

SOUTHEAST COMMUNITY COLLEGE AREA

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023



**DANA F. COLE  
& COMPANY** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

SOUTHEAST COMMUNITY COLLEGE AREA  
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**DANA F. COLE  
& COMPANY<sub>LLP</sub>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S 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, 2024 and 2023, 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, 2024 and 2023, 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 Auditor's 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.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southeast Community College Area's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southeast Community College Area's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southeast Community College Area's basic financial statements. The schedules of general fund revenues - budgetary basis, schedules of general fund expenditures - budgetary basis, schedule of balances and activities of system and pledge in regards to revenue bonds related to residence halls, and schedule 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of general fund revenues - budgetary basis, schedules of general fund expenditures - budgetary basis, schedule of balances and activities of system and pledge in regards to revenue bonds related to residence halls, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the Southeast Community College Area's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southeast Community College Area's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southeast Community College Area's internal control over financial reporting and compliance.

*Dana F Cole + Company, LLP*

Lincoln, Nebraska  
November 15, 2024

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Southeast Community College Area's (the College) annual financial report presents our discussion and analysis of the College's financial performance during the fiscal years ended June 30, 2024 and 2023. 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.

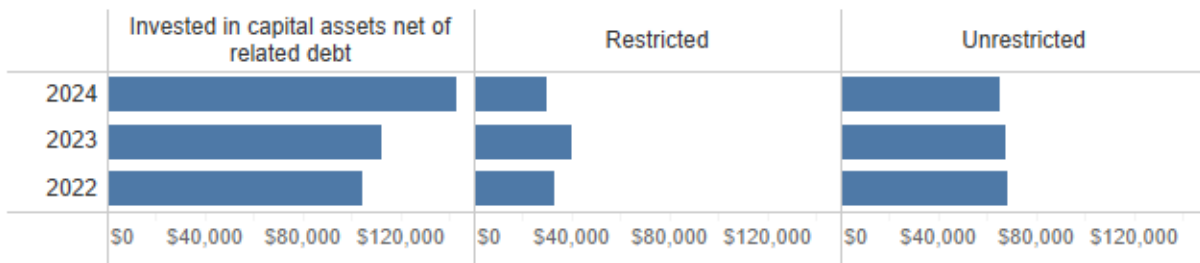
**THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

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

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

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

	2024	2023	2022
Current assets	146,341	139,035	144,947
Noncurrent assets	2,394	3,616	739
Capital assets	<u>253,745</u>	<u>203,695</u>	<u>188,162</u>
Total assets	<u>402,480</u>	<u>346,346</u>	<u>333,848</u>
Current liabilities	25,248	14,816	15,868
Noncurrent liabilities	<u>139,711</u>	<u>111,681</u>	<u>112,061</u>
Total liabilities	<u>164,959</u>	<u>126,497</u>	<u>127,929</u>
Net position			
Invested in capital assets, net of related debt	142,977	112,107	104,837
Restricted	29,605	40,373	32,856
Unrestricted	<u>64,939</u>	<u>67,369</u>	<u>68,226</u>
Total net position	<u>237,521</u>	<u>219,849</u>	<u>205,919</u>

Total assets of the College increased 16.2% (\$56,134 thousand) and 3.7% (\$12,498 thousand); liabilities increased 30.4% (\$38,462 thousand) and decreased 1.1% or (\$1,432 thousand); and net assets increased by 8.0% (\$17,672 thousand) and 6.8% (\$13,930 thousand) for the fiscal year ended June 30, 2024 and 2023. The changes are due to the following factors:

- The increase in total assets in fiscal 2024-2025 was mainly due to construction related to the Lincoln Welding facility and the Nebraska Hall addition. The increase in assets in fiscal 2023-2024 was mainly due to Lincoln residence hall construction paid from the issuance of the Facility Revenue Bonds, Series 2023.
- Total liabilities increased 30.4% (\$38,462 thousand) and were consistent in fiscal 2023-2024 compared to prior year. An increase in liabilities in fiscal 2023-2024 is primarily due to the issuance of Certificates of Participation, Series 2023 with a par amount of \$29,395,000.
- Net assets increased due to completion of various capital construction projects in fiscal 2023-2024 and 2022-2023. A decrease in the unrestricted net position was mainly due to the early implementation of GASB 101 related to the accrual of sick leave in fiscal 2023-2024.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

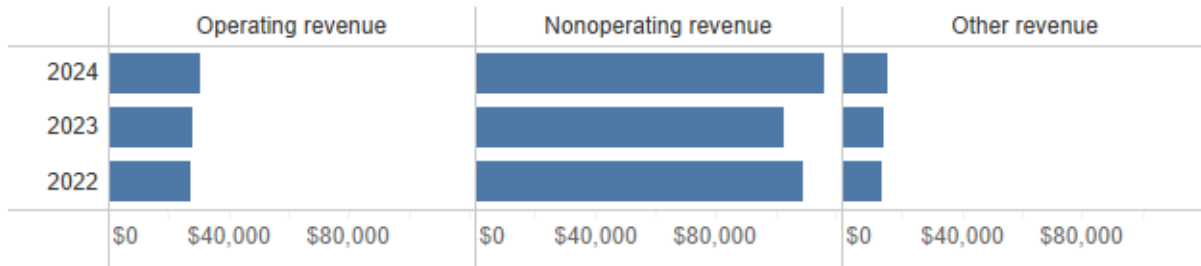
	2024	2023	2022
Operating revenue			
Student tuition and fees	17,058	16,241	15,569
Grants and contracts	638	262	137
Sales educational departments	1,128	1,036	1,086
Auxiliary enterprises	9,039	7,989	8,763
Other	2,519	2,470	2,112
Total operating revenue	<u>30,382</u>	<u>27,998</u>	<u>27,667</u>
Operating expenses			
Personnel services	83,909	77,410	73,612
Operating expenses	40,305	36,177	40,926
Travel	523	391	269
Capital assets not capitalized	9,158	6,479	4,800
Depreciation	10,363	10,174	8,759
Total operating expenses	<u>144,258</u>	<u>130,631</u>	<u>128,366</u>
Net operating loss	<u>(113,876)</u>	<u>(102,633)</u>	<u>(100,699)</u>
Nonoperating revenue			
State aid	30,296	29,874	29,187
Property taxes	57,046	50,231	48,494
Grants and contracts	27,783	17,243	31,536
Gifts	126	5,867	2,853
Investment income	5,341	3,557	189
Interest on indebtedness	(4,607)	(3,945)	(3,469)
Net nonoperating revenue	<u>115,985</u>	<u>102,827</u>	<u>108,790</u>
Other revenue			
Capital appropriations	15,481	13,631	13,159
Gain on disposal of assets	82	105	254
Net other revenue	<u>15,563</u>	<u>13,736</u>	<u>13,413</u>
Increase in net assets	17,672	13,930	21,504
Net position			
Net position, beginning of year	<u>219,849</u>	<u>205,919</u>	<u>184,415</u>
Net position, end of year	<u>237,521</u>	<u>219,849</u>	<u>205,919</u>



SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**REVENUES**

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

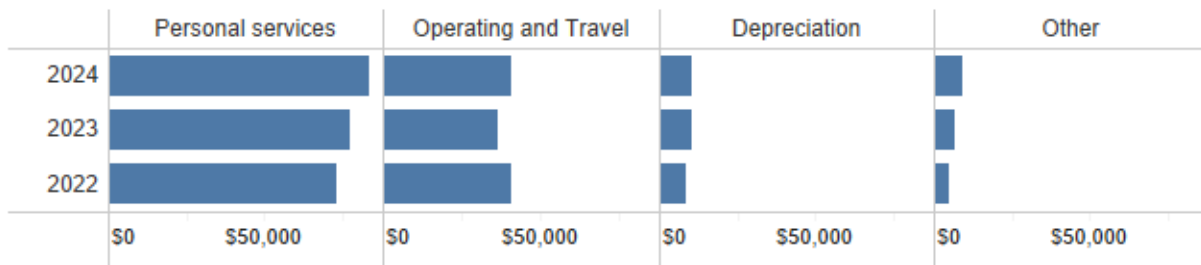


Comments regarding revenues are as follows:

- Student tuition and fees increased by 5% (\$817 thousand) and 4.3% or (\$672 thousand) in 2023-2024 and 2022-2023, respectively, which was due to both an increase in enrollment and tuition and fee rates of 3.4% (\$4.00/credit hour) and 2.6% (\$3.00/credit hour) in each respective fiscal year.
- Valuations increased by 14.8% and 4.4% in fiscal 2023-2024 and 2022-2023, respectively. The general fund levy remained unchanged in fiscal 2023-2024 and fiscal 2022-2023 at 7.37 cents per \$100. The CIF levy remained unchanged at 2.0 cents for a total general and capital fund levy of 9.37 cents in each fiscal year.

**EXPENSES**

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



Comments about expenses are as follows:

- Personnel services continue to be the primary expenditure category and are 58% of total operating expenses in fiscal 2023-2024 and 59% in fiscal 2022-2023.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**EXPENSES** (Continued)

- Total operating expenditures increased 10.4% (\$13,627 thousand) 1.8% (\$2,265 thousand) in fiscal 2023-2024 and 2022-2023. The increase in expenditures in fiscal 2023-2024 was primarily due to salary and benefit increases and an increase in funds available for minor maintenance projects. Increases in fiscal 2022-2023 was primarily due salary and benefit increase.

**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; and
  - 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, and
  - nonexchange grants
- Cash used for capital and related financing activities decreased in fiscal 2023-2024 and 2022-2023 due to the completion of several capital projects.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE STATEMENTS OF CASH FLOWS (Continued)

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

	2024	2023	2022
Cash provided by (used in):			
Operating activities	(95,137)	(97,369)	(86,166)
Noncapital financing activities	113,464	96,657	108,511
Capital and related financing activities	(18,200)	(11,482)	19,162
Investing activities	<u>4,082</u>	<u>2,928</u>	<u>(9)</u>
Net increase (decrease) in cash and cash equivalents	4,209	(9,266)	41,498
Cash and cash equivalents, beginning of year	<u>104,058</u>	<u>113,324</u>	<u>71,826</u>
Cash and cash equivalents, end of year	<u><u>108,267</u></u>	<u><u>104,058</u></u>	<u><u>113,324</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, 2024, 2023 and 2022, the College had \$253,745 (thousand), \$203,695 (thousand), \$188,161 (thousand) invested in capital assets, net of accumulated depreciation, respectively. Depreciation charges for the fiscal years ended June 30, 2024, 2023, and 2022, was \$10,363, \$10,174 (thousand), \$8,759 (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)

	2024	2023	2022
Land and CIF	43,671	20,811	23,112
Land improvements	6,097	2,278	2,169
Buildings	198,401	174,783	155,946
Equipment	<u>5,576</u>	<u>5,823</u>	<u>6,934</u>
	<u><u>253,745</u></u>	<u><u>203,695</u></u>	<u><u>188,161</u></u>

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

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, 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 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 2023, were issued January 20, 2023, 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 Tax-Supported Certificates of Participation ("COPS"), Series 2023, were issued December 14, 2023, to finance a portion of the costs of constructing, acquiring and equipping an approximately 98,000 square foot, stand-alone Welding Technology Center and related improvements, including utility improvements, to the College's Lincoln campus in the amount of \$29,395,000. Payments are made semi-annually on June 15 and December 15 and include principal and interest ranging from 4% - 5% over the life of the COPS. The COPS were issued at a premium of \$1,011,616, which is amortized over the life of the COPS.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

Debt (Continued)

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

	2024	2023	2022
Tax Support Certificates of Participation, Series 2018	55,194	56,569	57,904
Facilities Revenue Bonds, Series 2018	17,369	17,819	18,260
Facilities Revenue Bonds, Series 2020	8,144	8,369	8,587
Facilities Revenue Bonds, Series 2022	25,914	26,451	26,553
Tax Support Certificates of Participation, Series 2023	30,407	-	-
	<u>137,028</u>	<u>109,208</u>	<u>111,304</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 2024	Actual 2024	Budget 2023	Actual 2023	Budget 2022	Actual 2022
<b>REVENUES</b>						
State aid	30,297	30,297	29,874	29,874	29,187	29,187
Property taxes	58,313	57,046	50,807	50,231	48,654	48,494
Tuition	16,253	17,478	16,353	16,314	15,965	15,741
Other	497	3,153	771	2,867	600	682
(Add) to/use cash reserves	-	1,929	-	(1,045)	-	(2,037)
Total revenues	<u>105,360</u>	<u>109,903</u>	<u>97,805</u>	<u>98,241</u>	<u>94,406</u>	<u>92,067</u>
<b>EXPENSES</b>						
Personnel services	84,722	78,143	79,432	72,376	77,186	68,972
Operating	18,625	21,870	16,955	21,593	15,359	18,364
Travel	513	379	395	253	331	144
Equipment	1,500	9,511	1,023	4,019	1,530	4,587
Total expenses	<u>105,360</u>	<u>109,903</u>	<u>97,805</u>	<u>98,241</u>	<u>94,406</u>	<u>92,067</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**BUDGET VS ACTUAL (Continued)**

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

	2024	2023	2022
State aid	(\$422K)	\$0K	\$0K
Property taxes	(\$6,815K)	(\$576K)	(\$160K)
Tuition	(\$1,164K)	(\$39K)	(\$224K)
Other	(\$286K)	\$2,096K	\$82K
(Add)/to/use cash reserves	(\$2,974K)	(\$1,045K)	(\$2,037K)

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

	2024	2023	2022
Personal services	\$5,766K	\$7,056K	\$8,214K
Operating	\$277K	(\$4,638K)	(\$3,005K)
Travel	\$126K	\$142K	\$187K
Equipment	\$5,492K	(\$2,996K)	(\$3,057K)

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

**Fiscal 2023-2024**

- Tuition revenue was greater than budget by 7.5% (\$1,225 thousand) due to an increase in enrollment and a slight increase in the tuition and fee rate.
- Personal services expenditures were below budget by 7.8% (\$7,056 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.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**BUDGET VS ACTUAL (Continued)**

Fiscal Year 2022 - 2023

- Tuition revenue was consistent with budget by \$39 (thousand) mainly due to a decrease in scholarship allowances.
- Personal services expenditures were below budget by \$7,056 (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 Year 2021 - 2022

- Tuition revenue was above budget by \$224 (thousand) due to a reduction in scholarship allowances.
- Personal services expenditures were below budget by \$8,214 (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.

**SUBSEQUENT EVENTS**

The state aid appropriation for fiscal 2024-2025 to the College is \$30,702,844 or 26.9% of the total community college appropriation through the state aid distribution. In addition, SCC will receive \$63,199,019 through Neb Rev Stat §85-1543 LB 243 Section 21 (2023) that was approved by the legislature effective for fiscal 2024-2025 as a replacement for the general fund tax levy. See Economic and other factors that may affect the future for additional details.

The College Board of Governors has recently taken the following actions in September 2024 for fiscal 2024-2025:

- The State of Nebraska provided its intent to fully fund the amounts described in LB 243, Neb. Rev. Stat. § 85-1543[3], Section 21. Therefore, the SCC Board of Governors is not authorized to certify a general fund levy.
- Approved and certified the Capital Improvement Fund tax levy at 2.00 cents which remains unchanged from the prior fiscal year.

Property valuations in SCC's 15 county area for 2024-2025 (2024 certification of taxable value) increased 6.2% to \$79,122,403,321.

The College plans to issue Certificates of Participation in fiscal 2025 to finance a portion of the cost of constructing, acquiring, and equipping new facilities on the Lincoln, Beatrice, and Milford campuses. The Certificates of Participation have the net effect of creating a sale and leaseback of certain College property. The College is in the process of prioritizing institutional needs to identify the projects that will move forward.

In addition, the College plans to issue Revenue bonds to finance a portion of the cost of constructing, acquiring, and equipping new residence halls on the Lincoln and Milford campuses. The College is in the process of evaluating student demand to identify the scope of this project.

SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The College's principal sources of revenue for its general fund have historically been local property taxes levied by the College, state aid and student tuition. In 2023, the Nebraska Legislature approved a new operational funding model for community college areas in the State with the passage revisions to Neb. Rev. Stat. § 85-1543[3] that directs the Coordinating Commission for Post Secondary Education to certify aid amounts attributable to the Community College Future Fund pursuant to subsection [2] of section 85-1543 and distribute these amounts in ten equal monthly payments beginning in September (the "Community College Funding Legislation").

The Community College Funding Legislation generally shifted most of the property tax funding for the College's general fund, beginning with the fiscal year 2024-2025, from local property taxes to State funding pursuant to a newly created Community College Future Fund ("CCFF"). The new CCFF funding by the State is separate and apart from State aid, and from the two-cent Capital Levy. SCC has worked collaboratively with the Governor's office to ensure the change in the funding model supports funding for the College in meeting workforce demands. The CCFF model replaces the College's funds generated by the College's general fund taxing authority with State funds in 10 equal payments per year. The initial CCFF funding baseline was equal to the amount generated by the tax levy rate of 7.5 cents plus 3.5% or the percent change in Reimbursable Education Units (REUs), whichever is greater. REUs is a weighted form of enrollment with greater weight applied to career/technical programs that are more costly to operate than other programs. The inclusion of the REU component to the CCFF model was one of several features designed to strengthen Nebraska community colleges and to support their vital role in providing a skilled workforce within their respective service areas.

SCC experienced an increase of approximately 7% in REUs in 2023-2024 compared to 2022-2023, which resulted in a funding increase of \$4.9 million from the amount of funds generated by the College's general fund tax rate of 7.37 cents per \$100 in property valuation for the 2023-2024 general fund budget. The College experienced a 10% increase in enrollment in the Fall 2024 Semester compared to the Fall 2023 Semester. The College is expecting this enrollment growth to continue over the next several years as it continues to expand its capacity and programs. Two new facilities, the Sandhills Global Technology Center and the Welding Technology Center on the Lincoln Campus will be coming online in 2025. As noted earlier, the College is also planning to launch several additional facilities over the next year to continue the expansion of its capacity to produce a skilled workforce and to meet student and employer demand.

Another critical feature of the new CCFF funding model involves the ability of community colleges to levy a rate that generates the funds necessary to supplement the CCFF funds if the State is unable to meet its funding obligations. Community colleges have no restriction as to the amount of levy rate they can set to offset any deficiencies in CCFF funding. Colleges are not limited to their previous maximum rate of 11.25 cents per \$100 of property valuation.

State aid for the community colleges in Nebraska has been relatively stable in recent years, and is governed by the Community College Aid Act, Sections 85-2231 through 85-2238 inclusive, Reissue Revised Statutes of Nebraska, as amended (the "State Aid Act"). The new CCFF funding model also allows the community colleges to replace any reductions in State Aid funding below 2022-2023 levels.



SOUTHEAST COMMUNITY COLLEGE AREA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE (Continued)**

The primary revenue sources for the State are statewide sales and income taxes. So, while the amount of CCFF funding or State aid that is appropriated or provided for community college funding is determined by the Community College Funding Legislation and State Aid Act, the CCFF funding and State aid could be changed in future years by the Legislature based on how well the State economy is doing and how efficiently the State is operating. The Nebraska Legislature has taken actions designed to reduce the reliance of local governmental units on property taxation, including the Community College Funding Legislation, and may in the future amend such funding provisions, including the ability of the College to levy taxes for State funding shortfalls. Such changes could cause significant operating challenges for the College if the State does not fund community colleges as contemplated by the Community College Funding Legislation or the State Aid Act.

As discussed above, recent changes to Nebraska law mean that beginning in the 2024-2025 fiscal year, the College will be largely dependent on State funding commitments. If the State does not follow through, the current legal framework permits the College to levy taxes at whatever rate necessary to make up for the shortfalls. The current tax rate limit of 11.25 cents per \$100 valuation, will no longer apply as of 2024-2025. At that time, the College can levy whatever rate is required to recover any funding shortfalls by the State. The College believes the new CCFF has several key advantages, including a direct funding tie to enrollment growth, the ability to tax at whatever rate necessary to fully fund the CCFF model and to maintain state aid funding levels, the ability to continue to utilize its maximum capital tax levy rate of 2 cents, and to provide a 100% tax credit to taxpayers for the amount paid in taxes to the community college for capital funding. The College believes the new model incentivizes enrollment growth in career/technical programs, which are vital to address the skilled workforce gap in Nebraska.

While the College believes that the current framework is adequate, future changes by the Legislature to both (a) reduce its funding commitments and (b) limit the College's ability to levy such taxes or to limit the tax rate authority exempt such taxes from Levy Limitations or to reduce the College's budget authority, could have a material adverse effect on the College's operational funding.

**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, 8800 O Street, Suite 227K, Lincoln, Nebraska, 68520, 402.323.3414, [ajorgens@southeast.edu](mailto:ajorgens@southeast.edu).

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF NET POSITION  
JUNE 30, 2024 AND 2023

	2024		2023	
	College	Foundation	College	Foundation
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	108,267,016	117,671	104,058,402	58,319
Short-term investments	1,404,405	2,792,119	1,171,986	2,082,926
Short-term SBITA asset	759,310	-	935,605	-
Property taxes receivable	25,233,225	-	23,024,929	-
Accounts receivable (net)	4,732,554	156,487	4,649,848	165,027
Interest receivable	2,462	125,086	1,497	101,779
Inventories	1,033,663	-	1,155,292	-
Prepaid expense	4,667,747	-	4,037,730	-
Total current assets	<u>146,100,382</u>	<u>3,191,363</u>	<u>139,035,289</u>	<u>2,408,051</u>
Noncurrent assets				
Pledges receivable	-	653,000	-	100,000
Endowment investments	-	38,644,645	-	34,938,922
Long-term SBITA asset	1,760,594	-	2,520,427	-
Long-term investments	742,527	-	960,558	-
Prepaid expenses	131,362	-	135,226	-
Capital assets, net	<u>253,744,676</u>	<u>719,529</u>	<u>203,694,683</u>	<u>719,529</u>
Total noncurrent assets	<u>256,379,159</u>	<u>40,017,174</u>	<u>207,310,894</u>	<u>35,758,451</u>
<b>TOTAL ASSETS</b>	<u>402,479,541</u>	<u>43,208,537</u>	<u>346,346,183</u>	<u>38,166,502</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	11,734,568	20,674	4,915,563	18,750
Accrued salaries	5,048,285	-	4,069,027	-
Short-term SBITA liability	755,665	-	887,321	-
Deferred revenue	3,727,238	16,668	1,594,368	16,668
Deposits	158,350	-	107,035	-
Accrued interest	688,195	-	641,674	-
Current portion of long-term debt	<u>3,135,488</u>	-	<u>2,600,903</u>	-
Total current liabilities	<u>25,247,789</u>	<u>37,342</u>	<u>14,815,891</u>	<u>35,418</u>
Noncurrent liabilities				
Accrued compensated absences	2,962,454	-	2,747,528	-
Accrued sick leave	1,284,796	-	-	-
Long-term SBITA liability	1,571,503	-	2,326,646	-
Long-term debt, net	<u>133,892,035</u>	-	<u>106,606,778</u>	-
Total noncurrent liabilities	<u>139,710,788</u>	-	<u>111,680,952</u>	-
<b>TOTAL LIABILITIES</b>	<u>164,958,577</u>	<u>37,342</u>	<u>126,496,843</u>	<u>35,418</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF NET POSITION  
JUNE 30, 2024 AND 2023

	2024		2023	
	College	Foundation	College	Foundation
NET POSITION				
Net investment in capital assets	142,976,531	719,529	112,107,213	719,529
Restricted for				
Nonexpendable				
Scholarships and fellowships	-	10,137,596	-	9,573,732
Expendable				
Scholarships and fellowships	-	30,986,256	-	26,648,244
ADA/Hazardous waste	1,622	-	1,622	-
Capital projects	29,604,193	-	40,371,168	-
Unrestricted	<u>64,938,618</u>	<u>1,327,814</u>	<u>67,369,337</u>	<u>1,189,579</u>
 TOTAL NET POSITION	 <u>237,520,964</u>	 <u>43,171,195</u>	 <u>219,849,340</u>	 <u>38,131,084</u>

See accompanying notes to financial statements.

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2024 AND 2023

	2024		2023	
	College	Foundation	College	Foundation
<b>OPERATING REVENUES</b>				
Student tuition and fees	17,058,214	-	16,240,682	-
Nongovernmental grants and contracts	637,700	-	262,419	-
Sales and services of educational departments	1,128,289	-	1,036,477	-
Auxiliary enterprises	9,038,905	-	7,988,951	-
Other operating income	2,519,311	162,491	2,469,597	158,064
Total operating revenues	<u>30,382,419</u>	<u>162,491</u>	<u>27,998,126</u>	<u>158,064</u>
<b>OPERATING EXPENSES</b>				
Personnel services	83,909,128	158,292	77,410,198	138,764
Operating expenses	40,304,951	2,713,556	36,176,768	8,278,695
Travel	523,012	-	391,006	-
Capital assets not capitalized	9,158,005	-	6,479,138	-
Depreciation	10,362,912	-	10,173,999	-
Total operating expenses	<u>144,258,008</u>	<u>2,871,848</u>	<u>130,631,109</u>	<u>8,417,459</u>
<b>OPERATING LOSS</b>	<u>(113,875,589)</u>	<u>(2,709,357)</u>	<u>(102,632,983)</u>	<u>(8,259,395)</u>
<b>NONOPERATING REVENUES</b>				
Governmental appropriations				
State aid	30,296,422	-	29,873,785	-
Property taxes	57,046,170	-	50,231,215	-
Governmental grants and contracts				
Federal	25,076,988	-	15,096,411	-
State	2,705,403	-	2,146,201	-
Gifts	125,918	4,843,976	5,866,989	9,045,155
Investment income	5,339,648	2,905,492	3,557,357	2,518,767
Interest on indebtedness	(4,606,502)	-	(3,944,539)	-
Net nonoperating revenues	<u>115,984,047</u>	<u>7,749,468</u>	<u>102,827,419</u>	<u>11,563,922</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	<u>2,108,458</u>	<u>5,040,111</u>	<u>194,436</u>	<u>3,304,527</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2024 AND 2023

	2024		2023	
	College	Foundation	College	Foundation
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES				
Capital appropriations	15,480,982	-	13,630,653	-
Gain on disposal of capital assets	82,184	-	104,977	-
Total other revenues, expenses, gains, or losses	<u>15,563,166</u>	<u>-</u>	<u>13,735,630</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	17,671,624	5,040,111	13,930,066	3,304,527
NET POSITION, beginning of year	<u>219,849,340</u>	<u>38,131,084</u>	<u>205,919,274</u>	<u>34,826,557</u>
NET POSITION, end of year	<u>237,520,964</u>	<u>43,171,195</u>	<u>219,849,340</u>	<u>38,131,084</u>

See accompanying notes to financial statements.

SOUTHEAST COMMUNITY COLLEGE AREA  
STATEMENTS OF CASH FLOWS - DIRECT METHOD  
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	17,374,991	12,427,083
Grants and contracts	4,147,399	262,419
Payments for personnel services	(81,273,327)	(77,291,997)
Payments for operating expenses	(48,696,205)	(46,170,411)
Sales and services of educational departments	1,183,834	1,066,524
Auxiliary enterprises charges	9,752,686	9,867,616
Other receipts	<u>2,373,377</u>	<u>2,469,594</u>
Net cash used in operating activities	<u>(95,137,245)</u>	<u>(97,369,172)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State aid appropriations	30,296,422	29,873,785
Property taxes - General Fund and ADA/Hazardous waste	55,309,563	49,873,903
Gifts and grants for other than capital purposes	27,858,309	16,909,338
Student loans receipts	7,278,732	7,889,964
Student loans disbursements	<u>(7,278,732)</u>	<u>(7,889,964)</u>
Net cash provided by noncapital financing activities	<u>113,464,294</u>	<u>96,657,026</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from long-term debt, net of premium	30,406,706	-
Payments on long-term debt	(2,586,864)	(2,095,903)
Interest income on bond proceeds	1,242,535	892,039
Interest paid on capital debt	(4,559,981)	(4,038,209)
Property taxes - Capital Improvement Fund	15,009,292	13,533,921
Capital grants and gifts	50,000	5,828,151
Proceeds from sale of capital assets	82,187	104,977
Purchases of capital assets	<u>(57,844,071)</u>	<u>(25,707,132)</u>
Net cash used in capital financing activities	<u>(18,200,196)</u>	<u>(11,482,156)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	(14,387)	153,654
Interest on investments	4,096,148	2,770,761
Other investing activities	<u>-</u>	<u>3,864</u>
Net cash provided by investing activities	<u>4,081,761</u>	<u>2,928,279</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
 STATEMENTS OF CASH FLOWS - DIRECT METHOD  
 YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,208,614	(9,266,023)
CASH AND CASH EQUIVALENTS, beginning of year	<u>104,058,402</u>	<u>113,324,425</u>
CASH AND CASH EQUIVALENTS, end of year	<u>108,267,016</u>	<u>104,058,402</u>
Reconciliation of Net Operating Loss to Net Net Cash Used In Operating Activities		
Net operating loss	<u>(113,875,589)</u>	<u>(102,632,983)</u>
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expenses	10,362,912	10,173,999
Changes in assets and liabilities:		
Accounts receivable (net)	(82,706)	(2,058,123)
Inventories	121,629	106,063
Prepaid expense	309,975	(715,587)
Accounts payable	8,866,812	(2,101,593)
Interest payable	46,521	101,118
Net SBITA activity	<u>(886,799)</u>	<u>(242,066)</u>
Net cash used in operating activities	<u>(95,137,245)</u>	<u>(97,369,172)</u>

See accompanying notes to financial statements.

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 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 (the 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 8800 O Street, Suite 227, Lincoln, Nebraska, 68520.

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 (AICPA) 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:

Net Investment in Capital Assets

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)

Leases

The College adopted GASB Statement 87, *Leases*, as of July 1, 2021. A lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying assets. The lease liability is measured at the present value of payments expected during the lease term. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease. The lease liability is reduced as payments are made and interest expense is recognized. The leased asset is generally amortized over the term of the lease unless the useful life of the underlying asset is less. A short-term lease is a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Short-term leases are expensed in period incurred. Contracts that transfer ownership of the underlying assets or contain a bargain purchase option are recognized as financing contracts. The College excludes immaterial leases with total from the provisions of GASB 87.

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.

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.

Subscription-based Information Technology Arrangements

GASB Statement 96, *Subscription-based Information Technology Arrangements*, was implemented on July 1, 2022. The standard provides guidance related to accounting and financial reporting for 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.

New Pronouncement Adopted

GASB Statement 101, *Compensated Absences*, was implemented on July 1, 2023. The standard provides updated guidance related to the recognition and measurement for compensated absences. The standard requires that a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

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.

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.

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, 2024 and 2023, were in unregistered U.S. government securities and federal agency obligations held in the College's name by the custodial banks.

At June 30, 2024 and 2023, 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 5% of its overall investments.

Investments at June 30, 2024 and 2023, are summarized as follows:

Investment Type	2024 Fair Value	2023 Fair Value
Certificates of deposit	<u>2,146,932</u>	<u>2,132,544</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. PROPERTY TAX RECEIVABLE

Property taxes levied for the fiscal year ending June 30, 2024 were due December 31, 2023, and became delinquent in April - September of 2024. 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.

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, 2024 and 2023, were as follows:

	2024	2023
Assessed valuation		
September 2023 and 2022	79,122,403,654	68,938,388,188
	2024	2023
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:

	2024	2023
General Fund	19,847,230	18,110,624
Capital Improvement Fund	<u>5,385,995</u>	<u>4,914,305</u>
Total	<u>25,233,225</u>	<u>23,024,929</u>

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

	2024	2023
General Fund	797,765	791,111
Capital Improvement Fund	<u>216,488</u>	<u>214,899</u>
Total	<u>1,014,253</u>	<u>1,006,010</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30 were as follows:

	2024	2023
Federal nonexchange grants	1,756,827	2,883,898
Tuition and fees	16,337,497	12,654,179
Other	<u>(3,855,184)</u>	<u>(2,049,582)</u>
	14,239,140	13,488,495
Allowance for uncollectible accounts	<u>(9,506,586)</u>	<u>(8,838,647)</u>
Total accounts receivable, net	<u><u>4,732,554</u></u>	<u><u>4,649,848</u></u>

NOTE 5. INVENTORIES

Inventories at June 30 were as follows:

	2024	2023
Books and supplies	812,523	870,968
Parts	125,624	126,476
Livestock and grain	<u>95,516</u>	<u>157,848</u>
	<u><u>1,033,663</u></u>	<u><u>1,155,292</u></u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	June 30, 2023	Additions	Deletions	June 30, 2024
Capital assets, not being depreciated				
Land	5,020,921	-	-	5,020,921
Construction in progress	<u>15,789,940</u>	<u>38,650,537</u>	<u>15,789,940</u>	<u>38,650,537</u>
Total	<u><u>20,810,861</u></u>	<u><u>38,650,537</u></u>	<u><u>15,789,940</u></u>	<u><u>43,671,458</u></u>
Capital assets, being depreciated				
Land improvements	4,874,146	4,077,616	-	8,951,762
Buildings	245,079,647	31,604,051	-	276,683,698
Leasehold improvements	29,651	-	-	29,651
Equipment	<u>42,082,798</u>	<u>608,761</u>	<u>3,371</u>	<u>42,688,188</u>
Total	<u><u>292,066,242</u></u>	<u><u>36,290,428</u></u>	<u><u>3,371</u></u>	<u><u>328,353,299</u></u>



SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	June 30, 2023	Additions	Deletions	June 30, 2024
Less accumulated depreciation				
Land improvements	2,596,073	258,661	-	2,854,734
Buildings	70,297,496	7,986,197	-	78,283,693
Leasehold improvements	29,281	370	-	29,651
Equipment	<u>36,259,570</u>	<u>2,117,685</u>	<u>1,265,252</u>	<u>37,112,003</u>
Total	<u>109,182,420</u>	<u>10,362,913</u>	<u>1,265,252</u>	<u>118,280,081</u>
Capital assets, net	<u>203,694,683</u>	<u>64,578,052</u>	<u>14,528,059</u>	<u>253,744,676</u>

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets, not being depreciated				
Land	5,020,921	-	-	5,020,921
Construction in progress	<u>18,091,334</u>	<u>14,867,574</u>	<u>17,168,968</u>	<u>15,789,940</u>
Total	<u>23,112,255</u>	<u>14,867,574</u>	<u>17,168,968</u>	<u>20,810,861</u>
Capital assets, being depreciated				
Land improvements	4,551,926	322,220	-	4,874,146
Buildings	218,687,748	26,391,899	-	245,079,647
Leasehold improvements	29,651	-	-	29,651
Equipment	<u>41,485,191</u>	<u>1,358,685</u>	<u>761,078</u>	<u>42,082,798</u>
Total	<u>264,754,516</u>	<u>28,072,804</u>	<u>761,078</u>	<u>292,066,242</u>
Less accumulated depreciation				
Land improvements	2,382,688	213,385	-	2,596,073
Buildings	62,743,092	7,554,404	-	70,297,496
Leasehold improvements	28,539	742	-	29,281
Equipment	<u>34,550,901</u>	<u>2,405,468</u>	<u>696,799</u>	<u>36,259,570</u>
Total	<u>99,705,220</u>	<u>10,173,999</u>	<u>696,799</u>	<u>109,182,420</u>
Capital assets, net	<u>188,161,551</u>	<u>32,766,379</u>	<u>17,233,247</u>	<u>203,694,683</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. ACCRUED SALARIES

Accrued salaries for the fiscal years ended June 30, 2024 and 2023, were composed of the following:

	2024	2023
Accrued salaries	5,048,285	4,069,027
Accrued sick leave	1,284,796	-
Accrued compensated absences	2,962,454	2,747,528
	9,295,535	6,816,555

NOTE 8. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2024, is summarized as follows:

	Balance 07/01/2023	Proceeds	Payments	Balance 06/30/2024
Tax Supported Certificates of Participation, Series 2018	54,750,000	-	1,300,000	53,450,000
Facilities Revenue Bonds, Series 2018	17,815,000	-	450,000	17,365,000
Facilities Revenue Bonds, Series 2020	8,245,000	-	220,000	8,025,000
Facilities Revenue Bonds, Series 2022	23,920,000	-	-	23,920,000
Tax Supported Certificates of Participation, Series 2023	-	29,395,000	-	29,395,000
Premiums and discounts, net	4,477,681	1,011,616	616,864	4,872,433
Compensated absences	2,747,528	215,016	-	2,962,544
	111,955,209	30,621,632	2,586,864	139,989,977

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, 2024, 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.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Certificates of Participation (Continued)

Future maturities of the COPS are due as follows:

Years Ending June 30,	Principal	Interest	Total
2025	1,335,000	2,111,394	3,446,394
2026	1,405,000	2,042,894	3,447,894
2027	1,475,000	1,970,894	3,445,894
2028	1,550,000	1,895,269	3,445,269
2029	1,625,000	1,815,894	3,440,894
2030 - 2034	9,320,000	7,904,184	17,224,184
2035 - 2039	11,080,000	6,143,872	17,223,872
2040 - 2044	13,135,000	4,040,563	17,175,563
2045 - 2048	12,525,000	1,129,503	13,654,503
	<u>53,450,000</u>	<u>29,054,467</u>	<u>82,504,467</u>

Southeast Community College Tax-Supported Certificates of Participation, Series 2023, were issued December 14, 2023, to finance a portion of the costs of constructing, acquiring, and equipping an approximately 98,000 square foot, stand-alone Welding Technology Center and related improvements, including utility improvements, to the College's Lincoln campus in the amount of \$29,395,000. 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 4% - 5% over the life of the COPS. The COPS were issued at a premium of \$1,011,616, which is amortized over the life of the COPS. At June 30, 2024, the Trustee held \$25,955,207 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
2025	445,000	1,400,475	1,845,475
2026	470,000	1,377,600	1,847,600
2027	495,000	1,353,475	1,848,475
2028	520,000	1,328,100	1,848,100
2029	545,000	1,301,475	1,846,475
2030 - 2034	3,175,000	6,058,125	9,233,125
2035 - 2039	4,045,000	5,175,525	9,220,525
2040 - 2044	5,065,000	4,112,375	9,177,375
2045 - 2049	6,465,000	2,677,625	9,142,625
2050 - 2054	8,170,000	951,300	9,121,300
	<u>29,395,000</u>	<u>25,736,075</u>	<u>55,131,075</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 15 and September 15 and include principal and interest ranging from 2% - 4% over the life of the revenue bonds. At June 30, 2024, the Trustee held no monies 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
2025	465,000	663,475	1,128,475
2026	480,000	649,525	1,129,525
2027	495,000	635,125	1,130,125
2028	510,000	620,275	1,130,275
2029	525,000	604,975	1,129,975
2030 - 2034	2,950,000	2,696,150	5,646,150
2035 - 2039	3,545,000	2,096,875	5,641,875
2040 - 2044	4,295,000	1,348,800	5,643,800
2045 - 2048	4,100,000	418,000	4,518,000
	<u>17,365,000</u>	<u>9,733,200</u>	<u>27,098,200</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 15 and September 15 and include principal and interest ranging from 2% - 3% over the life of the revenue bonds. At June 30, 2024, the Trustee held no monies 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)

Facilities Revenue Bonds (Continued)

Future maturities of revenue bonds are due as follows:

Years Ending June 30,	Principal	Interest	Total
2025	225,000	214,590	439,590
2026	230,000	210,090	440,090
2027	235,000	205,490	440,490
2028	240,000	202,200	442,200
2029	245,000	197,400	442,400
2030 - 2034	1,300,000	994,750	2,294,750
2035 - 2039	1,460,000	725,550	2,185,550
2040 - 2044	1,700,000	489,000	2,189,000
2045 - 2049	1,960,000	214,950	2,174,950
2050	430,000	6,450	436,450
	<u>8,025,000</u>	<u>3,460,470</u>	<u>11,485,470</u>

The Southeast community College Facilities Revenue Bonds, Series 2022, were issued January 20, 2022, 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 Lincoln Campus and related improvements. 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. At June 30, 2024, the Trustee held \$5,700,797 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.

Future maturities of revenue bonds are due as follows:

Years Ending June 30,	Principal	Interest	Total
2025	470,000	938,800	1,408,800
2026	490,000	920,000	1,410,000
2027	510,000	900,400	1,410,400
2028	530,000	880,000	1,410,000
2029	550,000	858,800	1,408,800
2030 - 2034	3,095,000	3,946,200	7,041,200
2035 - 2039	3,765,000	3,275,600	7,040,600
2040 - 2044	4,580,000	2,460,000	7,040,000
2045 - 2049	5,575,000	1,467,400	7,042,400
2050 - 2052	3,905,000	316,600	4,221,600
	<u>23,470,000</u>	<u>15,963,800</u>	<u>39,433,800</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Accrued compensated absences at June 30, 2024 and 2023, are \$2,962,454 and \$2,747,528, 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:

	2024	2023
Tuition and fees	4,460,155	2,829,774
Room and board	1,836,215	1,137,251
Bookstore	432,727	567,351
	6,729,097	4,534,376

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 National Association of College and University Business Officers (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:

	2024	2023
Education and general		
Instruction	51,912,153	48,876,987
Academic support	10,880,819	9,702,933
Student services	7,623,827	6,054,055
Institutional support	24,728,568	21,751,661
Physical plant	21,864,631	21,120,425
Depreciation	10,362,912	10,173,999
Student financial aid	7,816,401	7,878,272
Auxiliary enterprises	9,068,697	5,072,777
	144,258,008	130,631,109

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

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% - 9% of the employee's gross annual salary and overload compensation 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 and plant superintendent stipends, if applicable. 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:

	2024	2023
Total payroll	64,694,544	59,508,206
Covered payroll for employees eligible for College match	55,619,599	50,943,416
Employer contributions	3,627,501	3,434,144
Employer contributions as a percentage of covered payroll	6.52%	6.74%

NOTE 12. COMMITMENTS

As of June 30, 2024 and 2023, the College had \$37,453,548 and \$61,272,784, respectively, 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, 2024 and 2023, totaled \$2,474,670 and \$8,016,269, respectively.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

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 (the 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, 2024, was the Trust's twenty-first year of operations. In May 2024, the Board of Directors of the Trust declared a dividend of \$- 0- to be used to offset total contributions for the 2024 insurance year. The College anticipates no future liabilities for additional incurred losses for all previous years.

NOTE 16. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The College enters into subscription agreements for the use of information technology software for periods greater than twelve months. On July 1, 2022, the college adopted the provisions of GASB 96 - Subscription-based Information Technology Agreements (SBITAs). Those standards require that long-term "SBITAs" be capitalized and amortized over the life of the agreement. GASB 96 further requires that a liability for future payments under the agreements be recorded.



SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 16. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (Continued)

A summary of the College's SBITA agreements meeting the requirements of GASB 96 as of June 30, 2024 are as follows:

General use	Subscription Period	Asset Cost	Amortized Cost	Subscription Liability
Video Services for Milford Dorm	10/14/21 - 10/14/26	156,067	64,994	70,408
Fundraising Database	11/30/22 - 11/30/25	61,848	26,240	19,250
College ERP Cloud Software	1/1/23 - 6/30/28	3,622,896	2,381,432	2,204,720
Destiny One	1/13/23 - 1/13/26	162,242	47,238	32,790
			2,519,904	2,327,168

NOTE 17. SUBSEQUENT EVENTS

In preparing the financial statements, the College has evaluated events and transactions for potential recognition or disclosure through November 15, 2024, the date the financial statements were available to be issued.

On June 6, 2024, Fischer and Thomas filed an amended complaint against SCC and three individual defendants. The complaint asserts implied contract, negligence, ultra vires, and constitutional (under both the Nebraska and U.S. Constitutions) claims against SCC and three individual defendants. The complaint has been dismissed but it is still in the time allowed for the appeals process.

The College plans to issue Certificates of Participation in fiscal year 2025 to finance a portion of the cost of constructing, acquiring, and equipping new facilities on the Lincoln, Beatrice, and Milford campuses. The Certificates of Participation have the net effect of creating a sale and leaseback of certain College property. The College is in the process of prioritizing institutional needs to identify the projects that will move forward.

In addition, the College plans to issue Revenue bonds to finance a portion of the cost of constructing, acquiring, and equipping new residence halls on the Lincoln and Milford campuses. The College is in the process of evaluating student demand to identify the scope of this project.

The College's principal sources of revenue for its general fund have historically been local property taxes levied by the College, state aid and student tuition. In 2023, the Nebraska Legislature approved a new operational funding model for community college areas in the State with the passage revisions to Neb. Rev. Stat. § 85-1543[3] that directs the Coordinating Commission for Post Secondary Education to certify aid amounts attributable to the Community College Future Fund pursuant to subsection [2] of section 85-1543 and distribute these amounts in ten equal monthly payments beginning in September (the "Community College Funding Legislation").

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 17. SUBSEQUENT EVENTS (Continued)

The Community College Funding Legislation generally shifted most of the property tax funding for the College's general fund, beginning with the fiscal year 2024-2025, from local property taxes to State funding pursuant to a newly created Community College Future Fund ("CCFF"). The new CCFF funding by the State is separate and apart from State aid, and from the two-cent Capital Levy. SCC has worked collaboratively with the Governors officer to ensure the change in the funding model supports funding for the College in meeting workforce demands. The CCFF model replaces the College's funds generated by the College's general fund taxing authority with State funds in 10 equal payments per year. The initial CCFF funding baseline was equal to the amount generated by the tax levy rate of 7.5 cents plus 3.5% or the percent change in Reimbursable Education Units (REUs), whichever is greater. REUs is a weighted form of enrollment with greater weight applied to career/technical programs that are more costly to operate than other programs. The inclusion of the REU component to the CCFF model was one of several features designed to strengthen Nebraska community colleges and to support their vital role in providing a skilled workforce within their respective service areas.

SCC experienced an increase of approximately 7% in REUs in 2023-2024 compared to 2022-2023, which resulted in a funding increase of \$4.9 million from the amount of funds generated by the College's general fund tax rate of 7.37 cents per \$100 in property valuation for the 2023-2024 general fund budget. The College experienced a 10% increase in enrollment in the Fall 2024 Semester compared to the Fall 2023 Semester. The College is expecting this enrollment growth to continue over the next several years as it continues to expand its capacity and programs. Two new facilities, the Sandhills Global Technology Center and the Welding Technology Center on the Lincoln Campus will be coming online in 2025. As noted earlier, the College is also planning to launch several additional facilities over the next year to continue the expansion of its capacity to produce a skilled workforce and to meet student and employer demand.

Another critical feature of the new CCFF funding model involves the ability of community colleges to levy a rate that generates the funds necessary to supplement the CCFF funds if the State is unable to meet its funding obligations. Community colleges have no restriction as to the amount of levy rate they can set to offset any deficiencies in CCFF funding. Colleges are not limited to their previous maximum rate of 11.25 cents per \$100 of property valuation.

State aid for the community colleges in Nebraska has been relatively stable in recent years, and is governed by the Community College Aid Act, Sections 85-2231 through 85-2238 inclusive, Reissue Revised Statutes of Nebraska, as amended (the "State Aid Act"). The new CCFF funding model also allows the community colleges to replace any reductions in State Aid funding below 2022-2023 levels.

SOUTHEAST COMMUNITY COLLEGE AREA  
NOTES TO FINANCIAL STATEMENTS

NOTE 17. SUBSEQUENT EVENTS (Continued)

The primary revenue sources for the State are statewide sales and income taxes. So, while the amount of CCFF funding or State aid that is appropriated or provided for community college funding is determined by the Community College Funding Legislation and State Aid Act, the CCFF funding and State aid could be changed in future years by the Legislature based on how well the State economy is doing and how efficiently the State is operating. The Nebraska Legislature has taken actions designed to reduce the reliance of local governmental units on property taxation, including the Community College Funding Legislation, and may in the future amend such funding provisions, including the ability of the College to levy taxes for State funding shortfalls. Such changes could cause significant operating challenges for the College if the State does not fund community colleges as contemplated by the Community College Funding Legislation or the State Aid Act.

As discussed above, recent changes to Nebraska law mean that beginning in the 2024-2025 fiscal year, the College will be largely dependent on State funding commitments. If the State does not follow through, the current legal framework permits the College to levy taxes at whatever rate necessary to make up for the shortfalls. The current tax rate limit of 11.25 cents per \$100 valuation, will no longer apply as of 2024-25. At that time, the College can levy whatever rate is required to recover any funding shortfalls by the State. The College believes the new CCFF has several key advantages, including a direct funding tie to enrollment growth, the ability to tax at whatever rate necessary to fully fund the CCFF model and to maintain state aid funding levels, the ability to continue to utilize its maximum capital tax levy rate of 2 cents, and to provide a 100% tax credit to taxpayers for the amount paid in taxes to the community college for capital funding. The College believes the new model incentivizes enrollment growth in career/technical programs, which are vital to address the skilled workforce gap in Nebraska.

While the College believes that the current framework is adequate, future changes by the Legislature to both (a) reduce its funding commitments and (b) limit the College's ability to levy such taxes or to limit the tax rate authority exempt such taxes from Levy Limitations or to reduce the College's budget authority, could have a material adverse effect on the College's operational funding.

ACCOMPANYING INFORMATION

SOUTHEAST COMMUNITY COLLEGE AREA  
 SCHEDULES OF GENERAL FUND REVENUES  
 BUDGETARY BASIS  
 YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
State aid	30,296,422	29,873,785
Property taxes	57,046,170	50,231,215
Tuition	17,478,113	16,313,838
Other income	3,152,960	2,866,944
(Add) to/use cash reserves	<u>1,928,511</u>	<u>(1,045,134)</u>
	<u>109,902,176</u>	<u>98,240,648</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 the Southeast Community College Area as reported by the County Assessor in late August 2024 for use in property tax revenue for June 30, 2025, was \$84,045,544,556. The General Fund property tax rate for June 30, 2025, is 0.00 cents per \$100 of valuation.

The property valuation for the Southeast Community College Area as reported by the County Assessor in late August 2023 for use in property tax revenue for June 30, 2024, was \$79,122,403,321. The General Fund property tax rate for June 30, 2024, is 7.37 cents per \$100 of valuation.

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULES OF GENERAL FUND EXPENDITURES - BUDGETARY BASIS  
YEARS ENDED JUNE 30, 2024 AND 2023

PROGRAM CLASSIFICATION STRUCTURE

	2024	2023
<b>INSTRUCTION</b>		
Personnel services	44,426,334	41,889,179
Operating expenses	2,520,319	2,548,732
Travel	107,507	118,292
Equipment	770,614	704,844
	<u>47,824,774</u>	<u>45,261,047</u>
 <b>ACADEMIC SUPPORT</b>		
Personnel services	9,600,234	8,450,938
Operating expenses	1,156,657	1,018,049
Travel	67,118	14,876
Equipment	177,030	336,384
	<u>11,001,039</u>	<u>9,820,247</u>
 <b>STUDENT SERVICE</b>		
Personnel services	3,985,438	3,236,951
Operating expenses	955,051	488,641
Travel	142,560	27,075
Equipment	73,527	40,830
	<u>5,156,576</u>	<u>3,793,497</u>
 <b>INSTITUTIONAL ADMINISTRATION</b>		
Personnel services	14,706,104	13,578,278
Operating expenses	9,873,541	8,037,123
Travel	61,539	92,686
Equipment	712,975	587,082
	<u>25,354,159</u>	<u>22,295,169</u>
 <b>PHYSICAL PLANT OPERATIONS</b>		
Personnel services	5,423,981	5,219,812
Operating expenses	7,255,642	9,397,214
Travel	88	220
Equipment	7,776,904	2,349,947
	<u>20,456,615</u>	<u>16,967,193</u>
 <b>STUDENT FINANCIAL SUPPORT</b>		
Operating expenses	<u>109,013</u>	<u>103,495</u>

SOUTHEAST COMMUNITY COLLEGE AREA  
 SCHEDULES OF GENERAL FUND EXPENDITURES - BUDGETARY BASIS  
 YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
GRAND TOTAL FOR COLLEGE		
Personnel services	78,142,091	72,375,158
Operating expenses	21,870,223	21,593,254
Travel	378,812	253,149
Equipment	9,511,050	4,019,087
	<u>109,902,176</u>	<u>98,240,648</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, 2024

Federal Grantor/Pass-Through Grantor Program Title	Pass-Through Identification Number	Assistance Listing Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Student Financial Assistance Cluster			
PELL Grant Program		84.063	10,790,331
Federal Direct Loan		84.268	7,278,732
Federal Work-Study Program		84.033	142,162
Federal Supplemental Educational Opportunity Grant Program		84.007	<u>349,640</u>
Total Student Financial Assistance Cluster			<u>18,560,865</u>
TRIO Cluster			
TRIO Support Services		84.042	306,951
TRIO Upward Bound		84.047	<u>307,504</u>
Total TRIO Cluster			<u>614,455</u>
CCAMPIS		84.335	<u>152,281</u>
Pass-Through Programs From:			
Nebraska Department of Education			
Adult Basic Education	24-2-AEF-08-00-94500	84.002	620,382
Vocational Education	24-6701-00-60-094-5000	84.048	<u>832,338</u>
			<u>1,452,720</u>
Total U.S. Department of Education			<u>20,780,321</u>
<u>National Science Foundation</u>			
Education and Human Resources		47.076	444,229
Pass-Through Programs From:			
University of Nebraska Lincoln			
Integrative Activities		47.083	25,570
Education and Human Resources	25-0536-0057-0005	47.076	<u>6,973</u>
Total National Science Foundation			<u>476,772</u>



SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Pass-Through Identification Number	Assistance Listing Number	Federal Expenditures
<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	5,000
Refugee and Entrant Assistance - ESL	None	93.576	15,955
Behavioral Health Grants	95-3101-0050-805	93.732	6,066
Lincoln Literacy			
Refugee and Entrant Assistance - ESL		93.576	172,349
University of Nebraska - Lincoln			
Area Health Education Centers	34-5210-1006-011	93.107	<u>123,417</u>
Total U.S. Department of Health and Human Services			<u>322,787</u>
<u>Department of the Treasury</u>			
Passed through the City of Lincoln, Nebraska			
Coronavirus Relief Fund - COVID-19		21.027	2,574,050
Passed through the State of Nebraska			
Coronavirus Relief Fund - COVID-19		21.027	<u>8,204,939</u>
Total Department of the Treasury			<u>10,778,989</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>32,358,869</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, 2024

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, 2024. 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. 65504  
Dana F. Cole & Company, LLP  
1248 O Street, Suite 500  
Lincoln, Nebraska 68508

TELEPHONE NO: 402.479.9300

The audit was performed between September 16, 2024 and September 19, 2024, at the institution's facilities as follows:

Location	Description of Facility	Dates Visited
Lincoln, Nebraska	Administrative and Student Financial Aid Offices	September 16, 2024 to September 19, 2024
Beatrice, Nebraska	Administrative and Student Financial Aid Offices	September 16, 2024 to September 19, 2024
Milford, Nebraska	Administrative and Student Financial Aid Offices	September 16, 2024 to September 19, 2024

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, 2024

	Dorm Total	Bookstore Total	Total System	Student Fee Facility Total	Total Pledge
<b>ASSETS</b>					
Cash and cash equivalents	166,318	1,450	167,768	-	167,768
Accounts receivable	6,380	-	6,380	-	6,380
Due from other funds	4,380,178	1,765,338	6,145,516	6,915,613	13,061,129
Inventories	-	771,674	771,674	-	771,674
Capital assets, net	<u>58,102,277</u>	<u>448,569</u>	<u>58,550,846</u>	<u>-</u>	<u>58,550,846</u>
49 TOTAL ASSETS	<u>62,655,153</u>	<u>2,987,031</u>	<u>65,642,184</u>	<u>6,915,613</u>	<u>72,557,797</u>
<b>LIABILITIES</b>					
Accounts payable	540,013	22,706	562,719	-	562,719
Accrued salaries	34,022	45,918	79,940	-	79,940
Bonds payable	51,426,745	-	51,426,745	-	51,426,745
Deferred revenue	<u>2,725,214</u>	<u>112,752</u>	<u>2,837,966</u>	<u>(127,798)</u>	<u>2,710,168</u>
TOTAL LIABILITIES	<u>54,725,994</u>	<u>181,376</u>	<u>54,907,370</u>	<u>(127,798)</u>	<u>54,779,572</u>
NET POSITION	<u>7,929,159</u>	<u>2,805,655</u>	<u>10,734,814</u>	<u>7,043,411</u>	<u>17,778,225</u>
<b>OPERATING REVENUES</b>					
Dormitory revenues	3,785,607	-	3,785,607	-	3,785,607
Bookstore revenues	-	4,331,454	4,331,454	-	4,331,454
Student service fee revenue	-	-	-	2,336,784	2,336,784
Other income	37,155	380,525	417,680	(90,199)	327,481
Total operating revenues	<u>3,822,762</u>	<u>4,711,979</u>	<u>8,534,741</u>	<u>2,246,585</u>	<u>10,781,326</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, 2024

	Dorm Total	Bookstore Total	Total System	Student Fee Facility Total	Total Pledge
OPERATING EXPENSES					
Personnel services	619,008	630,843	1,249,851	-	1,249,851
Operating expenses	1,091,121	3,841,300	4,932,421	-	4,932,421
Travel	2,292	2,650	4,942	-	4,942
Equipment	85,556	1,100	86,656	-	86,656
Total operating expenses	<u>1,797,977</u>	<u>4,475,893</u>	<u>6,273,870</u>	<u>-</u>	<u>6,273,870</u>
<sup>5</sup> OPERATING INCOME	<u>2,024,785</u>	<u>236,086</u>	<u>2,260,871</u>	<u>2,246,585</u>	<u>4,507,456</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	395,703	-	395,703	-	395,703
Transfers	431,970	(198,705)	233,265	-	233,265
Depreciation	(1,261,965)	(37,381)	(1,299,346)	-	(1,299,346)
Interest on indebtedness	<u>(1,749,826)</u>	<u>-</u>	<u>(1,749,826)</u>	<u>-</u>	<u>(1,749,826)</u>
Net nonoperating revenues (expenses)	<u>(2,184,118)</u>	<u>(236,086)</u>	<u>(2,420,204)</u>	<u>-</u>	<u>(2,420,204)</u>
INCREASE IN NET POSITION	(159,333)	-	(159,333)	2,246,585	2,087,252
NET POSITION, beginning of year	<u>8,088,492</u>	<u>2,805,655</u>	<u>10,894,147</u>	<u>4,796,826</u>	<u>15,690,973</u>
NET POSITION, end of year	<u>7,929,159</u>	<u>2,805,655</u>	<u>10,734,814</u>	<u>7,043,411</u>	<u>17,778,225</u>



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

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 Southeast Community College Area, as of and for the year ended June 30, 2024, 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 15, 2024.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Community College Area's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southeast Community College Area's financial statements are free from material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the Southeast Community College Area's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
November 15, 2024



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

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, 2024. Southeast Community College Area's major federal programs are identified in the summary of auditor's 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, 2024.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Southeast Community College Area and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Southeast Community College Area's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts and grant agreements applicable to Southeast Community College Area's federal programs.



## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Southeast Community College Area's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Southeast Community College Area's compliance with the requirements for each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Southeast Community College Area's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Southeast Community College Area's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Southeast Community College Area's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 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.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
November 15, 2024

SOUTHEAST COMMUNITY COLLEGE AREA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2024

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's 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 auditor's 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:

Student Financial Aid Cluster:	
PELL Grant Program	84.063
Federal Direct Loan Program	84.268
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work-Study	84.033
Coronavirus Relief Fund	21.027

SOUTHEAST COMMUNITY COLLEGE AREA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024

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 XNo

SECTION II. FINANCIAL STATEMENT FINDING

None reported.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SOUTHEAST COMMUNITY COLLEGE AREA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2024

There were no prior year findings and recommendations that required resolution for the year ended June 30, 2023.