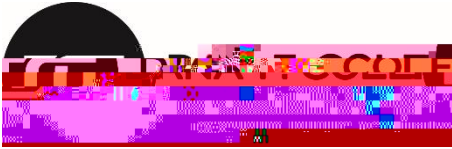


SOUTHEAST COMMUNITY COLLEGE AREA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Southeast Community College Area as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Southeast Community College Area's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Southeast Community College Area, as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Southeast Community College Educational Foundation were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Southeast Community College Area and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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, 2022 and 2021. 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

SOUTHEAST COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 1
NET POSITION
(in thousands of dollars)

	2022	2021	2020
Current assets	144,947	107,003	118,631
Noncurrent assets	739	1,287	778
Capital assets	<u>188,162</u>	<u>178,237</u>	<u>147,494</u>
Total assets	<u>333,848</u>	<u>286,527</u>	<u>266,903</u>
Current liabilities	15,868	14,603	20,045
Noncurrent liabilities	<u>112,061</u>	<u>87,509</u>	<u>80,829</u>
Total liabilities	<u>127,929</u>	<u>102,112</u>	<u>100,874</u>
Net position			
Invested in capital assets, net of related debt	104,837	93,811	93,940
Restricted	32,856	26,442	21,666
Unrestricted	<u>68,226</u>	<u>64,162</u>	<u>50,423</u>
Total net position	<u>205,919</u>	<u>184,415</u>	<u>166,029</u>

Total assets of the College increased 16.

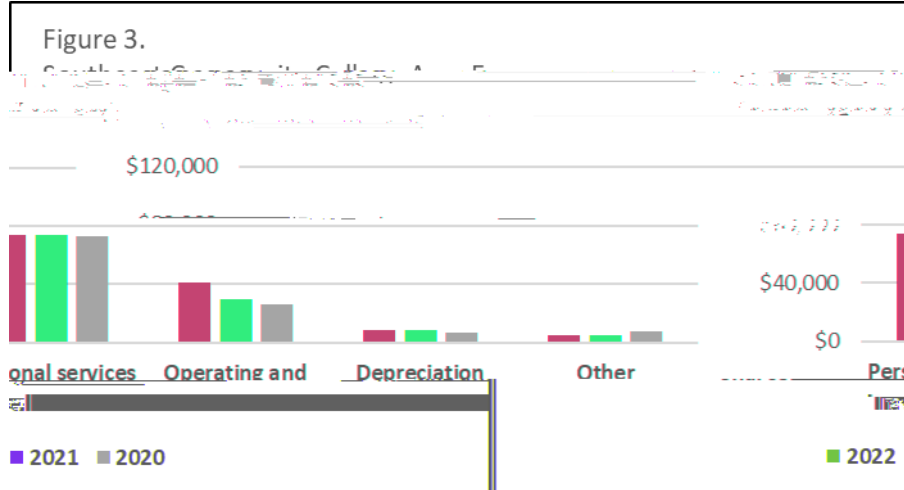
SOUTHEAST COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2022	2021	2020
Operating revenue			
Student tuition and fees	15,569	14,607	11,742
Grants and contracts	137	232	307
Sales educational departments	1,086	967	587
Auxiliary enterprises	8,763	7,517	7,037
Other	<u>2,112</u>	1,896	

SOUTHEAST COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPENSES



Comments about expenses are as follows:

Personal services continue to be the primary expenditure category and are 57% of total operating expenses in fiscal 2021 - 2022 and 68% in fiscal 2020 - 2021.

SOUTHEAST COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2022	2021	2020
Land and CIF	23,112	17,776	54,119
Land improvements	2,169	1,720	1,336
Buildings	155,946	151,710	85,001
Equipment	6,934	7,031	7,008
	188,161	178,237	147,464

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% - 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, 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% - 5% over the life of the revenue bonds.

Southeast Community College Facilities Revenue Bonds, Series 2021 were issued July, 2, 2021, to finance a portion of the cost of constructing, acquiring, 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.

The Southeast Community College Facilities Revenue Bonds, Series 2022, were issued January 20, 2022, to finance a portion of the cost of constructing, acquiring, equipping and furnishing new student housing at the College's Lincoln Campus. Payments are made semi-annually on March 15th and September 15th and include principal and interest at 4% over the life of the revenue bonds. The bonds were issued at a premium of \$2,632,939 which is amortized over the life of the revenue bonds.

SOUTHEAST COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 5
OUTSTANDING DEBT
(in thousands of dollars)

	2022	2021	2020
Tax Support Certificates of Participation, Series 2018	57,904	59,177	60,417
Facilities Revenue Bonds, Series 2018	18,260	18,685	19,100
Facilities Revenue Bonds, Series 2020	8,587	8,807	-
Facilities Revenue Bonds, Series 2022	26,553	-	-
	<u>111,304</u>	<u>86,669</u>	<u>79,517</u>

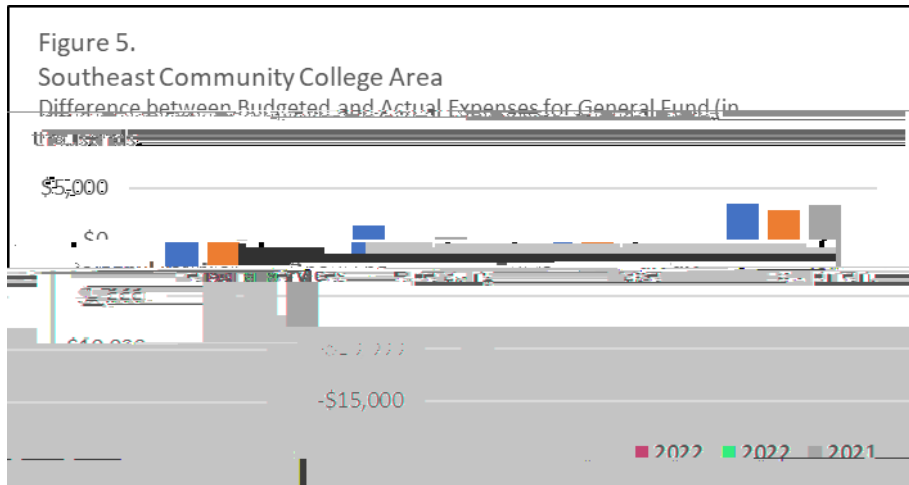
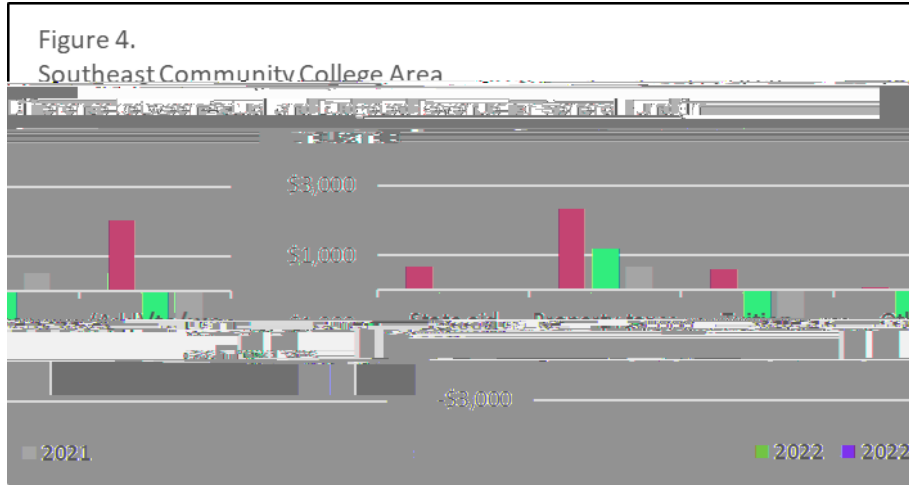
BUDGET VS ACTUAL

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.

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

	Budget 2022	Actual 2022	Budget 2021	Actual 2021	Budget 2020	Actual 2020
REVENUES						
State aid	29,874	29,187	28,535	28,535	27,941	27,941
Property taxes	50,807	48,494	45,672	46,871	45,000	45,681
Tuition	16,353	15,741	18,354	15,735	19,132	16,310
Other	771	682	1,044	(61)	837	1,367
(Add) to/use cash reserves	-	(2,037)	-	(2,843)	-	(2,839)
Total revenues	<u>97,805</u>	<u>92,067</u>	<u>93,605</u>	<u>88,237</u>	<u>92,910</u>	<u>88,460</u>
EXPENSES						
Personnel services	79,432	68,972	76,250	69,375	76,460	68,571
Operating	16,955	18,364	15,007	13,661	14,248	14,569
Travel	395	144	121	42	433	121
Equipment	1,023	4,587	2,227	5,159	1,769	5,199
Total expenses	<u>97,805</u>	<u>92,067</u>	<u>93,605</u>	<u>88,237</u>	<u>92,910</u>	<u>88,460</u>

SOUTHEAST COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS



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

Fiscal 2021 -

SOUTHEAST COMMUNITY COLLEGE AREA
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>		<u>2021</u>	
	College	Foundation	College	Foundation
NET POSITION				
Invested in capital assets, net of				

SOUTHEAST COMMUNITY COLLEGE AREA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2021	
	College	Foundation	College	Foundation
OPERATING REVENUES				
Student tuition and fees	15,569,512	-	14,606,835	-
Nongovernmental grants and contracts	136,894	-	232,421	-
Sales and services of educational departments	1,086,372	-	966,681	-
Auxiliary enterprises	8,762,668	-	7,516,503	-
Other operating income	2,111,618	159,074	1,895,984	160,661
Total operating revenues	<u>27,667,064</u>	<u>159,074</u>	<u>25,218,424</u>	<u>160,661</u>
OPERATING EXPENSES				
Personnel services	73,612,131	111,863	73,997,615	72,281
Operating expenses	40,925,809	4,892,433	29,385,031	2,099,970
Travel	269,154	-	78,030	-
Capital assets not capitalized	4,799,837	-	4,864,230	-
Depreciation	8,759,490	-	8,522,579	-
Total operating expenses	<u>128,366,421</u>	<u>5,004,296</u>	<u>116,847,485</u>	<u>2,172,251</u>
OPERATING LOSS	<u>(100,699,357)</u>	<u>(4,845,222)</u>	<u>(91,629,061)</u>	<u>(2,011,590)</u>
NONOPERATING REVENUES				
Governmental appropriations				
State aid	29,186,711	-	28,534,342	-
Property taxes	48,493,955	-	46,870,448	-
Governmental grants and contracts				
Federal	30,073,958	-	23,819,649	-
State	1,461,974	-	1,036,209	-
Nongovernmental grants and contracts	-	-	30,000	-
Gifts	2,853,007	4,595,004	-	3,742,791
Investment income	189,527	(1,882,502)	58,654	5,991,891
Interest on indebtedness	(3,469,250)	-	(3,157,312)	-
Net nonoperating revenues	<u>108,789,882</u>	<u>2,712,502</u>	<u>97,191,990</u>	<u>9,734,682</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>8,090,525</u>	<u>(2,132,720)</u>	<u>5,562,929</u>	<u>7,723,092</u>

SOUTHEAST COMMUNITY COLLEGE AREA
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2021	
	College	Foundation	College	Foundation
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
Capital appropriations	13,159,644	-	12,719,008	-
Gain on disposal of capital assets	253,983	-	103,659	-
Total other revenues, expenses, gains, or losses	13,413,627	-		

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	20,529,592	11,808,515
Grants and contracts	-	232,421
Payments for personnel services	(73,556,675)	(73,388,687)
Payments for operating expenses	(44,738,314)	(33,114,088)
Payments for scholarship allowances	-	(3,449,153)
Sales and services of educational departments	1,065,025	957,202
Auxiliary enterprises charges	8,285,565	1,943,665
Other receipts	<u>2,248,575</u>	<u>1,619,842</u>
Net cash used in operating activities	<u>(86,166,232)</u>	<u>(93,390,283)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State aid appropriations	29,186,711	28,534,342
Property taxes - General Fund and ADA/Hazardous waste	48,018,456	45,683,001
Gifts and grants for other than capital purposes	31,306,318	25,507,224
Student loans receipts	7,830,440	9,085,200
Student loans disbursements	<u>(7,830,440)</u>	<u>(9,085,200)</u>
Net cash provided by noncapital financing activities	<u>108,511,485</u>	<u>99,724,567</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from long-term debt, net of premium	26,475,131	8,851,624
Payments on long-term debt	(1,840,000)	(1,699,479)
Interest income on bond proceeds	178,886	(7,903)
Interest paid on capital debt	(3,104,276)	(3,095,621)
Property taxes - Capital Improvement Fund	13,030,488	12,719,008
Capital grants and gifts	2,853,007	-
Proceeds from sale of capital assets	253,983	-

SOUTHEAST COMMUNITY COLLEGE AREA
STATEMENTS OF CASH FLOWS - DIRECT METHOD
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	(9,660)	(20,330)
Interest on investments	-	56,581
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	<u>(9,660)</u>	<u>36,251</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,498,443	(16,194,358)
CASH AND CASH EQUIVALENTS, beginning of year	<u>71,825,982</u>	<u>88,020,340</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>113,324,425</u></u>	<u><u>71,825,982</u></u>
Reconciliation of Net Operating Loss to Net Net Cash Used in Operating Activities		
Net operating loss	<u>(100,699,357)</u>	<u>(91,629,061)</u>
Adjustments to reconcile net operating loss to net cash used provided by (used in) operating activities:		
Depreciation expenses	8,759,490	8,522,579
Changes in assets and liabilities:		
Accounts receivable (net)	5,403,168	(4,077,606)
Inventories	88,320	351,601
Prepaid expense	(534,526)	-
Accounts payable		

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southeast Community College Area (the College) 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

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

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

SOUTHEAST COMMUNITY COLLEGE AREA

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.22 7/F1 11.04 T(Cor

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1.

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.

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.

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.

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 Federal Deposit Insurance Corporation (FDIC)-insured banks, U.S. Treasury and federal agencies, and certificates of deposit issued by FDIC-insured banks.

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 2.

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, 2022 and 2021, were as follows:

	2022	2021
Assessed valuation September 2021 and 2020	66,016,209,631	61,970,554,599
	2022	2021
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:

	2022	2021
General Fund	17,753,311	17,277,812
Capital Improvement Fund	<u>4,817,574</u>	<u>4,688,418</u>
Total	<u>22,570,885</u>	<u>21,966,230</u>

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

	2022	2021
General Fund	694,165	734,653
Capital Improvement Fund	<u>188,379</u>	<u>199,359</u>
Total	<u>882,544</u>	<u>934,012</u>

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30 were as follows:

	2022	2021
Federal nonexchange grants	1,378,407	6,357,622
Tuition and fees	11,055,055	10,525,517
Other	<u>(1,249,576)</u>	<u>(1,277,981)</u>
	11,183,886	15,605,158
Allowance for uncollectible accounts	<u>(8,508,279)</u>	<u>(7,802,550)</u>
Total accounts receivable, net	<u>2,675,607</u>	<u>7,802,608</u>

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. INVENTORIES

Inventories at June 30 were as follows:

	2022	2021
Books and supplies	954,572	1,061,491
Parts	105,734	110,212
Livestock and grain	201,049	177,972
	<u>1,261,355</u>	<u>1,349,675</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	June 30, 2021	Additions	Deletions	June 30, 2022
Capital assets, not being depreciated				
Land	5,020,921	-	-	5,020,921
Construction in progress	12,755,160	5,336,174	-	18,091,334
Total	<u>17,776,081</u>	<u>5,336,174</u>	<u>-</u>	<u>23,112,255</u>
Capital assets, being depreciated				
Land improvements	3,990,011	561,915	-	4,551,926
Buildings	208,188,131	10,499,617	-	218,687,748
Leasehold improvements	29,651	-	-	29,651
Equipment	39,953,371	2,296,561	764,741	41,485,191
Total	<u>252,161,164</u>	<u>13,358,093</u>	<u>764,741</u>	<u>264,754,516</u>
Less accumulated depreciation				
Land improvements	2,270,204	112,484	-	2,382,688
Buildings	56,480,266	6,262,826	-	62,743,092
Leasehold improvements	27,798	741	-	28,5T/F

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

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

June 30,

June 30,

NOTE 7. ACCRUED SALARIES

Accrued salaries for the fiscal years ended June 30, 2022 and 2021, were composed of the following:

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2022, is summarized as follows:

	Balance 7/1/21	Proceeds	Payments	Balance 6/30/22
Tax Supported Certificates of Participation, Series 2018	57,210,000	-	1,200,000	56,010,000
Facilities Revenue Bonds, Series 2018	18,680,000	-	425,000	18,255,000
Facilities Revenue Bonds, Series 2020	8,675,000	-	215,000	8,460,000
Facilities Revenue Bonds, Series 2022	-	23,920,000	-	23,920,000
Premiums and discounts, net	2,103,453	2,632,938	77,807	4,658,584
Compensated absences	2,759,608	94,078	-	2,853,686
	<u>89,428,061</u>	<u>26,647,016</u>	<u>1,917,807</u>	<u>114,157,270</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
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	

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.

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Facilities Revenue Bonds (Continued)

Accrued compensated absences at June 30, 2022 and 2021, are \$2,853,686 and \$2,709,608, 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:

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. EXPENSES BY FUNCTIONAL CATEGORY (Continued)

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

	2022	2021
Education and general		
Instruction	45,876,348	46,317,758
Academic support	9,157,445	8,881,395
Student services	5,662,618	5,150,063
Institutional support	22,791,701	19,461,256
Physical plant	16,306,346	14,054,763
Depreciation	8,759,490	8,522,579
Student financial aid	16,124,884	9,877,108
Auxiliary enterprises	3,687,589	4,582,563
	<u>128,366,421</u>	<u>116,847,485</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:

	2022	2021
Total payroll	56,753,027	58,379,059
Covered payroll for employees eligible for College match	47,379,132	49,551,094
Employer contributions	3,219,748	2,851,169
Employer contributions as a percentage of covered payroll	6.80%	5.75%

SOUTHEAST COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 16. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS

GASB Statement 96, *Subscription-based Information Technology Arrangements*, was issued in May 2020, and is effective for fiscal years beginning after June 15, 2022. The standard provides guidance related to accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The standard generally requires the recording of a right-to-use subscription asset (intangible asset) and a corresponding liability. There is an exception for short-term SBITAs defined as those with maximum possible terms of 12 months or less including options to extend, regardless of their probability of being exercised. When adopted, GASB 96 may have a material effect on the financial statements.

NOTE 17. COVID-19

The College does not expect any future material financial impact due to the pandemic. The College was reimbursed \$9,451,565 through the CARES Institution Share through HEERF in fiscal 2021 - 2022 and \$3,034,241 in fiscal 2020 - 2021. In addition, a total of \$8,721,034 in CARES Act funds was provided to students in the form of emergency financial aid grants for 2021 - 2022 and \$3,034,241 in fiscal 2020 - 2021. SCC has also been awarded a \$4.3 million grant from the City of Lincoln from funds that the City received under federal COVID-19 relief programs. SCC has not yet received such funds. In addition, SCC has requested up to \$10 million from the State from funds the State has received from federal COVID-19 relief programs, but no such funds have been awarded or received.

NOTE 18. SUBSEQUENT EVENT

In preparing the financial statements, the College has evaluated events and transactions for potential recognition or disclosure through November 14, 2022, the date the financial statements were available to be issued.

State aid

	2022	2021
	29,186,711	

	2022	2021
INSTRUCTION		
Personnel services	39,839,815	40,985,893
Operating expenses	2,345,366	2,047,689
Travel	51,073	4,109
Equipment	2,112,740	225,929
	<u>44,348,994</u>	<u>43,263,620</u>
ACADEMIC SUPPORT		
Personnel services	7,947,110	7,566,496
Operating expenses	844,734	994,416
Travel	14,393	23,088
	234,471	187,417
	<u>9,040,708</u>	<u>8,771,417</u>
Personnel services	3,045,694	3,026,686
Operating expenses	525,857	406,899
Travel	24,703	9,062
Equipment	189,756	

SOUTHEAST COMMUNITY COLLEGE AREA
 SCHEDULES OF GENERAL FUND EXPENDITURES - BUDGETARY BASIS
 YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
GRAND TOTAL FOR COLLEGE		
Personnel services	68,971,945	69,374,832
Operating expenses	18,364,385	13,661,162
Travel	143,713	41,849
Equipment	4,587,245	5,158,703
	<u>92,067,288</u>	<u>88,236,546</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.

Pass-Through

Assistance
Listing

Federal
Expendi-

SOUTHEAST COMMUNITY COLLEGE AREA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program Title	Pass-Through Identification Number	Assistance Listing Number	Federal Expendi- tures
<u>U.S. Department of Health and Human Services</u>			
Pass-Through Programs From:			
Nebraska Department of Health and Human Services			
Child Care and Development Block Grant - CCDF Cluster - COVID-19		93.575	78,549
Health Education Laddering Program	90FX0040-00-00-SCC-20/21	93.093	82,560
Refugee and Entrant Assistance - ESL	None	93.576	15,968
Behavioral Health Grants	95-3101-0050-805	93.732	32,620
University of Nebraska - Lincoln			
Area Health Education Centers	34-5210-1006-011	93.107	<u>64,543</u>
Total U.S. Department of Health and Human Services			<u>274,240</u>
<u>United States Department of Agriculture</u>			
Specialty Crop Block Grant Program		10.170	<u>12,414</u>
Total U.S. Department of Agriculture			<u>12,414</u>
<u>Department of the Treasury</u>			
Passed through the Nebraska Department of Economic Development Coronavirus Relief Fund	CRF-0014951	21.019	<u>2,615</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>37,904,398</u>

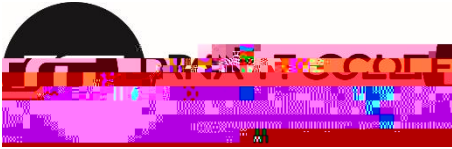
See accompanying notes to schedule of expenditures of federal awards.

SOUTHEAST COMMUNITY COLLEGE AREA

	Dorm Total	Bookstore Total	Total System	Student Fee - Facility Total	Total Pledge
ASSETS					
Cash and cash equivalents	27,962,889	1,450	27,964,339	-	27,964,339
Accounts receivable	15,848	-	15,848	-	15,848
Due from other funds	2,826,374	1,365,693	4,192,067	2,936,827	7,128,894
Inventories	-	926,860	926,860	-	926,860
Capital assets, net	<u>31,213,046</u>	<u>523,331</u>	<u>31,736,377</u>	-	<u>31,736,377</u>
TOTAL ASSETS	<u>62,018,157</u>	<u>2,817,334</u>	<u>64,835,491</u>	<u>2,936,827</u>	<u>67,772,318</u>
LIABILITIES					
Accounts payable	-	11,604	11,604	-	11,604
Accrued salaries	19,370	51,674	71,044	-	71,044
Accrued interest	642,779	-	642,779	-	642,779
Bonds payable	53,400,614	-	53,400,614	-	53,400,614
Deferred revenue	<u>494,662</u>	<u>(53,400)</u>	<u>(30,614)</u>	<u>224,577</u>	<u>643,444</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, 2022

	Dorm Total	Bookstore Total	Total System	Student Fee - Facility Total	Total Pledge
OPERATING EXPENSES					
Personnel services	475,482	666,495	1,141,977	-	1,141,977
Operating expenses	640,788	2,996,566	3,637,354	-	3,637,354
Travel	-	1,177	1,177	-	1,177
Equipment	1,077,564	47,302	1,124,866	-	1,124,866
Total operating expenses	<u>2,193,834</u>	<u>3,711,540</u>	<u>5,905,374</u>	<u>-</u>	<u>5,905,374</u>
OPERATING INCOME	<u>1,083,815</u>	<u>62,249</u>	<u>1,146,064</u>	<u>1,419,050</u>	<u>2,565,114</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	24,660	-	24,660	-	24,660
Transfers	2,268,714	(62,250)	2,206,464	-	2,206,464
Debt issuance costs	(551,089)	-	(551,089)	-	(551,089)
Depreciation	(895,636)	(37,380)	(933,016)	-	(933,016)
Interest on indebtedness	(1,294,483)	-	(1,294,483)	-	(1,294,483)
Net nonoperating revenues (expenses)	<u>(447,834)</u>	<u>(99,630)</u>	<u>(547,464)</u>	<u>-</u>	<u>(547,464)</u>
INCREASE (DECREASE) IN NET POSITION	635,981	(37,381)	598,600	1,419,050	2,017,650
NET POSITION, beginning 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>
NET POSITION, end of year	<u><u>7,260,732</u></u>	<u><u>2,754,056</u></u>	<u><u>10,014,788</u></u>	<u><u>2,936,827</u></u>	<u><u>12,951,615</u></u>



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

To the Board of 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 the Southeast Community College Area, as of and for the year ended June 30, 2022, 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 14, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Southeast Community College Area's internal control over financial reporting (internal control) as a basis for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.



INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited Southeast Community College Area's compliance with the types of compliance requirements identified as subject to audit 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, 2022. The 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.

In our opinion, Southeast Community College Area complied, in all material respects, with the types of 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards gei24 522.79 Tm2 Tr 0.31543 w0 g0

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Lincoln, Nebraska
November 14, 2022

SOUTHEAST COMMUNITY COLLEGE AREA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2022

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: Yes No

Significant deficiencies identified that are not considered to be material weaknesses: Yes None reported

Noncompliance matter to the financial statements disclosed: Yes No

Federal Awards

Internal control over major programs:

Material weakness identified: Yes No

Significant deficiencies identified that are not considered to be material weaknesses: 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): 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
Higher Education Emergency Relief Fund	84.425E/84.425F

SOUTHEAST COMMUNITY COLLEGE AREA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION I. SUMMARY OF AUDITOR'S RESULTS (Continued)

Federal Awards (Continued)

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

Auditee qualified as a low-risk auditee: Yes No

SECTION II. FINANCIAL STATEMENT FINDING

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SOUTHEAST COMMUNITY COLLEGE AREA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

2021-001 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 not a continued finding for June 30, 2022.