

SOUTHEAST COMMUNITY COLLEGE AREA

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



**DANA F. COLE  
& COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

SOUTHEAST COMMUNITY COLLEGE AREA  
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 13
FINANCIAL STATEMENTS	
Statements of Net Position	14 - 15
Statements of Revenues, Expenses, and Changes in Net Position	16 - 17
Statements of Cash Flows - Direct Method	18 - 19
NOTES TO FINANCIAL STATEMENTS	20 - 36
ACCOMPANYING INFORMATION	
Schedules of General Fund Revenues - Budgetary Basis	37
Schedules of General Fund Expenditures - Budgetary Basis	38 - 39
Schedule of Expenditures of Federal Awards	40 - 41
Notes to Schedule of Expenditures of Federal Awards	42
SFA Programs - Audit Information	43
Schedule of Balances and Activities of System and Pledge	44 - 45
REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE</i>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46 - 47
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	48 - 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	50 - 52
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	53
CORRECTIVE ACTION PLAN	54



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Governors  
Southeast Community College Area  
Lincoln, Nebraska

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

We have audited the accompanying statements of net position of Southeast Community College Area as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended which collectively comprise the College's basic 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Southeast Community College Foundation, which represent 10%, 15%, and 3%, respectively, of the assets, net position, and revenues of the Southeast Community College Area. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Southeast Community College Foundation, is based solely on the report of the other auditors. 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 of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly the financial position of Southeast Community College Area, as of June 30, 2021 and 2020, and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Southeast Community College Area's financial statements as a whole. The schedules of general fund revenues - budgetary basis; schedules of general fund expenditures - budgetary basis; schedules of balances and activities of system and pledge, and schedules of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of general fund revenues - budgetary basis, schedules of general fund expenditures - budgetary basis, schedules of balances and activity, and schedules of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Report Issued in Accordance with *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, 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 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 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 Southeast Community College Area's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Lincoln, Nebraska  
November 10, 2021

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Southeast Community College Area's annual financial report presents our discussion and analysis of the College's financial performance during the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the College's financial statements, which follow this section.

**USING THIS ANNUAL REPORT**

This report consists of three basic financial statements. The statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows provide information on the College as a whole and present a long-term view of the College's finances.

**THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

One of the most important questions asked about the College's finances is, "Is Southeast Community College Area as a whole better off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses, and changes in net position report information on the College as a whole, and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the College's operating results.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the College's net position and changes in it. You can think of the College's net position (the difference between assets and liabilities) as one way to measure the College's financial health or financial position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as enrollment trends, placement results, program quality, condition of buildings, campus safety, and other factors to assess the overall health of the institution.

Figure 1.  
Southeast Community College Area Net Position  
(in thousands of dollars)



SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 1**  
**NET POSITION**  
(in thousands of dollars)

	2021	2020	2019
Current assets	107,003	118,631	149,366
Noncurrent assets	1,287	778	875
Capital assets	<u>178,237</u>	<u>147,494</u>	<u>101,162</u>
Total assets	<u>286,527</u>	<u>266,903</u>	<u>251,403</u>
Current liabilities	14,603	20,045	15,826
Noncurrent liabilities	87,509	80,829	79,516
Total liabilities	<u>102,112</u>	<u>100,874</u>	<u>95,342</u>
Net position			
Invested in capital assets, net of related debt	93,811	93,940	74,879
Restricted	26,442	21,666	22,642
Unrestricted	<u>64,162</u>	<u>50,423</u>	<u>58,540</u>
Total net position	<u>184,415</u>	<u>166,029</u>	<u>156,061</u>

Total assets of the College increased 7.4% (\$19,624 thousand) and 6.2% (\$15,500 thousand); liabilities increased 1.2% (\$1,238 thousand) and 5.8% (\$5,532 thousand); and net assets increased by 11.1% (\$ 18,386 thousand) and 6.4% (\$9,968 thousand) for the fiscal year ended June 30, 2021 and 2020, respectively. The changes are due to the following factors:

- An increase in capital assets is due to completion of the capital projects associated with the Certificates of Participation and Revenue Bonds issued in calendar 2018 and 2020 for both fiscal years ending 2021 and 2020.
- An increase in liabilities in fiscal 2021 is primarily due to the issuance of Facilities Revenue Bonds, Series 2020 offset by a decrease in accounts payable. In fiscal 2020 the change was a result of an increase in accounts payable and accrued compensated absences.
- An increase in the unrestricted new position was due to cost savings in fiscal 2021. The decrease in fiscal 2020 was due many facility maintenance projects being completed during fiscal year 2020.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 2**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
(in thousands of dollars)

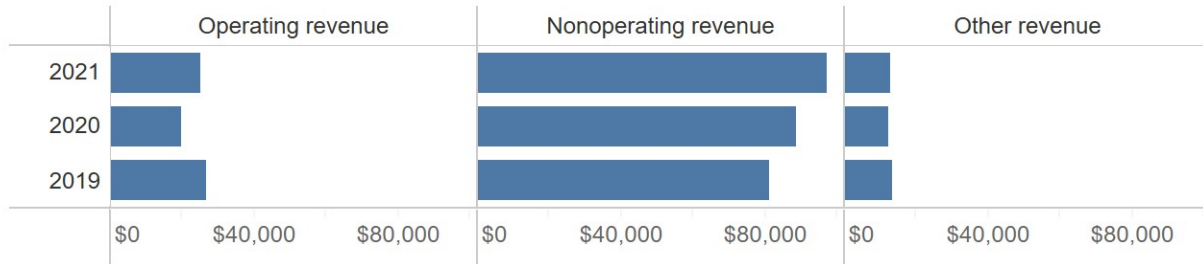
	2021	2020	2019
Operating revenue			
Student tuition and fees	14,607	11,742	16,029
Grants and contracts	232	307	200
Sales educational departments	967	587	1,053
Auxiliary enterprises	7,517	7,037	7,650
Other	1,896	2,329	1,835
Total operating revenue	<u>25,219</u>	<u>22,002</u>	<u>26,767</u>
Operating expenses			
Personnel services	73,998	73,154	71,860
Operating expenses	29,385	25,771	26,053
Travel	78	201	386
Capital assets not capitalized	4,864	7,525	5,022
Depreciation	8,523	6,385	5,733
Total operating expenses	<u>116,848</u>	<u>113,036</u>	<u>109,054</u>
Net operating loss	<u>(91,629)</u>	<u>(91,034)</u>	<u>(82,287)</u>
Nonoperating revenue			
State aid	28,534	27,941	27,373
Property taxes	46,870	45,681	40,662
Grants and contracts	24,886	16,683	13,741
Investment income	59	1,170	2,302
Interest on indebtedness	(3,157)	(2,963)	(2,774)
Net nonoperating revenue	<u>97,192</u>	<u>88,512</u>	<u>81,304</u>
Other revenue			
Capital appropriations	12,719	12,410	11,469
Capital grants	-	-	2,016
Gain on disposal of assets	104	80	95
Net other revenue	<u>12,823</u>	<u>12,490</u>	<u>13,580</u>
Increase in net assets	18,386	9,968	12,597
Net position			
Net position, beginning of year	<u>166,029</u>	<u>156,061</u>	<u>143,464</u>
Net position, end of year	<u>184,415</u>	<u>166,029</u>	<u>156,061</u>



SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**REVENUES**

Figure 2.  
Southeast Community College Area Revenues  
(in thousands of dollars)



Comments regarding revenues are as follows:

- Tuition and fee revenue for 2020-21 increased by 24.4% (\$2,865 thousand) which was mainly due to scholarship allowances decrease during the fiscal year. Fiscal 2019-20 decreased by 26.7% (\$4,287 thousand) which was due in part to the quarter to semester conversion and the effects of the current pandemic. Sales to educational departments and auxiliary enterprises increased during the 2020-21 fiscal year by 64.7% (\$380 thousands) and 6.8% (\$480 thousands). This was mainly due to SCC returning to normal operations after the pandemic. During fiscal 2019-20 sales to educational departments and auxiliary enterprises decreased by 44.3% (\$466 thousand) and 8.0% (\$613 thousand) mainly due to the semester to quarter conversion and the results of the pandemic.
- Valuations increased by 6.5% and 1.5% in fiscal 2020-21 and 2019-20. The general and capital levy remained unchanged in fiscal 2020-21 at 9.37 cents per \$100. In fiscal 2019-20 the general fund levy increased 30 cents per one hundred-dollar valuation to 7.37 cents. The CIF levy remained unchanged at 2.0 cents for a total valuation of 9.37 cents. Total property tax levy was 9.37 cents, 9.37 cents, and 9.07 cents per \$100 valuation for fiscal 2020-21, 2019-20, 2018-19, respectively.

**EXPENSES**

Figure 3.  
Southeast Community College Area Expenses  
(in thousands of dollars)



SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Comments about expenses are as follows:

- Personal services continue to be the primary expenditure category and are 63% of total operating expenses in fiscal 2020-21.
- Total operating expenditures increased 3.4% (\$3,811 thousand) and 3.7% (\$ 3,983 thousand) in fiscal 2020-21 and 2019-20. The increase in expenditures in fiscal 2020-2021 and 2019-2020 is primarily due to personnel services and maintenance projects that were not capitalized.

**THE STATEMENTS OF CASH FLOWS**

Another way to assess the financial health of the College is to look at the Statement of Cash Flows. The purpose of the Statement of Cash Flows is to provide relevant information about cash receipts and cash payments made by the College during a fiscal year. The Statement also helps users to assess the College's:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Needs for external financing
- Comments about cash flow are as follows:
- Cash used by operating activities consists of:
  - major revenue sources of tuition and fees, auxiliary enterprises income and sales of educational services
  - major expenditures of personal services, operating expenses and scholarship allowances
- The three major components of cash provided by noncapital financing activities are
  - state aid
  - property taxes for the general fund
  - nonexchange grants
- Cash used for capital and related financing activities decreased in 6-30-20 primarily due to construction projects associated with the Certificates of Participation and the Facilities Revenue Bonds, 2018 Series
- Cash used for investing activities increased due to an investment maturing and held as a cash equivalent.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 3**  
**CASH FLOWS**  
(in thousands of dollars)

	2021	2020	2019
Cash provided by (used in):			
Operating activities	(93,390)	(83,099)	(68,902)
Noncapital financing activities	99,725	88,895	81,567
Capital and related financing activities	(22,565)	(41,499)	27
Investing activities	<u>36</u>	<u>462</u>	<u>942</u>
Net increase in cash and cash equivalents	(16,194)	(35,241)	13,634
Cash and cash equivalents, beginning of year	<u>88,020</u>	<u>123,261</u>	<u>109,627</u>
Cash and cash equivalents, end of year	<u><u>71,826</u></u>	<u><u>88,020</u></u>	<u><u>123,261</u></u>

**NOTES TO FINANCIAL STATEMENTS**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in all the basic financial statements.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2021, 2020, and 2019, the College had \$178,237 (thousand), \$147,494 (thousand), and \$101,162 (thousand), invested in capital assets, net of accumulated depreciation, respectively. Depreciation charges for the fiscal years ended June 30, 2021, 2020, and 2019, was \$8,523 (thousand), \$6,385 (thousand), and \$5,733 (thousand), respectively. Details of capital assets for the fiscal years ended June 30 are as follows:

**TABLE 4**  
**CAPITAL ASSETS**  
(net of depreciation, in thousands of dollars)

	2021	2020	2019
Land and CIF	17,776	54,119	28,173
Land improvements	1,720	1,336	1,478
Buildings	151,710	85,001	64,047
Equipment	<u>7,031</u>	<u>7,008</u>	<u>7,464</u>
	<u><u>178,237</u></u>	<u><u>147,464</u></u>	<u><u>101,162</u></u>

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

Southeast Community College Tax-Supported Certificates of Participation (“COPS”), Series 2018, were issued June 7, 2018, to finance a portion of the cost of constructing, acquiring and equipping certain buildings and related improvement to the College's campuses in the amount of \$58,375,000. Payments are made semiannually on June 15th and December 15th and include principal and interest ranging from 3% to 5% over the life of the COPS. The COPS were issued at a premium of \$2,195,062 which is amortized over the life of the COPS.

Southeast Community College Facilities Revenue Bonds, Series 2018 were issued September 19, 2018, to finance a portion of the cost of constructing, acquiring and equipping and furnishing new student housing and dining facilities at the College's Beatrice Campus and new student housing facilities at the College's Milford Campus. Payments are made semiannually on June 15th and December 15th and include principal and interest ranging from 3% to 5% over the life of the revenue bonds.

Southeast Community College Facilities Revenue Bonds, Series 2020 were issued July, 2, 2020, to finance a portion of the cost of constructing, acquiring and equipping and furnishing new student housing at the College's Milford Campus. Payments are made semiannually on June 15th and December 15th and include principal and interest ranging from 3% to 5% over the life of the revenue bonds. The bonds were issued at a premium of \$135,889 which is amortized over the life of the revenue bonds.

**TABLE 5**  
**OUTSTANDING DEBT**  
(in thousands of dollars)

	2021	2020	2019
Tax Support Certificates of Participation, Series 2018	59,177	60,417	60,491
Facilities Revenue Bonds, Series 2018	18,685	19,100	19,505
Facilities Revenue Bonds, Series 2020	8,807	-	-
	86,669	79,517	79,996

**BUDGET VS ACTUAL**

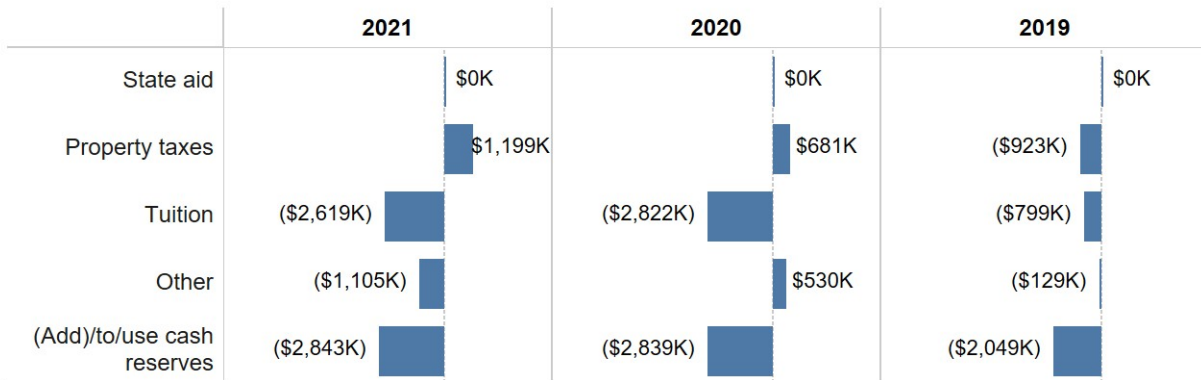
Prior to July 1, the college's administration prepares a proposed operating budget for the General, Restricted, and Plant Funds. At the Southeast Community College public meeting in September, a public hearing is conducted to obtain taxpayer comments regarding the proposed budget. After the public hearings, the budget is legally adopted by the Board of Governors through a passage of a resolution.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 6**  
**SOUTHEAST COMMUNITY COLLEGE AREA | BUDGET VS ACTUAL, GENERAL FUND ONLY**  
(in thousands of dollars)

	Budget 2021	Actual 2021	Budget 2020	Actual 2020	Budget 2019	Actual 2019
<b>REVENUES</b>						
State aid	28,535	28,535	27,941	27,941	27,373	27,373
Property taxes	45,672	46,871	45,000	45,681	41,585	40,662
Tuition	18,354	15,735	19,132	16,310	20,214	19,415
Other	1,044	(61)	837	1,367	683	553
(Add) to/use cash reserves	-	(2,843)	-	(2,839)	-	(2,049)
<b>Total revenues</b>	<b>93,605</b>	<b>88,237</b>	<b>92,910</b>	<b>88,460</b>	<b>89,855</b>	<b>85,954</b>
<b>EXPENSES</b>						
Personnel services	76,250	69,375	76,460	68,571	74,010	67,122
Operating	15,007	13,661	14,248	14,569	13,396	14,767
Travel	121	42	433	121	401	255
Equipment	2,227	5,159	1,769	5,199	2,048	3,810
<b>Total expenses</b>	<b>93,605</b>	<b>88,237</b>	<b>92,910</b>	<b>88,460</b>	<b>89,855</b>	<b>85,954</b>

Figure 4.  
Southeast Community College Area | Difference between Actual and Budgeted Revenue for General Fund  
(in thousands of dollars)



**SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure 5.  
Southeast Community College Area | Difference between Budgeted and Actual Expenses for General Fund  
(in thousands of dollars)

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Personal services	\$6,875K	\$7,889K	\$6,888K
Operating	\$1,346K	(\$321K)	(\$1,371K)
Travel	\$79K	\$312K	\$146K
Equipment	(\$2,932K)	(\$3,430K)	(\$1,762K)

Comments regarding budget vs actual revenues and expenditures for the general fund budget are as follows:

**Fiscal 2020-2021**

- Tuition revenue was below budget by \$2,619 thousand due to a decrease in enrollment in addition to a reduction in scholarship allowances. Enrollment was limited in summer 2021 due to the pandemic environment.
- Personal services expenditures were below budget by \$6,875 thousand due to a high number of retirements and positions remaining vacant for an extended period of time.
- Equipment was above budget due to a large number of maintenance projects being completed in the fiscal year.

**Fiscal 2019-2020**

- Tuition revenue was below budget by \$2,822 thousands due to a decrease in enrollment that was partially offset against an increase in tuition fees. Enrollment was limited in summer 2020 due to the pandemic environment.
- Personal services expenditures were below budget by \$7,888 due to a high number of retirements and positions remaining vacant for an extended period of time.
- Equipment was above budget due to a large number of maintenance projects being completed in the fiscal year.

**Fiscal 2018-2019**

- Tuition revenue was below budget by \$799 thousands due to a slight decrease in enrollment that was partially offset against an increase in tuition rates.
- Personal services expenditures were below budget by \$6,888 due to a high number of retirements and positions remaining vacant for an extended period of time.
- Equipment was above budget due to a large number of maintenance projects being completed in the fiscal year.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

*COVID-19 and Infectious Diseases.* The outbreak of COVID-19 and the ensuing pandemic affected travel, commerce and financial markets globally. The economy in the State continues to recover as vaccinations have become widely available and taken within the United States and COVID-19 infection rates have fallen (or stabilized) from peaks over the Summer and Fall 2021. However, the continued spread of COVID-19, a vaccine-resistant variant, or any other similar outbreak in the future and related impacts on social interaction, travel, economies, and financial markets may materially impact College or State finances and operations. Any of these impacts (i) may materially adversely affect the ability of the College to conduct its operations and/or may materially adversely affect the cost of operations, and (ii) may materially adversely affect financial markets and consequently materially adversely affect the returns on and value of the College's investments. The full impact of COVID-19 or any other similar outbreak in the future and the scope of any adverse impact on College or State finances and operations cannot be fully determined at this time. Other adverse consequences of COVID-19 or any other similar outbreaks in the future may include, but are not limited to, decline in enrollment similar to that experienced in 2020 and 2021, decline in demand for College housing or decline in demand for College programs or partnerships.

The economic position of Southeast Community College is also closely tied to that of the State. LB 946 specifies the state aid distribution to the community colleges. The farm and industry economy may impact the state's growth over the next several years thus effecting state aid appropriated to the community colleges.

The state aid appropriation for fiscal 2020-2021 to the College is 27.4% of the total community college appropriation.

The College Board of Governors has recently taken the following actions in September 2021 for fiscal 2021-22:

- Approved the general fund property tax levy to remain at 7.37 cents per \$ 100 valuation and the CIF property tax levy at 2.00 cents.
- Resident tuition and fee rates were increased by 2.7% for the fiscal year beginning July 1, 2021.

**Other Items**

- Property valuations for 2021-22 (2021 certification of taxable value) increased 6.5% over the previous year.

**FINANCIAL CONTACT**

The College's financial statements are designed to present users with a general overview of the College's finances and to demonstrate the College's accountability. If you have questions about the report or need additional financial information, contact the College's Vice-President for Administrative Services, Amy L. Jorgens, 301 South 68th Street Place, Lincoln, Nebraska 68510-2449, 402.323.3414, [ajorgens@southeast.edu](mailto:ajorgens@southeast.edu).

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	College	Foundation	College	Foundation
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	71,825,982	80,796	88,020,340	158,601
Short-term investments	1,174,648	3,028,857	1,667,031	1,588,790
Property taxes receivable	21,966,230	-	20,778,783	-
Accounts receivable (net)	7,802,608	141,994	3,725,002	100,709
Interest receivable	96,298	74,980	86,323	64,142
Inventories	1,349,675	-	1,701,276	-
Prepaid expense	2,787,617	-	2,651,866	-
Total current assets	107,003,058	3,326,627	118,630,621	1,912,242
Noncurrent assets				
Deposits with vendors	42,097	-	42,097	-
Pledges receivable	-	241,667	-	333,333
Endowment investments	-	32,758,166	-	26,379,094
Long-term investments	1,101,890	-	589,177	-
Prepaid expenses	142,953	-	146,817	-
Capital assets, net	178,236,673	719,529	147,494,370	719,529
Total noncurrent assets	179,523,613	33,719,362	148,272,461	27,431,956
<b>TOTAL ASSETS</b>	<b>286,526,671</b>	<b>37,045,989</b>	<b>266,903,082</b>	<b>29,344,198</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	6,212,675	70,044	13,006,318	48,680
Accrued salaries	3,904,410	-	3,043,609	-
Deferred revenue	2,049,771	16,668	1,875,615	16,668
Deposits	146,262	-	156,539	-
Accrued interest	370,370	-	308,679	-
Current portion of long-term debt	1,919,058	-	1,654,473	13,331
Total current liabilities	14,602,546	86,712	20,045,233	78,679
Noncurrent liabilities				
Accrued compensated absences	2,759,608	-	2,966,488	-
Long-term debt, net	84,749,395	-	77,861,835	29,334
Total noncurrent liabilities	87,509,003	-	80,828,323	29,334
<b>TOTAL LIABILITIES</b>	<b>102,111,549</b>	<b>86,712</b>	<b>100,873,556</b>	<b>108,013</b>



SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	College	Foundation	College	Foundation
NET POSITION				
Invested in capital assets, net of related debt	93,811,451	719,529	93,939,815	719,529
Restricted for				
Nonexpendable				
Scholarships and fellowships	-	8,791,430	-	8,518,500
Expendable				
Scholarships and fellowships	-	25,696,886	-	18,278,629
Capital projects	26,441,808	-	21,666,135	-
Unrestricted	64,161,863	1,751,432	50,423,576	1,719,527
TOTAL NET POSITION	184,415,122	36,959,277	166,029,526	29,236,185

See accompanying notes to financial statements.

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	College	Foundation	College	Foundation
<b>OPERATING REVENUES</b>				
Student tuition and fees	14,606,835	-	11,742,050	-
Nongovernmental grants and contracts	232,421	-	306,734	-
Sales and services of educational departments	966,681	-	587,213	-
Auxiliary enterprises	7,516,503	-	7,037,428	-
Other operating income	1,895,984	160,661	2,328,792	167,911
Total operating revenues	<u>25,218,424</u>	<u>160,661</u>	<u>22,002,217</u>	<u>167,911</u>
<b>OPERATING EXPENSES</b>				
Personnel services	73,997,615	72,281	73,153,790	73,871
Operating expenses	29,385,031	2,099,970	25,770,959	2,520,830
Travel	78,030	-	201,379	-
Capital assets not capitalized	4,864,230	-	7,525,561	-
Depreciation	8,522,579	-	6,385,104	-
Total operating expenses	<u>116,847,485</u>	<u>2,172,251</u>	<u>113,036,793</u>	<u>2,594,701</u>
<b>OPERATING LOSS</b>	<u>(91,629,061)</u>	<u>(2,011,590)</u>	<u>(91,034,576)</u>	<u>(2,426,790)</u>
<b>NONOPERATING REVENUES</b>				
Governmental appropriations				
State aid	28,534,342	-	27,941,152	-
Property taxes	46,870,448	-	45,680,650	-
Governmental grants and contracts				
Federal	23,819,649	-	15,647,081	-
State	1,036,209	-	1,011,234	-
Nongovernmental grants and contracts	30,000	-	25,100	-
Gifts	-	3,742,791	-	3,049,189
Investment income	58,654	5,991,891	1,170,440	829,805
Interest on indebtedness	(3,157,312)	-	(2,963,378)	-
Net nonoperating revenues	<u>97,191,990</u>	<u>9,734,682</u>	<u>88,512,279</u>	<u>3,878,994</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	<u>5,562,929</u>	<u>7,723,092</u>	<u>(2,522,297)</u>	<u>1,452,204</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	College	Foundation	College	Foundation
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
Capital appropriations	12,719,008	-	12,410,156	-
Gain on disposal of capital assets	103,659	-	80,322	-
Total other revenues, expenses, gains, or losses	12,822,667	-	12,490,478	-
INCREASE IN NET POSITION	18,385,596	7,723,092	9,968,181	1,452,204
NET POSITION, beginning of year	166,029,526	29,236,185	156,061,345	27,783,981
NET POSITION, end of year	184,415,122	36,959,277	166,029,526	29,236,185

See accompanying notes to financial statements.

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF CASH FLOWS - DIRECT METHOD  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	11,808,515	16,654,712
Grants and contracts	232,421	212,564
Payments for personnel services	(73,388,687)	(70,092,302)
Payments for operating expenses	(33,114,088)	(33,383,532)
Payments for scholarship allowances	(3,449,153)	(6,564,075)
Sales and services of educational departments	957,202	497,921
Auxiliary enterprises charges	1,943,665	7,075,819
Other receipts	<u>1,619,842</u>	<u>2,500,091</u>
Net cash used in operating activities	<u>(93,390,283)</u>	<u>(83,098,802)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State aid appropriations	28,534,342	27,941,152
Property taxes - General Fund and ADA/Hazardous Waste	45,683,001	43,335,210
Gifts and grants for other than capital purposes	25,507,224	17,618,890
Student loans receipts	9,085,200	11,111,433
Student loans disbursements	<u>(9,085,200)</u>	<u>(11,111,433)</u>
Net cash provided by noncapital financing activities	<u>99,724,567</u>	<u>88,895,252</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from long-term debt, net of premium	8,851,624	-
Payments on long-term debt	(1,699,479)	(479,676)
Interest income on bond proceeds	(7,903)	670,796
Interest paid on capital debt	(3,095,621)	(2,965,318)
Property taxes - Capital Improvement Fund	12,719,008	12,410,156
Proceeds from sale of capital assets	103,659	80,322
Purchases of capital assets	<u>(39,436,181)</u>	<u>(51,215,079)</u>
Net cash provided by (used in) capital financing activities	<u>(22,564,893)</u>	<u>(41,498,799)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	(20,330)	(25,851)
Interest on investments	<u>56,581</u>	<u>487,436</u>
Net cash provided by investing activities	<u>36,251</u>	<u>461,585</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF CASH FLOWS - DIRECT METHOD  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,194,358)	(35,240,764)
CASH AND CASH EQUIVALENTS, beginning of year	<u>88,020,340</u>	<u>123,261,104</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>71,825,982</u></u>	<u><u>88,020,340</u></u>
Reconciliation of Net Operating Loss to Net Net Cash Used in Operating Activities		
Net operating loss	<u>(91,629,061)</u>	<u>(91,034,576)</u>
Adjustments to reconcile net operating loss to net cash used provided by (used in) operating activities:		
Depreciation expenses	8,522,579	6,385,104
Changes in assets and liabilities:		
Accounts receivable (net)	(4,077,606)	(1,490,865)
Inventories	351,601	61,331
Accounts payable	(6,793,642)	2,425,166
Interest payable	61,691	(1,940)
Deferred revenue	<u>174,155</u>	<u>556,978</u>
Net cash used in operating activities	<u><u>(93,390,283)</u></u>	<u><u>(83,098,802)</u></u>
NONCASH TRANSACTIONS		
Equipment	-	-
Capital lease	-	-

See accompanying notes to financial statements.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Southeast Community College Area was established July 1, 1973, by legislative action. The College encompasses the 15 counties of southeast Nebraska. An 11-member Board of Governors is the College's governing body and establishes the policies by which the College is governed.

Reporting Entity

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America, the financial reporting entity includes both the primary government and all of its component units as defined by Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Southeast Community College Area is not a component unit of another primary government reporting entity.

The Southeast Community College Education Foundation (Foundation) is a legally separate, tax-exempt component unit of Southeast Community College Area. The Foundation acts primarily as a fundraising organization to provide support to the College. The Foundation is governed by an 8-member Board. No members of the Board are members of the College or the College Board. Although the College does not control the timing or amounts of receipts from the Foundation, the majority of the resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

Complete financial statements for the Foundation can be obtained from the Administrative Office at 301 South 68th Street Place, Lincoln, Nebraska, 68510.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intrafund transactions have been eliminated. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the College does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB ASC 958-205, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Basis of Presentation

Pursuant to the provisions of GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities an Amendment of GASB Standard 34*, the full scope of the College's activities is considered to be a single business-type activity (BTA) and, accordingly, is reported within a single column in the basic financial statements.

Effective for the year ending June 30, 2016, the College adopted GASB Statement 72, *Fair Value Measurement and Application*. The objective of this statement is to enhance comparability of governmental financial statements by requiring certain fair value measurements on a government's financial position. The adoption of this statement did not have an impact on financial position or note disclosures.

Effective for the year ending June 30, 2016, the College adopted GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify the hierarchy of generally accepted accounting principles (GAAP) to which a government should look to for guidance. GASB 76 reduced the GAAP hierarchy to two categories of authoritative GAAP: GASB Statements of Governmental Accounting Standards and GASB Technical Bulletins and Implementation Guides as well as guidance from the American Institute of Certified Public Accountants that is cleared by GASB. The adoption of this statement did not have an impact on financial position or note disclosures.

Budgets

Budgets are prepared on the same basis of accounting except that capital assets acquired are recorded as expenses and depreciation is not recorded.

Cash and Cash Equivalents

Cash equivalents include highly liquid temporary investments with original maturities of three months or less, readily convertible to known amounts of cash.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value.

Receivables

Receivables consist of tuition and fees charges to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts, which is based on historical collection experience and a review of the accounts receivable listing.

Inventories

Inventories are valued at the lower-of-cost or net realizable value as determined by the first-in, first-out (FIFO) method with the exception of parts inventories, which are stated at replacement value.

Capital Assets

Capital assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The College capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of one or more years. Library books are expensed.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used to compute depreciation:

Buildings	40 years
Building improvements	20 years
Building content replacements	10 years
Office furniture	10 years
Instructional equipment	7 years
Office equipment	3 years
Vehicles	3 years

Restricted Assets

Restricted assets represent assets whose use is restricted by external parties or by law through constitutional provisions or enabling legislation.



SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Vacation and personal leave meet the criteria in GASB Statement 16 and are included in accrued compensated absences. The criteria for accruing compensated absences are met when employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employee through paid time off or some other means, such as cash at termination or retirement.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable. Also included in this category is accrued compensated absences, as described above.

Net Position

The College's net position is classified as follows:

Invested in Capital Assets, Net of Related Debt

This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted Net Position - Nonexpendable

Nonexpendable restricted net position includes endowments and similar type assets whose use is limited by donors or other outside sources and, as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Position - Expendable

Expendable restricted net position includes resources in which the College is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted Net Position

Unrestricted net position includes resources derived from student tuition and fees, state aid, property taxes, sales and services, unrestricted gifts, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the College.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Allowances

Student tuition and fees revenues and certain other revenues from College charges are reported net of scholarship allowances in the accompanying statement of revenues, expenses, and changes in net position. The scholarship allowance is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the accompanying statement of revenues, expenses, and changes in net position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded them as scholarship allowances.

Revenue and Expense Recognition

The College presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include all charges to customers, grants received for student financial assistance, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the College. Revenues from nonexchange transactions and state appropriations that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Operating expenses are all expense transactions incurred other than those related to investing, capital, or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor nonoperating activities and are presented after nonoperating activities on the accompanying statement of revenues, expenses, and changes in net position.

Encumbrance Accounting

The College uses an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the fiscal year. Encumbrances do not constitute expenses or liabilities and are not reflected in these financial statements.

Restricted/Unrestricted Resource Priority

If both restricted and unrestricted resources are available to finance a program, restricted resources are used first unless the restricted resources require unrestricted resources to be used first.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In January 2017, GASB issued Statement 84, *Fiduciary Activities*. This statement is effective for fiscal years beginning after December 15, 2019. The College did not early implement this statement. GASB 84 establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Certain fiduciary activities meeting the new criteria will be reported as custodial funds and a statement of changes will be a required financial statement. When adopted, GASB 84 had no significant effect on the College's financial reporting.

NOTE 2. CASH AND INVESTMENTS

The College can invest, after proper consideration of the requirements for the availability of money, funds of the College in securities the nature of which individuals of prudence, discretion, and intelligence acquire or retain in dealing with the property of another.

Interest Rate Risk

The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest risk rates.

Credit Risk

In accordance with the College's investment policy, funds may be invested, within certain limits, in FDIC-insured banks, U.S. Treasury and federal agencies, and certificates of deposit issued by FDIC-insured banks.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits of the College is the risk that the College's deposits would not be covered by depository insurance. The College requires that deposits in excess of any insurance limit must be collateralized by the financial institution with appropriate pledged securities to protect funds above the insurable level.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

Cash deposits, primarily interest-bearing, are covered by federal depository insurance or pledged collateral of unregistered U.S. government securities held by various depositories. Pledged investments at June 30, 2021 and 2020, were in unregistered U.S. government securities and federal agency obligations held in the College's name by the custodial banks.

At June 30, 2021 and 2020, the balance of the College's deposits, which includes checking, money market, and certificates of deposit, were insured or fully collateralized.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of a failure of the counter party, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College has no custodial credit risk in its investment portfolio.

Concentration of Credit Risk

The College had no investment in any one issuer greater than five percent of its overall investments.

Investments at June 30, 2021 and 2020, are summarized as follows:

Investment Type	2021 Fair Value	2020 Fair Value
POAA note receivable	163,000	163,000
Certificates of deposit	<u>2,113,538</u>	<u>2,093,208</u>
	<u>2,276,538</u>	<u>2,256,208</u>

NOTE 3. PROPERTY TAX RECEIVABLE

Property taxes levied for the fiscal year ending June 30, 2021, were due December 31, 2020, and became delinquent in April to September of 2021. Property tax revenues based on the assessed valuation and the levy set are recognized in the current fiscal year even though part of the property tax revenue is not delinquent or collected until the following fiscal year.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. PROPERTY TAX RECEIVABLE (Continued)

Property taxes are recognized net of the county collection fee of 1%. The assessed valuation and levies in cents per \$100 of assessed valuation for the fiscal years ended June 30, 2021 and 2020, were as follows:

	2021	2020
Assessed valuation		
September 2020 and 2019	61,970,554,599	61,058,170,276
	2021	2020
Levy in cents per \$100 of assessed valuation		
General Fund	7.37	7.37
Capital Improvement Fund	<u>2.00</u>	<u>2.00</u>
	<u>9.37</u>	<u>9.37</u>

The amounts of property taxes receivable at June 30 were as follows:

	2021	2020
General Fund	17,277,812	16,344,215
Capital Improvement Fund	<u>4,688,418</u>	<u>4,434,568</u>
Total	<u>21,966,230</u>	<u>20,778,783</u>

The following amounts, which are included in the property taxes receivable amounts, were held as cash by county treasurers at June 30:

	2021	2020
General Fund	734,653	738,342
Capital Improvement Fund	<u>199,359</u>	<u>200,252</u>
Total	<u>934,012</u>	<u>938,594</u>

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30 were as follows:

	2021	2020
Federal nonexchange grants	6,357,622	2,157,838
Tuition and fees	10,525,517	8,568,234
Other	<u>(1,277,981)</u>	<u>396,994</u>
	15,605,158	11,123,066
Allowance for uncollectible accounts	<u>(7,802,550)</u>	<u>(7,398,064)</u>
Total accounts receivable, net	<u>7,802,608</u>	<u>3,725,002</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. INVENTORIES

Inventories at June 30 were as follows:

	2021	2020
Books and supplies	1,061,491	1,418,079
Parts	110,212	131,488
Livestock and grain	177,972	151,709
	<u>1,349,675</u>	<u>1,701,276</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	June 30, 2020	Additions	Deletions	June 30, 2021
Capital assets, not being depreciated				
Land	1,889,366	3,131,555	-	5,020,921
Construction in progress	52,230,122	-	39,474,962	12,755,160
Total	<u>54,119,488</u>	<u>3,131,555</u>	<u>39,474,962</u>	<u>17,776,081</u>
Capital assets, being depreciated				
Land improvements	3,526,895	463,116	-	3,990,011
Buildings	135,476,183	72,711,948	-	208,188,131
Leasehold improvements	29,651	-	-	29,651
Equipment	39,053,461	2,443,649	1,543,739	39,953,371
Total	<u>178,086,190</u>	<u>75,618,713</u>	<u>1,543,739</u>	<u>252,161,164</u>
Less accumulated depreciation				
Land improvements	2,161,126	109,078	-	2,270,204
Buildings	50,477,745	6,002,521	-	56,480,266
Leasehold improvements	27,056	742	-	27,798
Equipment	32,045,381	2,410,238	1,533,315	32,922,304
Total	<u>84,711,308</u>	<u>8,522,579</u>	<u>1,533,315</u>	<u>91,700,572</u>
Capital assets, net	<u>147,494,370</u>	<u>70,227,689</u>	<u>39,485,386</u>	<u>178,236,673</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	June 30, 2019	Additions	Deletions	June 30, 2020
Capital assets, not being depreciated				
Land	1,889,366	-	-	1,889,366
Construction in progress	<u>26,283,933</u>	<u>32,825,352</u>	<u>6,879,163</u>	<u>52,230,122</u>
Total	<u>28,173,299</u>	<u>32,825,352</u>	<u>6,879,163</u>	<u>54,119,488</u>
Capital assets, being depreciated				
Land improvements	3,526,895	-	-	3,526,895
Buildings	110,431,931	25,044,252	-	135,476,183
Leasehold improvements	29,651	-	-	29,651
Equipment	<u>37,326,884</u>	<u>1,726,577</u>	-	<u>39,053,461</u>
Total	<u>151,315,361</u>	<u>26,770,829</u>	-	<u>178,086,190</u>
Less accumulated depreciation				
Land improvements	2,048,571	112,555	-	2,161,126
Buildings	46,388,271	4,089,474	-	50,477,745
Leasehold improvements	26,315	741	-	27,056
Equipment	<u>29,863,047</u>	<u>2,182,334</u>	-	<u>32,045,381</u>
Total	<u>78,326,204</u>	<u>6,385,104</u>	-	<u>84,711,308</u>
Capital assets, net	<u>101,162,456</u>	<u>53,211,077</u>	<u>6,879,163</u>	<u>147,494,370</u>

NOTE 7. ACCRUED SALARIES

Accrued salaries for the fiscal years ended June 30, 2021 and 2020, were composed of the following:

	2021	2020
Accrued salaries	3,904,410	3,043,609
Accrued compensated absences	<u>2,759,608</u>	<u>2,966,488</u>
	<u>6,664,018</u>	<u>6,010,097</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2021, is summarized as follows:

	Balance 7/1/20	Proceeds	Payments	Balance 6/30/21
Tax Supported Certificates of Participation, Series 2018	58,375,000	-	1,165,000	57,210,000
Facilities Revenue Bonds, Series 2018	19,095,000	-	415,000	18,680,000
Facilities Revenue Bonds, Series 2020	-	8,675,000	-	8,675,000
Premiums and discounts, net	2,046,308	135,889	78,744	2,103,453
Compensated absences	2,966,488	112,877	319,757	2,759,608
	<u>82,482,796</u>	<u>8,923,766</u>	<u>1,978,501</u>	<u>89,428,061</u>

Certificates of Participation

Southeast Community College Tax-Supported Certificates of Participation ("COPS"), Series 2018, were issued June 7, 2018, to finance a portion of the cost of constructing, acquiring, and equipping certain buildings and related improvement to the College's campuses in the amount of \$58,375,000. The Certificates of Participation have the net effect of creating a sale and leaseback of certain College property. Payments are made semi-annually on June 15 and December 15 and include principal and interest ranging from 3% - 5% over the life of the COPS. The COPS were issued at a premium of \$2,195,062, which is amortized over the life of the COPS. At June 30, 2021, the Trustee held no monies on deposit for the benefit of the College for approved expenditures relating to the Project. The COPS are secured by and will be repaid by levying of property taxes in such amounts to service the debt obligations.

Future maturities of the COPS are due as follows:

Years Ending June 30,	Principal	Interest	Total
2022	1,200,000	2,251,569	3,451,569
2023	1,260,000	2,202,669	3,462,669
2024	1,300,000	2,164,269	3,464,269
2025	1,335,000	2,111,394	3,446,394
2026	1,405,000	2,042,894	3,447,894
2027 - 2031	8,145,000	9,059,969	17,204,969
2032 - 2036	10,035,000	7,207,466	17,242,466
2037 - 2041	11,855,000	5,357,978	17,212,978
2042 - 2046	14,145,000	2,984,709	17,129,709
2047 - 2048	6,530,000	290,056	6,820,056
	<u>57,210,000</u>	<u>35,672,973</u>	<u>92,882,973</u>



SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Facilities Revenue Bonds

Southeast Community College Facilities Revenue Bonds, Series 2018, were issued September 19, 2018, as a public offering, to finance a portion of the cost of constructing, acquiring, and equipping and furnishing new student housing and dining facilities at the College's Beatrice Campus and new student housing facilities at the College's Milford Campus. Payments are made semi-annually, on March 15th and September 15th and include principal and interest ranging from 2% to 4% over the life of the revenue bonds. At June 30, 2020, the Trustee held \$1,522,457 on deposit for the benefit of the College for approved expenditures relating to the Project. The revenue bonds are secured by and will be repaid a gross pledge of the revenues from the operation of the facilities.

Future maturities of revenue bonds are due as follows:

Years Ending June 30,	Principal	Interest	Total
2022	425,000	702,925	1,127,925
2023	440,000	690,175	1,130,175
2024	450,000	676,975	1,126,975
2025	465,000	663,475	1,128,475
2026	480,000	649,525	1,129,525
2027 - 2031	2,640,000	3,006,525	5,646,525
2032 - 2036	3,180,000	2,466,525	5,646,525
2037 - 2041	3,825,000	1,820,150	5,645,150
2042 - 2046	4,645,000	998,400	5,643,400
2047 - 2048	2,130,000	128,600	2,258,600
	<u>18,680,000</u>	<u>11,803,275</u>	<u>30,483,275</u>

The Southeast Community College Facilities Revenue Bonds, Series 2020, were issued July 2, 2020, as a public offering, to finance a portion of the cost of constructing, acquiring, equipping and furnishing a student housing facility at the College's Milford Campus and related improvements. Payments are made semi-annually on March 15th and September 15th and include principal and interest ranging from 2% - 3% over the life of the revenue bonds. At June 30, 2021, the Trustee held \$2,243,210 on deposit for the benefit of the College for approved expenditures relating to the Project. The revenue bonds are secured by and will be repaid from a gross pledge of the revenues from the operations of the facilities, net bookstore revenues, and gross facility student service fees.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Future maturities of revenue bonds are due as follows:

Years Ending June 30,	Principal	Interest	Total
2022	215,000	227,590	442,590
2023	215,000	223,290	438,290
2024	220,000	218,990	438,990
2025	225,000	214,590	439,590
2026	230,000	210,090	440,090
2027 - 2031	1,225,000	985,090	2,210,090
2032 - 2036	1,355,000	856,250	2,211,250
2037 - 2041	1,550,000	658,500	2,208,500
2042 - 2046	1,800,000	411,000	2,211,000
2047 - 2050	1,640,000	124,950	1,764,950
	<u>8,675,000</u>	<u>4,130,340</u>	<u>12,805,340</u>

Accrued compensated absences at June 30, 2021 and 2020, are \$2,709,608 and \$2,966,488, respectively, and are expected to be paid out ratably or taken over the next two years.

NOTE 9. SCHOLARSHIP ALLOWANCES

Scholarship allowances consist of the following:

1. Tuition waivers, institutional
2. Tuition waivers, statutory (reserves and war orphan)
3. Grant funds (PELL, SEOG, NSG) credited to student accounts to offset tuition, fees, room and board, and bookstore charges
4. Residence hall rental waiver for residence hall assistants

Scholarship allowances for fiscal years ended June 30, were as follows:

	2021	2020
Tuition and fees	3,449,153	6,564,075
Room and board	1,145,093	758,209
Bookstore	616,616	1,150,706
	<u>5,210,862</u>	<u>8,472,990</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. EXPENSES BY FUNCTIONAL CATEGORY

Expenses for the financial statements are presented by natural classification (personnel services, operating expense, travel, and expensed capital assets). Both NACUBO and GASB have suggested that for historical purposes expenses also be presented by functional classifications.

Expenses by functional classification for the fiscal years ended June 30, are as follows:

	2021	2020
Education and general		
Instruction	46,317,758	45,184,649
Academic support	8,881,395	8,537,651
Student services	5,150,063	5,031,603
Institutional support	19,461,256	19,498,841
Physical plant	14,054,763	17,370,557
Depreciation	8,522,579	6,385,104
Student financial aid	9,877,108	6,397,615
Auxiliary enterprises	4,582,563	4,630,773
	<u>116,847,485</u>	<u>113,036,793</u>

NOTE 11. RETIREMENT PLAN

The College provides pension benefits for its employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Effective January 1, 2009, all employees may participate on a voluntary basis in the retirement plan. All permanent employees who are working a minimum of three-fourths full time are required to participate when they reach the age of 30. For employees working a minimum of three-fourths time, the College matches employee contributions from 2% - 8.5% of the employee's gross annual salary for all employees covered by the Faculty Association Bargaining Unit. For all other employees, the College matches employee contributions from 2% - 9% of the employee's gross annual salary. The College does not match any contributions for employees working less than three-fourths time. The participants are 100% vested upon contributing to the plan.

The College's total payroll, covered payroll, contributions, and contributions as a percentage of covered payrolls for the years ended June 30, were as follows:

	2021	2020
Total payroll	58,379,059	56,016,812
Covered payroll for employees eligible for College match	49,551,094	48,429,279
Employer contributions	2,851,169	3,673,993
Employer contributions as a percentage of covered payroll	5.75%	7.59%

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS

As of June 30, 2021 and 2020, the College had \$3,101,310 and \$17,100,647 in commitments on construction contracts.

NOTE 13. RELATED PARTIES

The College is the beneficiary of a Foundation which provides support for the College by way of scholarships and other direct resources. The College contracts to provide the Foundation with limited services and office space without charge in exchange for the support the College receives. Scholarships and other direct resources provided by the Foundation are remitted to the College. Amounts for the fiscal years ended June 30, 2021 and 2020, totaled \$1,913,418 and \$2,292,280, respectively.

NOTE 14. BUDGET PROCESS

Prior to August 1, the College's management and Board of Governors prepared a proposed operating budget on the cash basis for the General, Restricted, and Plant Funds for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at a public meeting to obtain taxpayer comments. After the public hearings, the budget is legally adopted by the Board of Governors through passage of a resolution at the September Board meeting.

Total expenditures may not legally exceed total appropriations and appropriations lapse at year end.

NOTE 15. RISK MANAGEMENT

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for employee group health and accident benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The College has joined with five of the other Nebraska community colleges to form the Nebraska Community College Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for its members. The College pays an annual contribution to the Trust for its pooled self-insurance coverage of property, liability, workers' compensation, and associated excess coverages. The Trust self-insures to various levels for all categories of covered risk and purchases excess coverage for claims in excess of the self-insured limits. If the Loss Fund is exhausted, the Colleges may be assessed for additional costs. The insurance year ended June 30, 2021, was the Trust's twenty-first year of operations. In May 2021, the Board of Directors of the Trust declared a dividend of \$76,373 to be used to offset total contributions for the 2022 insurance year. The College anticipates no future liabilities for additional incurred losses for all previous years.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 16. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB issued Statement 87, *Leases*. This statement is effective for fiscal years beginning after June 15, 2021. The College did not early implement this statement. The standard will fundamentally change lease recognition, measurement, and related disclosures for both government lessees and lessors. Changes will include a requirement that the lessee recognize a lease liability and an intangible right-to-use lease asset for leases that do not qualify as short-term (less than 12 months) or ownership transfer arrangements. The College did not early implement this statement. When adopted, GASB 87 may have a material effect on the financial statements.

NOTE 17. COVID-19

The recent COVID-19 pandemic has had a significant impact on the College, both operationally and economically. Commencing March 29, 2020, the College closed the residence halls and moved to a remote learning environment through the end of the 2019 - 2020 academic year. As a result, the College refunded students a pro-rated amount of their room and board. The residence halls and cafeteria remained closed through the remainder of the spring semester and during the summer months. Students returned to the residence halls and on campus learning for the 2020 - 2021 academic year.

The College incurred COVID-19 related expenses for protective equipment, supplies, and technology. The College will seek reimbursement for these expenses through the CARES Institution Share through HEERF. In addition, a total of \$1,248,195 in CARES Act funds were provided to students in the form of emergency financial aid grants for 2019 - 2020 and \$3,034,241 for 2020 - 2021, respectively.

Modifications were also made to staffing, in the form of telecommuting and altered schedules, to meet health department requirements and specific staff situations.

The College does not expect any future material financial impact due to the pandemic; however, additional costs will likely be incurred. In anticipation of the potential for these expenses and any possible revenue reductions, the College took into consideration the pandemic in preparing the 2021 - 2022 budget. In addition, the College use CARES Act funding to provide additional assistance to students and to assist with costs as a result of COVID-19.

See Management's Discussion and Analysis for further details provided by the College.

NOTE 18. SUBSEQUENT EVENTS

In preparing the financial statements, the College has evaluated events and transactions for potential recognition or disclosure through November 10, 2021, the date the financial statements were available to be issued.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 18. SUBSEQUENT EVENTS (Continued)

Southeast Community College Board of Governors approved a Bond Resolution for Facilities Revenue Bonds, Series 2021 of not to exceed \$26,500,000 on October 19, 2021, to finance a portion of the cost of constructing, acquiring, and equipping and furnishing new student housing at the College's Lincoln Campus. The College plans to issue the bonds by the end of Calendar 2021.

ACCOMPANYING INFORMATION

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULES OF GENERAL FUND REVENUES  
BUDGETARY BASIS  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
State aid	28,534,342	27,941,152
Property taxes	46,870,448	45,680,650
Tuition	15,735,483	16,310,438
Other income	(60,788)	1,366,955
(Add) to/use cash reserves	<u>(2,842,939)</u>	<u>(2,839,029)</u>
	<u><u>88,236,546</u></u>	<u><u>88,460,166</u></u>

The revenues in this schedule are presented on the same basis as the College's General Fund budget and are not on a GASB basis of accounting. In particular, tuition is not reduced for scholarship allowances from grants and some other funds.

PROPERTY VALUATION AND PROPERTY TAX REVENUE

The property valuation for Southeast Community College Area as reported by the County Assessor in late August 2021 for use in property tax revenue for June 30, 2022, was \$66,016,209,631. The General Fund property tax rate for June 30, 2022, is 7.37 cents per \$100 of valuation.

The property valuation for Southeast Community College Area as reported by the County Assessor in late August 2020 for use in property tax revenue for June 30, 2021, was \$61,970,554,599. The General Fund property tax rate for June 30, 2021, is 7.37 cents per \$100 of valuation.



SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULES OF GENERAL FUND EXPENDITURES - BUDGETARY BASIS  
YEARS ENDED JUNE 30, 2021 AND 2020

PROGRAM CLASSIFICATION STRUCTURE	2021	2020
<b>INSTRUCTION</b>		
Personnel services	40,985,893	40,413,699
Operating expenses	2,047,689	1,833,951
Travel	4,109	48,228
Equipment	<u>225,929</u>	<u>666,563</u>
	<u>43,263,620</u>	<u>42,962,441</u>
<b>ACADEMIC SUPPORT</b>		
Personnel services	7,566,496	7,088,258
Operating expenses	994,416	1,018,564
Travel	23,088	20,624
Equipment	<u>187,417</u>	<u>174,706</u>
	<u>8,771,417</u>	<u>8,302,152</u>
<b>STUDENT SERVICE</b>		
Personnel services	3,026,686	3,204,133
Operating expenses	406,899	415,420
Travel	9,062	13,777
Equipment	<u>5,287</u>	<u>19,071</u>
	<u>3,447,934</u>	<u>3,652,401</u>
<b>INSTITUTIONAL ADMINISTRATION</b>		
Personnel services	12,723,959	12,669,520
Operating expenses	5,989,651	6,554,579
Travel	5,590	36,527
Equipment	<u>1,181,770</u>	<u>767,468</u>
	<u>19,900,970</u>	<u>20,028,094</u>
<b>PHYSICAL PLANT OPERATIONS</b>		
Personnel services	5,071,798	5,195,346
Operating expenses	4,096,944	4,614,236
Travel	-	2,156
Equipment	<u>3,558,300</u>	<u>3,571,027</u>
	<u>12,727,042</u>	<u>13,382,765</u>
<b>STUDENT FINANCIAL SUPPORT</b>		
Operating expenses	<u>125,563</u>	<u>132,313</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
 SCHEDULES OF GENERAL FUND EXPENDITURES - BUDGETARY BASIS  
 YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
GRAND TOTAL FOR COLLEGE		
Personnel services	69,374,832	68,570,956
Operating expenses	13,661,162	14,569,063
Travel	41,849	121,312
Equipment	5,158,703	5,198,835
	<u>88,236,546</u>	<u>88,460,166</u>

The expenditures in this schedule are presented on the same basis as the College's General Fund budget and are not on a GASB basis of accounting. In particular, equipment is shown as an expense.

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Pass-Through Identification Number	Federal CFDA Number	Federal Expendi- tures
<u>U.S. Department of Education</u>			
Student Financial Assistance Cluster			
PELL Grant Program		84.063	9,436,454
Federal Direct Loan		84.268	9,085,200
Federal Work-Study Program		84.033	134,994
Postsecondary Education Scholarships for Veterans Benefits		84.408	1,496
Federal Supplemental Educational Opportunity Grant Program		84.007	<u>401,802</u>
Total Student Financial Assistance Cluster			<u>19,059,946</u>
TRIO Cluster			
TRIO Support Services		84.042	260,106
TRIO Upward Bound		84.047	<u>291,664</u>
Total TRIO Cluster			<u>551,770</u>
CCAMPIS		84.335	<u>87,710</u>
Education Stabilization Fund - COVID-19		84.425	<u>10,397,110</u>
Pass-Through Programs From:			
Nebraska Department of Education			
Adult Basic Education	21-2-AEF-08-00-94500	84.002	413,297
Vocational Education	21-6701-00-60-094-5000	84.048	<u>779,517</u>
			<u>1,192,814</u>
Total U.S. Department of Education			<u>31,289,350</u>
<u>National Science Foundation</u>			
Education and Human Resources		47.076	<u>159,390</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Pass-Through Identification Number	Federal CFDA Number	Federal Expendi- tures
<u>U.S. Department of Health and Human Services</u>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance		93.243	15,186
Pass-Through Programs From:			
Nebraska Department of Health and Human Services			
Health Education Laddering Program	90FX0040-00-00-SCC-20/21	93.093	199,511
Refugee and Entrant Assistance - ESL	None	93.576	<u>9,060</u>
Total U.S. Department of Health and Human Services			<u>223,757</u>
<u>United States Department of Agriculture</u>			
Distance Learning and Telemedicine Grant		10.855	488,859
Specialty Crop Block Grant Program		10.170	<u>7,506</u>
Total U.S. Department of Agriculture			<u>496,365</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>32,168,862</u></u>

See accompanying notes to schedule of expenditures of federal awards.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Southeast Community College Area under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Southeast Community College Area it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Southeast Community College Area.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Southeast Community College Area provided no federal awards to subrecipients.

NOTE 4. INDIRECT COST RATE

The Southeast Community College Area has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SOUTHEAST COMMUNITY COLLEGE AREA  
SFA PROGRAMS - AUDIT INFORMATION

LEAD AUDITOR: Kerry A. Gustafsson Permit No. 49722  
Dana F. Cole & Company, LLP  
1248 O Street, Suite 500  
Lincoln, Nebraska 68508

TELEPHONE NO: 402.479.9300

The audit was performed between September 20, 2021 and September 23, 2021, at the institution's facilities as follows:

Location	Description of Facility	Dates Visited
Lincoln, Nebraska	Administrative and Student Financial Aid offices	September 20, 2021 to September 23, 2021
Beatrice, Nebraska	Administrative and Student Financial Aid offices	September 20, 2021 to September 23, 2021
Milford, Nebraska	Administrative and Student Financial Aid offices	September 20, 2021 to September 23, 2021

Institution's Accrediting Organization:

The Higher Learning Commission

The institution does not utilize an SFA Consultant/Service.

Records for the accounting and administration of the SFA programs are located at the Business and Student Financial Assistance offices in the Administration Building at each campus location.

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULE OF BALANCES AND ACTIVITIES OF SYSTEM AND PLEDGE  
IN REGARDS TO REVENUE BONDS RELATED TO RESIDENCE HALLS  
YEAR ENDED JUNE 30, 2021

	Dorm Total	Bookstore Total	Total System	Student Fee - Facility Total	Total Pledge
<b>ASSETS</b>					
Cash and cash equivalents	-	5,416	5,416	-	5,416
Due from other funds	-	1,262,589	1,262,589	1,517,777	2,780,366
Inventories	-	1,017,805	1,017,805	-	1,017,805
Capital assets, net	<u>29,839,968</u>	<u>560,711</u>	<u>30,400,679</u>	<u>-</u>	<u>30,400,679</u>
44 TOTAL ASSETS	<u>29,839,968</u>	<u>2,846,521</u>	<u>32,686,489</u>	<u>1,517,777</u>	<u>34,204,266</u>
<b>LIABILITIES</b>					
Accounts payable	208,925	8,807	217,732	-	217,732
Due to other funds	21,999,665	-	21,999,665	-	21,999,665
Accrued salaries	19,146	46,277	65,423	-	65,423
Deferred revenue	<u>987,481</u>	<u>-</u>	<u>987,481</u>	<u>-</u>	<u>987,481</u>
TOTAL LIABILITIES	<u>23,215,217</u>	<u>55,084</u>	<u>23,270,301</u>	<u>-</u>	<u>23,270,301</u>
NET POSITION	<u>6,624,751</u>	<u>2,791,437</u>	<u>9,416,188</u>	<u>1,517,777</u>	<u>10,933,965</u>
<b>OPERATING REVENUES</b>					
Dormitory revenues	2,436,722	-	2,436,722	-	2,436,722
Bookstore revenues	-	4,094,231	4,094,231	-	4,094,231
Student service fee revenue	-	-	-	973,401	973,401
Other income	<u>57,730</u>	<u>2,076</u>	<u>59,806</u>	<u>-</u>	<u>59,806</u>
Total operating revenues	<u>2,494,452</u>	<u>4,096,307</u>	<u>6,590,759</u>	<u>973,401</u>	<u>7,564,160</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULE OF BALANCES AND ACTIVITIES OF SYSTEM AND PLEDGE  
IN REGARDS TO REVENUE BONDS RELATED TO RESIDENCE HALLS  
YEAR ENDED JUNE 30, 2021

	Dorm Total	Bookstore Total	Total System	Student Fee - Facility Total	Total Pledge
OPERATING EXPENSES					
Personnel services	486,512	645,356	1,131,868	-	1,131,868
Operating expenses	592,638	3,607,270	4,199,908	-	4,199,908
Equipment	71,125	26,708	97,833	-	97,833
Total operating expenses	<u>1,150,275</u>	<u>4,279,334</u>	<u>5,429,609</u>	<u>-</u>	<u>5,429,609</u>
OPERATING INCOME	<u>1,344,177</u>	<u>(183,027)</u>	<u>1,161,150</u>	<u>973,401</u>	<u>2,134,551</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	447	-	447	-	447
Transfer from General Fund	-	220,407	220,407	-	220,407
Depreciation	(655,233)	(37,380)	(692,613)	-	(692,613)
Interest on indebtedness	(711,500)	-	(711,500)	-	(711,500)
Net nonoperating revenues (expenses)	<u>(1,366,286)</u>	<u>183,027</u>	<u>(1,183,259)</u>	<u>-</u>	<u>(1,183,259)</u>
INCREASE (DECREASE) IN NET POSITION	(22,109)	-	(22,109)	973,401	951,292
NET POSITION, beginning of year	<u>6,646,860</u>	<u>2,791,437</u>	<u>9,438,297</u>	<u>544,376</u>	<u>9,982,673</u>
NET POSITION, end of year	<u>6,624,751</u>	<u>2,791,437</u>	<u>9,416,188</u>	<u>1,517,777</u>	<u>10,933,965</u>





**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Governors  
Southeast Community College Area  
Lincoln, Nebraska

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Southeast Community College Area, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Southeast Community College Area's basic financial statements, and have issued our report thereon dated November 10, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

### Management's Responsibility for Compliance

Compliance with certain provisions and laws, regulations, contracts, and grant agreements related to Southeast Community College Area is the responsibility of the College's management.

### Auditors' Responsibility

As part of obtaining reasonable assurance about whether Southeast Community College Area's financial statements are free of 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*.

### Purpose of this Report

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

Dana F Cole + Company, LLP

Lincoln, Nebraska  
November 10, 2021



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Governors  
Southeast Community College Area  
Lincoln, Nebraska

**Report on Compliance for Each Major Program**

We have audited Southeast Community College Area's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. Southeast Community College Area's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Southeast Community College Area's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Southeast Community College Area's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major program. However, our audit does not provide a legal determination on the Southeast Community College Area's compliance.

## Opinion on Each Major Program

In our opinion, Southeast Community College Area complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of Southeast Community College Area is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southeast Community College Area's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southeast Community College Area's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Southeast Community College Area's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Southeast Community College Area's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on those requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dana F Cole + Company, LLP

Lincoln, Nebraska  
November 10, 2021

SOUTHEAST COMMUNITY COLLEGE AREA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2021

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: \_\_\_Yes X No

Significant deficiencies identified that are not considered to be material weaknesses: \_\_\_Yes X None reported

Noncompliance matter to the financial statements disclosed: \_\_\_Yes X No

Federal Awards

Internal control over major programs:

Material weakness identified: \_\_\_Yes X No

Significant deficiencies identified that are not considered to be material weaknesses: X Yes \_\_\_None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a): X Yes \_\_\_No

Identification of major programs:

PELL Grant Program	84.063
Federal Direct Loan Program	84.268
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work-Study	84.033
Career and technical Education	84.048
Postsecondary Education Scholarships for Veterans Benefits	84.408

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee: \_\_\_Yes X No

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

SECTION II. FINANCIAL STATEMENT FINDING

None reported.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001 LOAN COUNSELING - FEDERAL DIRECT LOAN PROGRAMS 84.268

Criteria

Per 34 CFR 685.304, entrance counseling is required for all first-time Direct Loan borrowers before the first disbursement of a loan. Per 34 CFR 682.604(g), if a student borrower withdraws from school or fails to complete an exit counseling session, the College must mail written counseling materials to the student's last known address within 30 days after learning that the student has withdrawn.

Condition

Of our sample of 60 students, 3 cases were noted where the College did not have documentation to support that exit counseling materials were provided to the withdrawn student within the required time frame.

Cause

Procedures requiring provision of entrance and exit counseling materials were not followed, primarily due to a change in financial aid personnel.

Effect

Students that are not provided with entrance and exit counseling materials may not be fully aware of their repayment responsibilities, which could result in additional defaults on the loan program.

Questioned Costs

None.

Recommendation

We recommend that the College provide written exit counseling materials to student borrowers within 30 days of becoming aware that a student has withdrawn by reviewing documentation for withdrawn students to see that exit counseling has been completed, and if not, to mail exit counseling materials as required and maintain documentation that such information was provided.

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

2020-001 LOAN COUNSELING - FEDERAL DIRECT LOAN PROGRAMS 84.268 (Continued)

Views of Responsible Officials

The College Financial Aid Office will ensure that all students who are identified as having withdrawn or dropped below half-time enrollment status receive exit counseling materials as required to be notified of rights and responsibilities. The College will utilize current reporting procedures and any other necessary procedures to ensure exit counseling materials are provided and documented.

SOUTHEAST COMMUNITY COLLEGE AREA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021

2020-001 LOAN COUNSELING - FEDERAL DIRECT LOAN PROGRAMS 84.268

Per 34 CFR 685.304, entrance counseling is required for all first-time Direct Loan borrowers before the first disbursement of a loan. Per 34 CFR 682.604(g), if a student borrower withdraws from school or fails to complete an exit counseling session, the College must mail written counseling materials to the student's last known address within 30 days after learning that the student has withdrawn. This is a continued finding. See item 2021-001.



## CORRECTIVE ACTION PLAN

November 12, 2021

Southeast Community College Area respectfully submits the following corrective action plan for the year ending June 30, 2021, for the findings identified by Dana F. Cole & Company, LLP, Minden, Nebraska.

The findings from the schedule of findings and questioned costs are discussed below and are numbered consistently with the numbers assigned in that schedule.

### FINANCIAL STATEMENT FINDINGS

#### 2021-001 LOAN COUNSELING – FEDERAL DIRECT LOAN PROGRAMS 84.268

**Recommendation:** The College provide written exit counseling materials to student borrowers within 30 days of becoming aware that a student has withdrawn by reviewing documentation for withdrawn students to see that exit counseling has been completed, and if not, to mail exit counseling materials as required and maintain documentation that such information was provided.

**Action Taken:** The College Financial Aid Office will ensure that all students who are identified as having withdrawn or dropped below half-time enrollment status receive exit counseling materials as required to be notified of rights and responsibilities. The College will utilize current reporting procedures and any other necessary procedures to ensure exit counseling materials are provided and documented.

In addition, the College Financial Aid Office will enhance their training materials to ensure that those employees responsible for providing exit counseling materials understand their responsibilities to provide this material, are aware of DOE regulations related to this requirement and comply with all necessary processes and procedures to ensure these requirements are being met.

If the U.S. Department of Education have questions regarding this plan, please call Melissa Troyer at 402-437-2619.

Sincerely yours,

*Melissa Troyer*

Melissa Troyer  
Administrative Director of Financial Aid  
Southeast Community College