2016	2017 to 2018	2016 to 2017
Salaries	$ 13,098	$ 12,539	$ 11,913	$ 559	$ 626
Benefits	4,105	3,967	3,606	138	361
Scholarships and fellowships	2,448	-	-	2,448	-
Supplies and services	6,371	4,862	4,949	1,509	(87)
Depreciation	3,529	3,545	3,542	(16)	3
Total operating expenses	$ 29,552	$ 24,913	$ 24,009	$ 4,640	$ 904

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

The largest increase to operating expenses in fiscal year 2018 was to scholarships and fellowships, with an increase of $2,448,000 from fiscal year 2017. The increase is due to Northeast Lakeview earning accreditation status in December 2017, which allowed the College to begin accepting federal financial aid for its students for the first time. Expenses for supplies and services increased by $1,509,000 in 2018 and decreased by $87,000 in 2017. The increase in 2018 was primarily attributable to a $0.6 million increase in instructional supplies and services along with increased costs for the operation of maintenance and plant of approximately $0.8 million related to items such as structural maintenance, pavement and grounds, mechanical/electrical/plumbing costs and contracted services as the College reaches its 11th year of existence. Depreciation expense remained virtually flat in 2018 and 2017, reflecting minimal additions or disposals to capital assets during the year, resulting in a consistent and comparable amount for depreciation expense.

Operating Expenses in Functional Classification
(in thousands)

	Fiscal Year			Change	
	2018	2017	2016	2017 to 2018	2016 to 2017
Instruction	$ 9,985	$ 9,194	$ 9,119	$ 791	$ 75
Academic support	3,183	3,291	2,866	(108)	425
Student services	3,656	3,173	2,677	483	496
Institutional support	2,762	2,510	2,585	252	(75)
Operation and maintenance of plant	3,966	3,191	3,216	775	(25)
Depreciation	3,529	3,545	3,542	(16)	3
Scholarships and fellowships	2,448	-	-	2,448	-
Total educational and general	29,529	24,905	24,005	4,626	900
Auxiliary enterprises	23	8	3	15	5
Total operating expenses	$ 29,552	$ 24,913	$ 24,008	$ 4,640	$ 904

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 program, such as faculty salaries and benefits. In fiscal year 2018, instruction expenses increased by $791,000 due to a $574,000 increase for instructional supplies and services coupled with increases to instructional salaries and benefits of approximately $217,000 resulting from compensation adjustments discussed previously. In fiscal year 2017, instruction expenses remained flat, with an increase of approximately $75,000.

- Academic support includes expenses related to providing support services for the College's primary mission of instruction, including libraries, computing support, audio visual services, curriculum development and academic program administration. Academic support costs were relatively flat in 2018, with a decrease of approximately $108,000 related to vacant academic support positions that saved the College approximately $52,000 in salaries and benefits, along with decreased costs of approximately $56,000 for supplies and services related to academic support. In 2017, academic support expenses increased by $425,000 or 14.8%. This increase was primarily due to approximately $111,000 of increased costs for staffing for a Dean of Continuing Education and Workforce Development; approximately $94,000 and $61,000 for community programs and the Learning Resource Center, respectively; along with salary and benefit increases resulting from compensation adjustments discussed previously and increase to other various academic support categories.

- Student services includes expenses of various departments serving students such as student newspapers, intramural athletics, student organizations, counseling and career guidance, student aid administration, student health services, counseling and student success centers. This category increased $483,000 and $496,000 in 2018 and 2017, respectively. Of the $483,000 increase in 2018, approximately $300,000 was attributable to increased salaries and benefits for student services personnel. Since the College was accredited in December 2017, federal aid and work-study employees are now provided at the College amounting to increased costs of approximately $162,000. The College also added 5 full time equivalent employees to support AlamoInstitutes, Alamo Colleges Online (ACOL), AlamoNavigate, and AlamoSync (student E-Portfolio) initiatives. The remaining $183,000 increase was related to additional costs for supplies and services within student services departments across the College. The increase in fiscal year 2017 includes average compensation and related benefit increases for student services staff and administration of 4.9% and 4.8% respectively; approximately $185,000 in additional investments to maintain an advisor-to-student ratio of 350:1; and other expenses for student financial services, assessments and testing, recruiting and retention, and for the early-college high school program.

- 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. Expenses in the institutional support category increased by $252,000 in fiscal year 2018 and decreased by $75,000 in fiscal year 2017. The $252,000 increase in 2018 is attributable to increased salaries and benefits for institutional support employees of approximately $259,000; slightly offset by a $7,000 decrease to institutional support supplies and services. In fiscal year 2017, the $75,000 decrease to institutional support was primarily due to position vacancies in the college services department and reductions in costs for travel and computer chargebacks, partially offset by increases for institutional support staff and administration of 4.9% and 4.8%, respectively.

- Operation and maintenance of plant includes expenses for custodial, grounds, and building maintenance, as well as utilities. In fiscal year 2018, expenses for operation and maintenance of plant increased by $775,000 or 24.3%. This increase was primarily due to increased costs for structural maintenance, pavement and grounds, mechanical/electrical/plumbing costs, and contracted services as the College continues to age, reaching its 11th year in existence. This category remained flat in fiscal year 2017, with a decrease of approximately $25,000 or 0.7%.

- As discussed previously, Northeast Lakeview earned accreditation status in December 2017, which allowed the College to begin accepting federal financial aid for its students and to award scholarships and fellowships. As such, the College recorded approximately $2,448,000 in scholarships and fellowships in fiscal year 2018 compared to $0 in fiscal year 2017.

- Auxiliary expenses increased by approximately $15,000 or 188% between fiscal years 2017 and 2018 and increased by approximately $5,000 in 2017. The increase in 2018 resulted from an increase to auxiliary salaries and wages of approximately $10,000 to provide additional staffing for the NLC Wellness Center. The increase in 2017 was primarily due to purchases for wellness center equipment and various repair and maintenance expenses.

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

Statements of Cash Flows

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

The Statements summarize cash inflows and outflows by operating activities, non-capital financing activities, capital financing activities and investing activities. The Statements of Cash Flows indicated increases in cash of approximately $1,734,000 and $1,100,000 for the years ended August 31, 2018 and 2017, respectively. The primary uses of cash in operations are for payment of salaries and benefits followed by payments to suppliers for goods and services. Sources of cash from non-capital financing activities are primarily from ad valorem taxes and state appropriations. Financing activities include use of cash for payment 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 $140,916,000 and $140,592,000 in capital assets at August 31, 2018 and 2017, respectively, and accumulated depreciation of $32,328,000 and $28,816,000 for the same periods, respectively. Depreciation expense totaled approximately $3,529,000 in fiscal year 2018 and $3,545,000 in fiscal year 2017. (See Note 4, Capital Assets, included in the financial statements.) A summary of net capital assets is presented below:

Net Capital Assets at Fiscal Year End
(in thousands)

	Fiscal Year			Change	
	2018	2017	2016	2017 to 2018	2016 to 2017
Land	$ 5,259	$ 5,259	$ 5,259	$ -	$ -
Buildings and other real estate improvements	102,627	106,050	109,473	(3,423)	(3,423)
Construction in progress	263	-	-	263	-
Furniture, machinery and equipment	70	98	145	(28)	(47)
Library materials	370	369	368	-	1
Total net capital assets	$ 108,588	$ 111,777	$ 115,246	$ (3,189)	$ (3,469)

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

One method of evaluating the continued life of capital assets is to compare the accumulated depreciation to the original cost of the assets as a percentage. The following table lists assets subject to depreciation and the percentage depreciated to August 31, 2018 and 2017. The accumulated depreciation rate for buildings and other real estate improvements is low, as is expected of a campus comprised of relatively new buildings.

Depreciable Capital Assets and Accumulated Depreciation Percentages
(in thousands)

	Fiscal Year 2018			Fiscal Year 2017		
	Capitalized	Accumulated Depreciation	% Depreciated	Capitalized	Accumulated Depreciation	% Depreciated
Buildings and other real estate improvements	$ 133,805	$ 31,178	23.3%	$ 133,805	$ 27,754	20.7%
Furniture, machinery and equipment	778	708	91.0%	782	685	87.6%
Library materials	811	442	54.5%	746	377	50.5%

The College recorded additions to construction in progress, furniture machinery and equipment, and library materials of approximately $263,000, $13,000 and $65,000, respectively, for the year ended August 31, 2018. In 2017, the College recorded approximately $70,000 in additions to library materials.

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

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

Schedule of Major Capital Assets

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

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

Debt

The College assumes its portion of bonds and tax notes issued by the District based upon the original budget for the bond or tax note developed by the College before issuance. The current allocation rate for the College is approximately 37% of the outstanding balance or $91.4 million at August 31, 2018 and $95.2 million at August 31, 2017. The District had $579.3 million and $491.7 million in outstanding bond and maintenance tax note debt at August 31, 2018 and 2017, respectively, before premiums and discounts. This amounts to an increase of $87.6 million in fiscal year 2018 and an increase of $9.5 million in fiscal year 2017. See also Note 6 and Note 7 to the College's financial statements for additional information.

The $87.6 million increase in bonds and tax notes payable at the District level in 2018 resulted from the issuance of $258.9 million of Series 2017 Limited Tax and Refunding Bonds partially offset by refundings of $25.8 million and $123.2 million of Limited Tax Series 2007A and Limited Tax Series 2007 bonds, respectively; and scheduled debt service payments totaling approximately $22.3 million.

The $9.5 million increase in bonds and tax notes payable at the District level in 2017 is due the issuance of approximately $50.6 million of revenue bonds for the construction of a new District Support Operations headquarters, partially offset by scheduled debt payments of $33.6 million, and a $7.4 million cash defeasance of the then-outstanding Series 2007 Maintenance Tax Notes.

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

The District has received bond ratings for its general obligation bonds of Aaa and AAA from Moody's Investors Service and Standard & Poor's, respectively. These are the highest ratings available from these rating agencies and the Alamo Colleges District is one of only four community college districts in Texas and one of only 15 community colleges in the United States to receive the highest rating from both agencies. More detailed information about the District's noncurrent liabilities is presented in Notes 5, 6, and 7 to the basic financial statements.

Factors Having Probable Future Financial Significance

The economic condition of the College and the District is influenced by the economic position of the State of Texas, the County of Bexar and surrounding counties and the City of San Antonio. San Antonio is the seventh largest city in the United States and the second largest city in Texas. The Bureau of Labor and Statistics reported that the August 2018 unemployment rate for San Antonio, the State of Texas and the United States was 3.3%, 3.9% and 3.9%, respectively, with San Antonio's unemployment rate being less than that of the state and national rates. The Texas economy continues to fare better than that of many other states, with the San Antonio economy being one of the strongest in the state.

The San Antonio metropolitan area is considered one of the most attractive locations in the nation for business growth due to affordable land, abundant power, and an education system that continues to evolve and improve. According to a July 2018 article in *Forbes* magazine, San Antonio was the nation's fastest growing city between 2016 and 2017, with an average of 66 people per day moving to the city during this time period, for a total of over 24,000 new residents. *Forbes* magazine also ranked San Antonio #39 out of 200 major metro areas in its annual list of the *Best Places For Business and Careers,* and ranked San Antonio #28 in job growth and #52 for the cost of doing business.

The level of state appropriations Texas community colleges historically received enabled the low tuition rates community colleges provided. The State has continued to decrease appropriations and employee benefit coverage and has drastically changed the revenue mix.

Tuition revenue from students and tax revenue from local property owners now comprise over 75% of the primary revenue streams used for operations, as state allocations are now only sufficient to cover 24% of the THECB formula funding. In the past, the State paid a significant portion of health benefits and all of the retirement contribution matches and provided an allocation adequate to cover instructional costs and growth. The Texas Legislature now has taken a different approach for community college appropriations. The State has reduced its portion of retirement and health benefit coverage to 50% of eligible employee's retirement and health benefit costs while retirement and health care costs continue to increase. In fiscal year 2018, the District's expenses for overall benefits increased by approximately $5.8 million or 10.4% while the State's on-behalf contributions for benefits remained flat. In the long term, without the State's full support, Texas community colleges will be forced to adjust the level of services to students and possibly significantly raise tuition and ad valorem tax rates.

In the future the College and the District will continue to face a growing challenge to fund a growing demand for state education services. The College's leadership continues to strategically analyze and reduce targeted expenses and make the most of favorable economic conditions by aggressively identifying the demand for workforce development programs and providing them. It will continue to bring the message to the Texas Legislature that budget cuts to community colleges harm students and the workforce needs of the state. The leadership of the Alamo Colleges District will also continue to preserve its primary mission of empowering its diverse communities for success. The outlook of Northeast Lakeview College for the foreseeable future is positive as a result of its strategic leadership, fiscal management and stable local economy.

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

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

Statements of Net Position
August 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,760,720	$ 4,580,901
Accounts receivable, net of allowance for doubtful accounts	210,757	257,364
Other assets	8,622	8,622
Total current assets	5,980,099	4,846,887
Noncurrent assets:		
Restricted cash and cash equivalents	1,840,177	1,285,938
Other assets	129,338	207,565
Capital assets (net)	108,588,057	111,776,563
Total noncurrent assets	110,557,572	113,270,066
TOTAL ASSETS	116,537,671	118,116,953
LIABILITIES		
Current liabilities:		
Accounts payable	494,880	258,834
Funds held for others	45,804	29,988
Unearned income	3,009,933	2,248,027
Current portion of long-term liabilities	4,036,000	3,843,000
Total current liabilities	7,586,617	6,379,849
Noncurrent liabilities	87,333,452	91,369,063
TOTAL LIABILITIES	94,920,069	97,748,912
NET POSITION		
Net investment in capital assets	18,752,323	16,564,500
Restricted for:		
Expendable		
Student aid	347,041	1,277,347
Instructional programs	3,008	11,874
Capital projects	215	215
Unrestricted	2,515,015	2,514,105
TOTAL NET POSITION	$ 21,617,602	$ 20,368,041

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

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

Statements of Revenues, Expenses and Changes in Net Position
August 31, 2018 and 2017

	2018	2017
OPERATING REVENUES:		
Tuition and fees (net of discounts of $3,349,831		
and $1,176,419, respectively)	$ 7,192,438	$ 8,820,613
Grants and contracts	73,916	113,129
Auxiliary enterprises	345,307	289,124
Other operating revenues	76,266	85,397
Total operating revenues (Schedule A)	7,687,927	9,308,263
OPERATING EXPENSES:		
Instruction	9,984,707	9,193,721
Academic support	3,182,593	3,291,487
Student services	3,656,229	3,173,270
Institutional support	2,762,236	2,510,239
Operation and maintenance of plant	3,966,338	3,191,425
Scholarships and fellowships	2,447,978	-
Auxiliary enterprises	22,881	7,712
Depreciation	3,528,985	3,545,249
Total operating expenses (Schedule B)	29,551,947	24,913,103
Operating loss	(21,864,020)	(15,604,840)
NON-OPERATING REVENUES/(EXPENSES):		
State appropriations	6,002,046	6,381,384
Ad valorem taxes		
Taxes for maintenance and operations	11,796,386	10,315,298
Taxes for maintenance notes	719,857	-
Taxes for general obligation bonds	3,819,545	4,133,827
Federal grants, non-operating	4,229,655	-
State grants, non-operating	26,385	-
Gifts	-	11,075
Investment income	3,889	5,448
Interest on capital-related debt	(3,484,182)	(4,621,237)
Net non-operating revenues (Schedule C)	23,113,581	16,225,795
Increase in net position	1,249,561	620,955
NET POSITION:		
Net position - beginning of year	20,368,041	19,747,086
Net position - end of year (Schedule D)	$ 21,617,602	$ 20,368,041

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

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

Statements of Cash Flows
August 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 8,408,471	$ 9,556,790
Receipts from grants and contracts	51,919	122,139
Other receipts	76,266	85,397
Payments to or on behalf of employees	(15,890,738)	(15,387,631)
Payments to suppliers for goods and services	(6,096,964)	(4,603,761)
Payments for scholarships and fellowships	(2,447,978)	-
Net cash used by operating activities	(15,899,024)	(10,227,066)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	4,688,821	5,262,742
Receipts from ad valorem taxes	11,796,386	10,315,298
Receipts from non-operating federal and state revenue	4,256,040	
Receipts from gifts and grants (other than capital)	-	11,075
Receipts from student organizations and other agency transactions	15,816	1,910
Net cash provided by noncapital financing activities	20,757,063	15,591,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from ad valorem taxes for debt service	4,539,402	4,133,827
Payments for capital assets acquisition and construction of capital assets	(340,479)	(76,199)
Payments on capital debt - principal	(3,842,611)	(3,712,675)
Payments on capital debt - interest	(3,484,182)	(4,621,237)
Net cash used by capital and related financing activities	(3,127,870)	(4,276,284)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	3,889	11,099
Net cash provided by investing activities	3,889	11,099
INCREASE IN CASH AND CASH EQUIVALENTS	1,734,058	1,098,774
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,866,839	4,768,065
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 7,600,897	$ 5,866,839

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

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

Statements of Cash Flows
August 31, 2018 and 2017 (continued)

RECONCILIATION OF OPERATING LOSS TO NET CASH	2018	2017
USED BY OPERATING ACTIVITIES:		
Operating loss	$ (21,864,020)	$ (15,604,840)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	3,528,985	3,545,249
Allowance for doubtful accounts	14,107	8,519
Non-cash state appropriations - on-behalf payments	1,313,225	1,118,642
Changes in assets and liabilities:		
Accounts receivable	32,500	(74,024)
Other assets	78,227	80,499
Accounts payable	236,046	221,312
Unearned income	761,906	477,577
Net cash used by operating activities	$ (15,899,024)	$ (10,227,066)

SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
State on-behalf payments	$ 1,313,225	$ 1,118,642
Gifts of depreciable and non-depreciable assets	$ -	$ 75

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

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

Notes to Financial Statements

1. REPORTING ENTITY

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines
The significant accounting policies followed in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* for fiscal year 2018. 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Compensable Absences
Employee benefits are administered and recorded at the District level and are not allocated to the College. Employee annual leave is accrued as earned and sick leave is not accrued, as a terminated employee is not paid for accumulated sick leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Self-Insurance

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

Net Position

Net Investment in Capital Assets

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

Restricted Net Position, Expendable

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

Unrestricted Net Position

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

Operating and Non-operating Revenues

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

The major non-operating revenues are state appropriations, ad valorem property tax collections and federal financial aid through Title IV Higher Education Act grants. The amount of state appropriations allocated to the College is based on student contact hours generated. This is similar to the method the State of Texas uses to allocate appropriations to the District on a biennium basis. State appropriations may not be used for construction of facilities or for repairs and renovation of those facilities. The amount of ad valorem taxes allocated to the College is based on two variables - debt service requirements by the College on debt allocated 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 fall tuition, fees and other revenues received related to the period after each fiscal year are recorded as unearned. Restricted revenues for the fall are recognized in the year when the expenses have occurred and all obligations have been fulfilled for the recording of those expenses. Unrestricted unearned charges have been netted against unearned income. Restricted charges where all obligations have been fulfilled are treated as expenses in the period incurred.

Tuition Discounting

Texas Public Education Grants

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

Title IV Higher Education Act (HEA) Program Funds

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

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

New Pronouncements
In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal years beginning after June 15, 2017 and as such, was implemented at the District level in fiscal year 2018 to comply with GASB requirements. Implementation of GASB 75 resulted in a restatement to beginning net position for the cumulative effect of a change in accounting principle. This statement had no impact on the College's financial statements. The College is one of five colleges of the District and has no separate legal authority from the District. All employees at the College are District employees and the District has the legal obligation to fund the postemployment benefits of its employees. Therefore, the District's OPEB expense and net OPEB liability for all of its employees are recorded in the District's financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance when a government is a beneficiary of the agreement. The Statement requires a government that receives resources pursuant to an irrevocable split-interest agreement to recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires governments to recognize revenue when resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. GASB 81 was evaluated at the District level and determined to be not applicable for the fiscal year ended August 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending of component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 and as such, the applicable provisions of this Statement were implemented at the District level in fiscal year 2018.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Because the College has no separate legal authority to enter into debt, the provisions of this Statement were evaluated at the District level and determined to be not applicable for the year ended August 31, 2018.

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

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of tangible capital assets. The objective of this Statement is to enhance the comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for periods beginning after June 15, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged and the requirements of this Statement should be applied prospectively.

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

The College has not yet completed the process of evaluating the impact of GASB Statements Nos. 83, 84, 87, 88, 89 and 90 on its future financial statements.

3. CASH AND CASH EQUIVALENTS

Total cash and cash equivalents at August 31, 2018 and 2017 were $7,600,897 and $5,866,839, respectively. The FDIC insures all of the noninterest-bearing demand deposits. Interest-bearing deposits in excess of $250,000 are collateralized at a level between 105% and 115% in U.S. Treasuries and Government Securities held in the District's name.

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

Notes to Financial Statements

4. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2018 was as follows:

	Balance 9/1/2017	Increases	Decreases	Balance 8/31/2018
Not Depreciated:				
Land	$ 5,259,089	$ -	$ -	$ 5,259,089
Construction in progress	-	262,702	-	262,702
Subtotal	5,259,089	262,702	-	5,521,791
Subject to Depreciation:				
Buildings and building improvements	117,273,693	-	-	117,273,693
Other real estate improvements	16,530,898	-	-	16,530,898
Total buildings and other real estate improvements	133,804,591	-	-	133,804,591
Furniture, machinery and equipment	782,202	12,881	16,991	778,092
Library materials	746,387	64,896	-	811,283
Total buildings and other capital assets	135,333,180	77,777	16,991	135,393,966
Accumulated Depreciation:				
Buildings and building improvements	22,188,925	2,673,102	-	24,862,027
Other real estate improvements	5,565,188	750,370	-	6,315,558
Total buildings and other real estate improvements	27,754,113	3,423,472	-	31,177,585
Furniture, machinery and equipment	684,604	40,788	16,991	708,401
Library materials	376,989	64,725	-	441,714
Total accumulated depreciation	28,815,706	3,528,985	16,991	32,327,700
Net capital assets	$ 111,776,563	$ (3,188,506)	$ -	$ 108,588,057

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

Notes to Financial Statements

4. CAPITAL ASSETS (continued)

Capital assets activity for the year ended August 31, 2017 was as follows:

	Balance 9/1/2016	Increases	Decreases	Balance 8/31/2017
Not Depreciated:				
Land	$ 5,259,089	$ -	$ -	$ 5,259,089
Total land	5,259,089	-	-	5,259,089
Subject to Depreciation:				
Buildings and building improvements	117,273,693	-	-	117,273,693
Other real estate improvements	16,530,898	-	-	16,530,898
Total buildings and other real estate improvements	133,804,591	-	-	133,804,591
Furniture, machinery and equipment	810,460	6,119	34,377	782,202
Library materials	676,307	70,080	-	746,387
Total buildings and other capital assets	135,291,358	76,199	34,377	135,333,180
Accumulated Depreciation:				
Buildings and building improvements	19,516,754	2,672,171	-	22,188,925
Other real estate improvements	4,814,818	750,370	-	5,565,188
Total buildings and other real estate improvements	24,331,572	3,422,541	-	27,754,113
Furniture, machinery and equipment	665,177	53,804	34,377	684,604
Library materials	308,085	68,904		376,989
Total accumulated depreciation	25,304,834	3,545,249	34,377	28,815,706
Net capital assets	$ 115,245,613	$ (3,469,050)	$ -	$ 111,776,563

5. NONCURRENT LIABILITIES

As of August 31, 2018, noncurrent liabilities are $87,333,452 with activity for the fiscal year as follows:

	Bonds and Tax Notes Payable (in thousands)				
	Balance 9/1/2017	Additions	Reductions	Balance 8/31/2018	Current Portion
Bonds and tax notes payable					
General obligation bonds	$ 81,182	$ -	$ 2,564	$ 78,618	$ 2,691
Revenue bonds	4,751	-	520	4,231	550
Maintenance tax notes	9,279	-	759	8,520	795
Total	$ 95,212	$ -	$ 3,843	$ 91,369	$ 4,036

As of August 31, 2017, noncurrent liabilities are $91,369,063 with activity for the fiscal year as follows:

	Bonds and Tax Notes Payable (in thousands)				
	Balance 9/1/2016	Additions	Reductions	Balance 8/31/2017	Current Portion
Bonds and tax notes payable					
General obligation bonds	$ 83,627	$ -	$ 2,445	$ 81,182	$ 2,564
Revenue bonds	5,247	-	496	4,751	520
Maintenance tax notes	10,051	-	772	9,279	759
Total	$ 98,925	$ -	$ 3,713	$ 95,212	$ 3,843

Noncurrent liabilities include the College's allocated portion of the District's general obligation bonds, maintenance tax notes and combined fee revenue bonds. The District is responsible for repayment of these obligations from tuition and fee revenues and assessed property taxes. Because all employees of the College are District employees and the District has the legal obligation to fund the long-term pension and OPEB benefits of its employees, net pension expense, net OPEB expense, the net pension liability and the net OPEB liability for all of the College's employees are recorded in the District's financial statements.

6. DEBT

Debt service requirements (in thousands) at August 31, 2018 were as follows:

For the Year Ending August 31,	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes		TOTAL BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 2,691	$ 3,658	$ 550	$ 182	$ 795	$ 412	$ 4,036	$ 4,252
2020	2,826	3,525	541	158	836	371	4,203	4,054
2021	2,965	3,384	567	132	881	326	4,413	3,842
2022	3,111	3,238	593	106	927	280	4,631	3,624
2023-2027	17,910	13,837	1,812	177	5,081	624	24,803	14,638
2028-2032	22,456	9,291	168	12	-	-	22,624	9,303
2033-2037	26,659	3,620	-	-	-	-	26,659	3,620
TOTAL	$ 78,618	$ 40,553	$ 4,231	$ 767	$ 8,520	$ 2,013	$ 91,369	$ 43,333

Notes to Financial Statements

6. DEBT (continued)

Debt service requirements (in thousands) at August 31, 2017 were as follows:

For the Year Ending August 31,	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Maintenance Tax Notes Principal	Maintenance Tax Notes Interest	TOTAL BONDS Principal	TOTAL BONDS Interest
2018	$ 2,564	$ 3,786	$ 520	$ 206	$ 759	$ 452	$ 3,843	$ 4,444
2019	2,691	3,658	550	182	795	412	4,036	4,252
2020	2,826	3,525	541	158	836	371	4,203	4,054
2021	2,965	3,384	567	132	881	326	4,413	3,842
2022-2026	17,105	14,642	2,354	273	5,152	883	24,611	15,798
2027-2031	21,470	10,277	219	22	856	21	22,545	10,320
2032-2036	26,894	4,853	-	-	-	-	26,894	4,853
2037	4,667	214	-	-	-	-	4,667	214
TOTAL	$ 81,182	$ 44,339	$ 4,751	$ 973	$ 9,279	$ 2,465	$ 95,212	$ 47,777

The allocations to the College of noncurrent liabilities, current portion of long-term debt and debt service are based on the level of expenses included in the budget documents prepared before the funding of each bond or note, and averages 37% of the applicable current outstanding bonds and tax notes.

7. BOND AND TAX NOTES PAYABLE

Bonds and tax notes payable associated with the College to be paid from District accounts for the years ended August 31, 2018 and 2017 were as follows:

Series	Instrument Type and Purpose	Amount Issued and Authorized	Current Interest Rates	District Balances: Balance August 31, 2018	District Balances: Balance August 31, 2017	Budgeted Expenses for College by Board
General Obligation Bonds (Repayment source - Ad valorem taxes)						
2007	Construct, renovate, acquire and equip new and existing facilities. Issued April 5, 2007.	$ 271,085,000	4.5%	$ 37,410,000	$ 160,570,000	$ 85,730,315
2007A	Construct, renovate, acquire and equip new and existing facilities. Issued August 21, 2007.	63,490,000	4.75%	5,600,000	31,425,000	37,708,222
2012	Refund certain of the District's outstanding Limited Bonds Series 2007 and 2007A. Issued July 12, 2012.	74,110,000	3.5% - 5.0%	74,110,000	74,110,000	-
2016	Refund the District's outstanding Limited Tax Bond Series 2006 and 2006A. Issued June 22, 2016.	72,065,000	3.5% - 5.0%	56,630,000	58,640,000	10,500,564
Maintenance Tax Notes (Repayment source - Ad valorem taxes)						
2014	Refunding of certain maturities of the 2007 Maintenance Tax Notes. Issued February 27, 2014.	$ 40,665,000	5.0% - 5.5%	$ 24,085,000	$ 28,500,000	$ 1,919,574
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. Issued March 22, 2012.**	$ 55,800,000	3.0% - 5.25%	$ 49,605,000	$ 54,145,000	$ 5,720,570
2012B	Refund remainder of the District's outstanding Combined Fee Revenue bonds (taxable issue). Issued March 22, 2012.	22,295,000	N/A	-	330,000	-
	Total Bonds that the College has an Allocation	$ 599,510,000		$ 247,440,000	$ 407,720,000	$ 141,579,245
	Allocation Percentage			37%	23%	
	Balance Allocated to the College at August 31, 2018 and 2017			**$ 91,369,452**	**$ 95,212,063**	

*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, 2018 balance above.

Debt service requirements at August 31, 2018 and 2017 are based on the percentage allocation as discussed above, applied to the debt service of the District.

7. 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 above.

In October 2017, the District issued $258,940,000 Series 2017 Limited Tax and Refunding Bonds. Proceeds from this issue refunded $25,825,000 of the Limited Tax Series 2007A bonds and $97,615,000 of the Limited Tax Series 2007 bonds. The bonds were issued with a total premium of $39,648,957. Total costs of issuance, including the underwriter's discount was $1,894,212. The refunding portion of the issue produced $17,993,087 in net present value savings. Additionally, the proceeds from the bonds generated $173,000,000 of new money to design, construct, renovate, improve, acquire and equip new and existing facilities throughout the District. The bonds were issued at coupons from 3.0% to 5.0% to mature in 2042. The bonds are callable at par on August15, 2027.

In February 2018, the District cash defeased $25,545,000 of a portion of the 2033 maturity of the District's $271,085,000 Limited Tax Bonds, Series 2007. The purpose of the defeasance was to reduce the outstanding debt service payments and obtain economic benefits. The net present value savings were $17,280,737.

8. EMPLOYEES' RETIREMENT PLANS

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

In fiscal year 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* which was subsequently amended by the release of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The GASB does not require the provisions of this Statement to be applied down to the organizational level and as such, the net pension liability recorded at the District level as required by GASB 68 is not allocated or recorded in the financial statements of the College. For further information, see Note 10 included in the District's fiscal year 2018 financial statements.

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

8. EMPLOYEES' RETIREMENT PLANS (continued)

State law provides for a member contribution rate of 7.7%, 7.7%, and 7.2% for fiscal years 2018, 2017 and 2016 and a state contribution rate of 6.8% for each of the fiscal years ended August 31, 2018, 2017 and 2016. In certain instances, the District was required to make all or a portion of the State's contribution.

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

Funding Policy: Contribution requirements are not actuarially determined, but are established and amended by the Texas State Legislature. Since individual annuity contracts are purchased, the State has no additional or unfunded liability for this program. The combined percentage of salaries currently contributed by the College and State of Texas was 6.8% for fiscal years 2018, 2017, and 2016. Each participant contributed 6.65% for the fiscal years ended August 31, 2018, 2017 and 2016. 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 $311,176, $278,502 and $171,628 for the fiscal years ended August 31, 2018, 2017 and 2016, 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 $718,756, $769,698, and $702,817 for the years ended August 31, 2018, 2017 and 2016, respectively, and represents the total required contributions for each year.

The total payroll for all College employees was $13,098,475, $12,539,130, and $11,912,508 for fiscal years 2018, 2017 and 2016, respectively. The total payroll of College employees covered by the TRS was $8,542,797, $9,365,277 and $8,699,341, and the total payroll of College employees covered by ORP was $2,027,144, $1,953,809 and $1,685,779 for fiscal years 2018, 2017 and 2016, respectively.

9. DEFERRED COMPENSATION PROGRAM

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

A total of $99,768 was contributed by 20 College employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity (TSA) program and 7 participants contributed a total of $49,008 to a Section 457 Deferred Compensation Plan (DCP) in the fiscal year ended August 31, 2018.

A total of $95,920 was contributed by 21 College employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity (TSA) program and 6 participants contributed a total of $45,795 to a Section 457 Deferred Compensation Plan (DCP) in the fiscal year ended August 31, 2017.

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

10. RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Receivables at August 31, 2018 and 2017 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, 2018 and 2017 are primarily related to operating accounts payable and construction.

11. FUNDS HELD FOR OTHERS

The College holds funds for certain students as well as student and staff organizations. These amounts are reflected in the Statements of Net Position as funds held for others in the amount of $45,804 and $29,988 as of August 31, 2018 and 2017, respectively.

12. SELF-INSURED AND RISK MANAGEMENT PLANS

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

The District's Workers' Compensation Self-Insurance Fund (the Fund) is administered by a third party. Through the Fund, the District self-insures workers' compensation claims up to $400,000 per occurrence. Individual losses of over $400,000 are covered by a specific excess insurance policy up to the maximum statutory benefit per occurrence. Additionally, approximately $3,149,000 of unrestricted net position has been designated by the District to cover losses in excess of those covered by insurance and the Fund. The Fund pays the premium for the specific excess insurance policy and assumes all workers' compensation claims and expenses not covered by the policy. The District transfers the workers' compensation standard premium calculated for the District into the Fund.

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

13. HEALTH CARE AND LIFE INSURANCE BENEFITS

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

The State recognizes the cost of providing these benefits for active employees and retirees by expending the annual insurance premiums. The State's contribution per eligible full-time employee or retiree was between approximately $622 and $1,217 per month for the year ended August 31, 2018 and between $617 and $1,208 per month for the year ended August 31, 2017. The cost of providing those benefits for all employees, paid by the State of Texas on behalf of the College, totaled $1,069,463 and $901,371 for the years ended August 31, 2018 and 2017, respectively. Payments of these benefits by the State were recognized as restricted state appropriations with an equal amount recognized as restricted benefit expenses. These payments do not flow through the cash accounts.

14. OTHER POSTEMPLOYMENT BENEFIT PLAN

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

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

15. AD VALOREM TAX

Ad valorem property tax is levied each October 1 by the District on the assessed value as of the prior January 1 for all real and business personal property located in Bexar County. The total ad valorem tax levied by the District for August 31, 2018 and 2017 was approximately $221,000,000 and $206,482,000, 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, 2017 and 2016 were 97.56% and 98.16%, respectively, of the current year's original unadjusted tax levy. Allowances for uncollectible taxes are estimated and recorded at the District level.

16. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2018 and 2017.

17. OTHER OPERATING REVENUES

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

18. COMMITMENTS AND CONTINGENCIES

As of August 31, 2018, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

The College has entered into several contracts for construction and various other renovation projects. As of August 31, 2018 and 2017, the College was committed for approximately $280,000 and $0, respectively.

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, 2018
With Memorandum Totals for the Year Ended August 31, 2017

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY18 Total	FY17 Total
OPERATING REVENUES:						
Tuition						
State-funded courses						
In-District resident tuition	$ 5,550,995	$ -	$ 5,550,995	$ -	$ 5,550,995	$ 5,346,225
Out-of-District resident tuition	4,114,097	-	4,114,097	-	4,114,097	3,935,815
Non-resident tuition	284,565	-	284,565	-	284,565	432,244
TPEG - credit set aside *	430,896	-	430,896	-	430,896	112,049
Total tuition	10,380,553	-	10,380,553	-	10,380,553	9,826,333
Fees						
Other	161,716	-	161,716	-	161,716	170,699
Total fees	161,716	-	161,716	-	161,716	170,699
Total tuition and fees	10,542,269	-	10,542,269	-	10,542,269	9,997,032
Scholarship allowances and discounts						
Institutional scholarships	(254,959)	-	(254,959)	-	(254,959)	(89,440)
Remissions and exemptions - state	(394,753)	-	(394,753)	-	(394,753)	(312,560)
Remissions and exemptions - local	(864,818)	-	(864,818)	-	(864,818)	(765,986)
Federal grants to students		(1,623,952)	(1,623,952)	-	(1,623,952)	-
TPEG awards		(138,853)	(138,853)	-	(138,853)	-
State grants to students		(72,496)	(72,496)	-	(72,496)	-
Other local awards	-	-	-	-	-	(8,433)
Total scholarship allowances and discounts	(1,514,530)	(1,835,301)	(3,349,831)	-	(3,349,831)	(1,176,419)
Total net tuition and fees	9,027,739	(1,835,301)	7,192,438	-	7,192,438	8,820,613
Other operating revenues						
Federal grants and contracts	-	73,916	73,916	-	73,916	109,661
Non-governmental grants and contracts	-	-	-	-	-	3,468
Other operating revenues	76,266	-	76,266	-	76,266	85,397
Total other operating revenues	76,266	73,916	150,182	-	150,182	198,526
Sales and services of auxiliary enterprises						
Bookstore commission	-	-	-	117,448	117,448	96,496
Vending machines and copiers	-	-	-	10,828	10,828	18,529
Campus access fees and fines	-	-	-	203,322	203,322	160,211
Other	-	-	-	13,709	13,709	13,888
Total sales and services of auxiliary enterprises	-	-	-	345,307	345,307	289,124
Total operating revenues	$ 9,104,005	$ (1,761,385)	$ 7,342,620	$345,307	$ 7,687,927	$ 9,308,263
					(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, $430,896 and $112,049 of tuition was set aside for the Texas Public Education Grant for the years ended August 31, 2018 and 2017.

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, 2018
With Memorandum Totals for the Year Ended August 31, 2017

	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	FY18 Total	FY17 Total
OPERATING EXPENSES:						
Unrestricted - educational activities						
Instruction	$ 6,393,575	$ -	$ 1,254,982	$ 1,680,357	$ 9,328,914	$ 8,621,362
Academic support	2,032,778	-	420,063	424,943	2,877,784	3,021,173
Student services	2,222,928	-	511,950	527,265	3,262,143	2,944,333
Institutional support	1,765,306	-	325,098	456,770	2,547,174	2,288,365
Operation and maintenance of plant	517,388	-	204,531	2,924,215	3,646,134	3,191,425
Total unrestricted educational activities	12,931,975	-	2,716,624	6,013,550	21,662,149	20,066,658
Restricted - educational activities						
Instruction	-	655,494	-	299	655,793	572,359
Academic support	41,755	230,723	7,949	24,382	304,809	270,314
Student services	114,554	279,360	172	-	394,086	228,937
Institutional support	-	215,062	-	-	215,062	221,874
Operation and maintenance of plant	-	-	-	320,204	320,204	-
Scholarships and fellowships	-	-	-	2,447,978	2,447,978	-
Total restricted educational activities	156,309	1,380,639	8,121	2,792,863	4,337,932	1,293,484
Total educational activities	13,088,284	1,380,639	2,724,745	8,806,413	26,000,081	21,360,142
Auxiliary enterprises - unrestricted	10,191	-	104	4,189	14,484	1,951
Auxiliary enterprises - restricted	-	-	-	8,397	8,397	5,761
Depreciation expense - buildings	-	-	-	3,423,472	3,423,472	3,422,541
Depreciation expense - equipment	-	-	-	105,513	105,513	122,708
Total operating expenses	$ 13,098,475	$ 1,380,639	$ 2,724,849	$ 12,347,984	$ 29,551,947	$ 24,913,103
					(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, 2018
With Memorandum Totals for the Year Ended August 31, 2017

	Unrestricted	Restricted	Total Educational Activities	FY18 Total	FY17 Total
NON-OPERATING REVENUES:					
State appropriations					
Education and general State support	$ 4,621,407	$ -	$ 4,621,407	$ 4,621,407	$ 5,201,511
State group insurance	-	1,069,463	1,069,463	1,069,463	901,371
State retirement match	-	311,176	311,176	311,176	278,502
Ad valorem taxes					
Taxes for maintenance and operations	11,796,386	-	11,796,386	11,796,386	10,315,298
Taxes for maintenance notes	719,857	-	719,857	719,857	
Taxes for general obligation bonds	-	3,819,545	3,819,545	3,819,545	4,133,827
Federal revenue, non-operating		4,229,655	4,229,655	4,229,655	-
State revenue, non-operating		26,385	26,385	26,385	-
Gifts	-	-	-	-	11,075
Investment income	-	3,889	3,889	3,889	5,448
Total non-operating revenues	17,137,650	9,460,113	26,597,763	26,597,763	20,847,032
NON-OPERATING EXPENSES:					
Interest on capital related debt	-	(2,950,056)	(2,950,056)	(2,950,056)	(4,621,237)
Interest on capital related debt-MTN		(534,126)	(534,126)	(534,126)	-
Total non-operating expenses	-	(3,484,182)	(3,484,182)	(3,484,182)	(4,621,237)
Net non-operating revenues	$ 17,137,650	$5,975,931	$ 23,113,581	$ 23,113,581	$ 16,225,795
				(Exhibit 2)	(Exhibit 2)

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

Schedule D
Schedule of Net Position by Source and Availability
For the Year Ended August 31, 2018
With Memorandum Totals for the Year Ended August 31, 2017

	Detail by Source				Available for Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:						
Unrestricted	$ 2,515,015	$ -	$ -	$ 2,515,015	$ 2,515,015	$ -
Restricted	-	350,264	-	350,264	-	350,264
Net investment in capital assets	-	-	18,752,323	18,752,323	-	18,752,323
Total net position, August 31, 2018	2,515,015	350,264	18,752,323	21,617,602	2,515,015	19,102,587
				(Exhibit 1)		
Total net position, August 31, 2017	2,514,105	1,289,436	16,564,500	20,368,041	2,514,105	17,853,936
				(Exhibit 1)		
Net increase (decrease) in net position	$ 910	$ (939,172)	$ 2,187,823	$ 1,249,561	$ 910	$ 1,248,651
				(Exhibit 2)		

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

ALAMO COLLEGES DISTRICT
Northeast Lakeview College

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