

March 1, 2024

**REQUEST FOR PROPOSALS (RFP)**

Southeastern Community College of West Burlington, Iowa will receive proposals for audit services relating to the audit for the fiscal year ending June 30, 2024. Attached is information relating to minimum specifications of services, data to be included in the proposal, evaluation criteria, and selected information relating to the entity to be audited.

Electronic and hard copies of proposals will be accepted until 4:00 p.m., April 17, 2024, at the office of the Vice President of Administrative Services in West Burlington, Iowa (cgall@scciowa.edu). If mailed, the proposals should be mailed to:

Southeastern Community College  
Vice President of Administrative Services, Cory Gall  
1500 West Agency Road, PO Box 180  
West Burlington, IA 52655  
cgall@scciowa.edu

Those submitting sealed proposals should indicate on the outside of the envelope in the lower left-hand corner that it is a sealed proposal for the Audit Services RFP and the name of the firm submitting the proposal.

The contract for services will be awarded by May 15, 2024.

Further information may be obtained from Cory Gall at (319)-759-4300, cgall@scciowa.edu.

## I. SPECIFIC REQUIREMENTS

1. Southeastern Community College reserves the right to reject any and all proposals received.
2. Only proposals received at the location described and in the time frame given will be considered.
3. The original and one copy of the enclosed contract should be completed and manually signed by a partner of the firm submitting the proposal.
4. The audit shall be performed in accordance with the following:
  - Chapter 11 of the Iowa code.
  - U.S. generally accepted auditing standards.
  - The OMB Uniform Guidance Subpart F
  - New Jobs Training Program audit requirements contained in project agreements, board resolutions, certificates and other related documents.
  - Contact Hour audit requirements
  - The standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
  - The Single Audit Act Amendments of 1996 and Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), when applicable.
5. The fees quoted in your proposal and included in the contract will be the maximum paid per hour and in total, unless an amendment to the contract is completed by both parties.
6. The audit report should conform to any standard reporting formats issued by the Auditor of State's office and/or any existing AICPA Audit Guides and the requirements of Chapter 11 of the Code of Iowa: the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States: OMB Uniform Guidance Subpart F. The audit report will be prepared by the auditor and should include a management letter, if appropriate, which includes recommendations related to the financial statements, internal control, accounting systems, and compliance issues.
7. The audit report should include a management letter, if appropriate, which includes recommendations affecting the financial statements, internal controls, accounting systems, legality of actions, and any other matters considered appropriate by the College. An electronic (PDF) copy of the report shall be provided to Cory Gall, Vice President of Administrative Services.
8. Firms may submit one year or multiple year engagement options. An audit option for FY2024 must be included. Multiple pricing options may be submitted.
9. The College's Foundation will not be part of the audit services proposed for at least the first year of services.

10. Fifteen final bound copies and one electronic copy of the report including the management letter will be required to be typed, reproduced by the firm accepting the contract and delivered no later than December 1.
11. Three bound or electronic copies of the report, including the management letter, shall be provided to the Auditor of State.
12. Bound or electronic copies of the report shall be provided to the Federal agencies.
13. Auditors need to be available during the year for consultation.
14. The audit working papers shall be retained by the post-audit firm and shall be available for examination and use by authorized College staff and Auditor of State.
15. On-site audit work will take place at the West Burlington campus.

## **II. DATA TO BE INCLUDED IN PROPOSAL**

In order to simplify the review process and to obtain the maximum degree of comparability, the proposal should include the following items and be organized in the manner specified below.

### **A. Letter of Transmittal**

A letter of transmittal briefly outlining the proposer's understanding of the work and general information regarding the firm and individuals to be involved is permitted, but not required, if it is limited to not more than two pages. If a transmittal letter is presented, it should clearly set forth the local address of the office of the firm which will perform the work, the telephone number and the name of the contact person.

### **B. Table of Contents**

Include a table of contents which identifies the material by section, page number and a reference to the following information to be contained in the proposal. If a transmittal letter is not submitted, please include in the table of contents the local address of the office which will perform the work, the telephone number and the name of the contact person.

### **C. Profile of Firm Proposing**

1. State whether the firm is a local, national or international firm and a brief description of the size of the firm.
2. State whether the firm is in compliance with the registration requirements to engage in the practice of public accounting within Iowa.
3. State whether the firm is independent of the entity to be audited in accordance with Government Auditing Standards.
4. Describe the local office which will perform the audit, including:
  - a. Location of the office.

## II. DATA TO BE INCLUDED IN PROPOSAL

(Continued)

- b. Current size of the office.
  - c. Size of professional staff by level, such as partner, manager, supervisor, senior and other professional staff.
  - d. Number of CPA's in the office.
5. Submit any other information required to describe the office which will perform the work.

### D. Qualifications

1. Describe the recent local office auditing experience in similar types of audits to which the proposal relates. If appropriate, include regional experience in auditing similar types of entities. If desired, it is permissible to include your five largest clients which are not governmental clients.
2. Include resumes of all key professional members who will be assigned to the audit. Resumes should be included for all members of the audit team from the audit partner through at least the on-site in-charge auditor. The resumes should include:
  - a. The amount of experience the individual has had in the auditing profession.
  - b. A summary of similar audits on which the individual has worked.
  - c. A summary of the continuing professional education the individual has had in governmental accounting and auditing during the last two years.
  - d. A statement as to whether the individual is independent of the entity, as defined by Government Auditing Standards.
3. Describe the firm's policy on notification of changes in key personnel.
4. Provide a listing of or the number of professionals in the office who are experienced in governmental auditing.
5. Describe the availability of individuals within the firm who are primarily involved in governmental auditing and reporting and with whom the audit team may consult.
6. Describe briefly the firm's system of quality control to ensure the audit is adequately performed.

### E. Scope of Services and Proposed Schedule

Briefly describe your understanding of the scope of services to be provided. Indicate a proposed time schedule for completing the work, assuming the contract is issued on the date given in the cover letter. Include the approximate dates you would perform fieldwork, office review, and report preparation and the latest delivery date of the final report.

Firm's Approach to the Audit

Submit a work plan to accomplish the scope defined in these guidelines. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. Individual staff members should be named. The planned use of specialists should be specified and their location.

1. Financial Audit

- a. State whether the audit will be made in accordance with generally accepted auditing standards.
- b. State that the primary purpose of the examination is to express an opinion on the financial statements and that such an examination is subject to the inherent risk that errors or irregularities may not be detected. State that if conditions that lead to irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the administration of the College, and finally, state that no extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

2. Compliance Audit

State that in accordance with the auditing standards of the cognizant agency or in accordance with other applicable standards, the proposal will select the necessary procedures to test compliance and to disclose noncompliance with specific laws and regulations.

F. Audit Timing

State the ability of the office to perform the work and deliver the final report on a timely basis. State the date which the firm could begin work and when it would be expected to complete the final reports.

G. Partner/Manager's Role

State the Partner and/or Manager's role in the audit. State to what degree the Partner or Manager's involvement will be.

H. Quality Control

Submit the firm's review procedures for audits. List names, classifications and qualifications of those performing the review.

I. Work Space Requirements

Each firm is expected to describe the minimum amount of space and furniture required by the engagement team. The firm performing the engagement is expected to provide its own supplies and any required office machines. Reasonable copying requests will be honored.

J. College Staff Support

Any work or tasks to be provided by the College (i.e., preparation of work papers, confirmation letters, pulling files, etc.) must be stated. Also, state whether data processing will be used in the examination and, if so, estimate the data processing resources the College will need to supply in terms of computer time, operator time and programmer time. An estimate of College Staff time involvement must be provided.

K. Additional Section

Since the preceding sections are to contain only data that is specifically requested, any additional information considered essential to the proposal should be included in this section. If there is no additional data information to present, state "There is no additional information we wish to present."

**F. Fees and Compensation**

Provide the following information:

1. Estimated total hours.
2. Estimated out-of-pocket expenses.
3. Hourly rate by staff classification.
4. All-inclusive maximum fee and out-of-pocket expenses, which will not be exceeded.
5. Frequency and timing of your billing process.

### III. EVALUATION CRITERIA

The proposal will be evaluated based upon the following two areas. Therefore, it is important the proposal is responsive to the data requested.

#### A. Cost

Overall cost, including out-of-pocket expenses, for performance of the audit.

Firms will not be considered unless they meet each of the following criteria:

1. Must be certified public accountant properly licensed.
2. Must meet the independent standards of the GAO Standards for Audit of Governmental Organizations, Programs, Activities and Functions.

#### B. Technical Criteria

Those firms who have met each of the mandatory criteria will be evaluated on the following technical criteria:

1. Technical experience of the firm
  - a. Recent auditing of the type under consideration.
  - b. Recent auditing of Higher Education and governments.
  - d. Local Higher Education and government clients and other references.

Note: Recent auditing refers to the previous three (3) years.
2. Audit Approval
  - a. Responsiveness of the proposal by clearly stating an understanding of the work to be performed.
  - b. Understanding of timetable to complete engagement.
  - c. Realistic time estimates of each major segment of the work plan and the estimated number of hours for each staff level including consultants assigned.
3. Personnel Development
  - a. Education, position in the firm and years and types of experience will be considered.
  - b. Qualifications of the audit team.

- c. Supervision to be exercised over the audit team by the firm's management.
  - d. Partner and Manager involvement.
- 4. Quality Control
- 5. Ability of the firm to respond to the needs of the College
- 6. Total cost of the audit services.
- 7. Involvement in Higher Education professional activities.



#### **IV. ENTITY PROFILE**

##### **III. COLLEGE PROFILE**

Southeastern Community College's main campus is located at 1500 West Agency Road, PO Box 180, West Burlington, IA. The College is accredited by the Higher Learning Commission. As a public post-secondary school institution, it has been approved jointly by the Iowa Department of Education and the Iowa State Board of Regents.

Southeastern Community College has an enrollment of about 3,500 students, and issues about 450 W-2's per year.

Below is a list of major federal programs (\$750,000 or above):

Student Financial Aid Cluster (No Perkins Student Aid Funds)

Southeastern Community College Foundation is considered a component unit of the College. The audit of the Southeastern Community College component will need to be reported within the College's audited statements.

AGREEMENT BETWEEN

\_\_\_\_\_  
AND  
\_\_\_\_\_

THIS AGREEMENT made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_, hereinafter called \_\_\_\_\_ and \_\_\_\_\_, hereinafter called "CPA."

WHEREAS, the \_\_\_\_\_ wishes to obtain the services of the CPA to perform an audit in accordance with Section 11.6 of the Code of Iowa for the \_\_\_\_ year(s) ending June 30, 20\_\_; and

WHEREAS, the CPA is equipped and staffed to perform the above audit; and

WHEREAS, this agreement is in the public interest in fulfilling the requirements of Chapter 11 of the Code of Iowa.

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED:

1. The CPA will:
  - A. Provide auditors of various classifications and for the estimated hours as detailed in 2.A of this agreement.
  - B. Begin work on the audit as specifically agreed upon with the \_\_\_\_\_.
  - C. Perform all work in accordance with U.S. generally accepted auditing standards, Government Auditing Standards and applicable federal requirements.
  - D. Immediately inform the \_\_\_\_\_, the Auditor of State and the County Attorney if the audit discloses any significant irregularity in the collection or disbursement of public funds.
  - E. Provide access to the working papers to any appropriate federal agencies for the period of time specified in relevant agreements entered into by the \_\_\_\_\_.
  - F. Provide access to the working papers to the Auditor of State in accordance with Chapter 11 of the Code of Iowa.

Agreement – Page 2

2. Conditions of Payment:

A. It is understood the fees for the services set forth above shall be reimbursed at the following hourly rates:

<u>Classification</u>	<u>Estimated Hours</u>	<u>Hourly Rate</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

B. The CPA shall present an invoice for services in the following manner: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

C. Payment shall be made within \_\_\_ days of receipt of invoice.

D. The total reimbursement shall not be for more than \$\_\_\_\_\_, except as specifically agreed by the \_\_\_\_\_ and the CPA.

3. Termination of Agreement:

A. \_\_\_\_\_ may terminate this contract without notice if the CPA fails to perform the covenants or agreements contained herein.

B. The CPA shall be paid for all work satisfactorily performed to the date of termination.

IT WITNESS THEREOF, \_\_\_\_\_ and CPA have executed this AGREEMENT as of the date indicated below:

CPA \_\_\_\_\_

By \_\_\_\_\_ By \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_



**Southeastern Community College**

**Independent Auditor's Reports  
Basic Financial Statements  
and Supplementary Information  
Schedule of Findings and Questioned Costs**

**June 30, 2023**

**Southeastern Community College  
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**Southeastern Community College  
Officials**

<u>Board of Trustees</u>	<u>Position</u>	<u>Term Expires</u>
Mr. Jeff Heland	Chairperson	2025
Mr. Landen Hillyard	Member	2025
Ms. Janet Fife-LaFrenz	Member	2023
Mr. Joseph Johnson	Member	2023
Mr. Moudy Nabulsi	Member	2023

Community College

Dr. Michael Ash	President
Cory Gall	Vice President of Administrative Services / Board Treasurer
Darcy Burdette	Board Secretary



## Independent Auditor's Report

To the Board of Trustees  
Southeastern Community College  
Waterloo, Iowa

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities and the discretely presented component unit of Southeastern Community College, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise Southeastern Community College's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of Southeastern Community College as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Southeastern Community College Foundation, which represent 100% of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southeastern Community College Foundation is based solely on the report of other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of Southeastern Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter - Implementation of GASB 96***

As discussed in Note 1 to the financial statements, Southeastern Community College adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription -Based Information Technology Arrangements (SBITA)*. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Southeastern Community College's 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 Southeastern Community College's ability to continue as a going concern for twelve months after the date that the financial statements are available to be issued.

### ***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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of College Contributions, Notes to Required Supplementary Information - Pension Liability and the Schedule of Changes in the College's Total OPEB Liability, Related Ratios and Notes on pages 48 through 51 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 GASB 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 Southeastern Community College's basic financial statements. The supplementary information included on pages 54 through 74, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024 on our consideration of Southeastern Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Southeastern Community College's internal control over financial reporting and compliance.

*Beyan KDV, Ltd*

Minneapolis, Minnesota  
February 27, 2024

## Southeastern Community College Management's Discussion and Analysis June 30, 2023

Management of Southeastern Community College (the College) provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities of Southeastern Community College is for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

### Financial Highlights

#### 2023:

- ◆ College operating revenues decreased 38.5% or \$11,989,297. The largest decrease related to federal appropriations from the COVID-19 pandemic and miscellaneous revenues related to the online consortium becoming a separate legal entity with its own financial statements beginning October 1, 2022.
- ◆ Operating expenses decreased by 6.6% or \$2,885,273. The largest decrease related to cooperative services and student services expenses in connection with the online consortium separation effective October 1, 2022.
- ◆ The College's change in net position was \$2,403,303, or 6.0% over the June 30, 2022, net position.

#### 2022:

- ◆ College operating revenues increased 55.7% or \$11,155,641. The largest increases related to federal appropriations from the COVID-19 pandemic and miscellaneous revenues.
- ◆ Operating expenses increased by 7.4% or \$3,012,360. The largest increases related to cooperative services and student services expenses.
- ◆ The College's change in net position was \$9,597,224, or 31.6% over the June 30, 2021, net position.

### Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

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

Required Supplementary Information presents the College's proportionate share of the net pension liability and related contributions, as well as presenting a Schedule of Changes in the College's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures - Budget to Actual further explains and supports the financial statements with a comparison of the College's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the College.

**Southeastern Community College  
Management's Discussion and Analysis  
June 30, 2023**

**Reporting the College's Financial Activities**

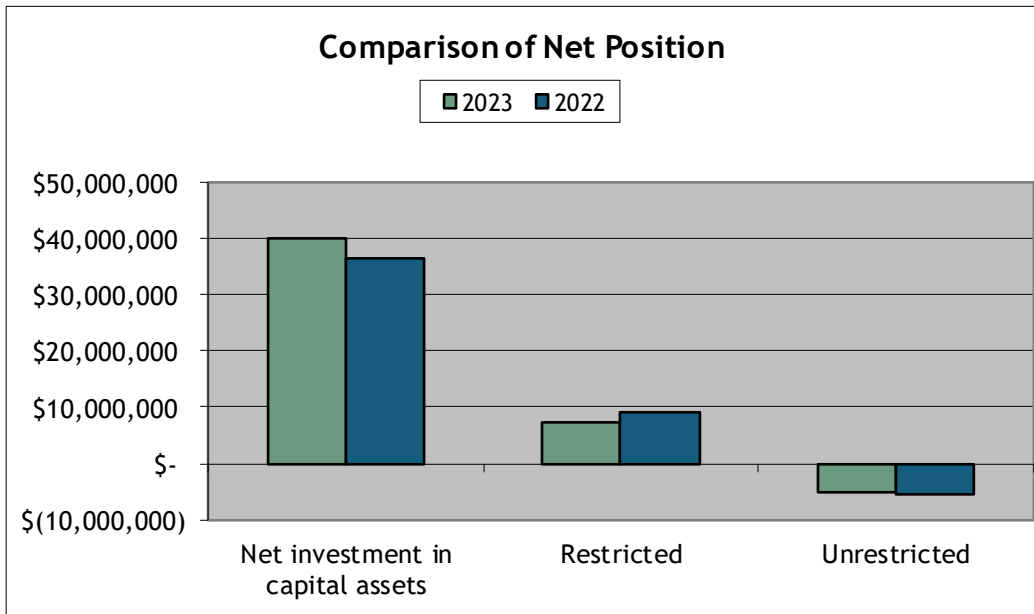
Statement of Net Position - The Statement of Net Position presents financial information on all of the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources and net position. Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

	June 30,	
	2023	2022
Net position		
Current and other assets	\$ 30,763,678	\$ 32,577,894
Capital assets, net of accumulated depreciation	49,350,715	46,069,442
Total assets	80,114,393	78,647,336
Deferred outflows of resources	2,036,235	2,223,548
Current liabilities	6,781,792	6,631,873
Noncurrent liabilities	19,027,543	16,630,959
Total liabilities	25,809,335	23,262,832
Deferred inflows of resources	13,973,682	17,643,746
Net position		
Net investment in capital assets	40,050,897	36,434,442
Restricted	7,471,389	9,163,349
Unrestricted	(5,154,675)	(5,633,485)
Total net position	\$ 42,367,611	\$ 39,964,306

**Southeastern Community College  
Management's Discussion and Analysis  
June 30, 2023**

**Reporting the College's Financial Activities (Continued)**

Statement of Net Position (Continued)



Net position increased 6.0% or \$2,403,303 over the prior year.

Year Ended June 30, 2023 - The largest portion of the College's net position (94.5%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position (17.6%) includes resources that are subject to external restrictions. The remaining net position is unrestricted and totaled (\$5,154,675).

Year Ended June 30, 2022 - The largest portion of the College's net position (91.2%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position (22.9%) includes resources that are subject to external restrictions. The remaining net position is unrestricted and totaled (\$5,633,485).

Statement of Revenues, Expenses and Changes in Net Position - Changes in total net position, as presented in the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned by the College, both operating and non-operating, and the expenses incurred by the College, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

**Southeastern Community College  
Management's Discussion and Analysis  
June 30, 2023**

**Reporting the College's Financial Activities (Continued)**

Statement of Revenues, Expenses and Changes in Net Position - (Continued) - In general, a public college, such as Southeastern Community College, will report an operating loss since the financial reporting model classifies state appropriations and property taxes as non-operating revenues. Operating revenues are received for providing goods and services to the various students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

	Year Ended June 30,	
	2023	2022
Change in net position		
Operating revenues		
Tuition and fees	\$ 6,262,728	\$ 6,055,702
Federal appropriations	5,562,692	11,979,133
Iowa Industrial New Jobs Training Program	376,521	1,901,044
Sales and services	659,693	652,135
Auxiliary enterprises	3,208,979	2,833,076
Miscellaneous	3,110,690	7,749,510
Total operating revenues	19,181,303	31,170,600
Total operating expenses	40,727,324	43,612,597
Operating loss	(21,546,021)	(12,441,997)
Non-operating revenues (expenses) and transfers		
State appropriations	12,915,843	12,466,723
Pell grant	3,436,407	3,230,966
Property taxes	6,156,698	5,941,482
Gifts and grants	2,094,424	714,005
Investment earnings	358,660	65,054
Interest on indebtedness	(351,937)	(379,007)
Net non-operating revenues (expenses) and transfers	24,610,095	22,039,223
Special item		
Loss on disposal of operations	(660,771)	-
Change in net position	2,403,303	9,597,226
Net position		
Beginning	39,964,308	30,367,082
Ending	\$ 42,367,611	\$ 39,964,308
Total revenues, operating and nonoperating	\$ 44,143,335	\$ 53,588,830
Total expenses, operating and nonoperating	\$ 41,740,032	\$ 43,991,606

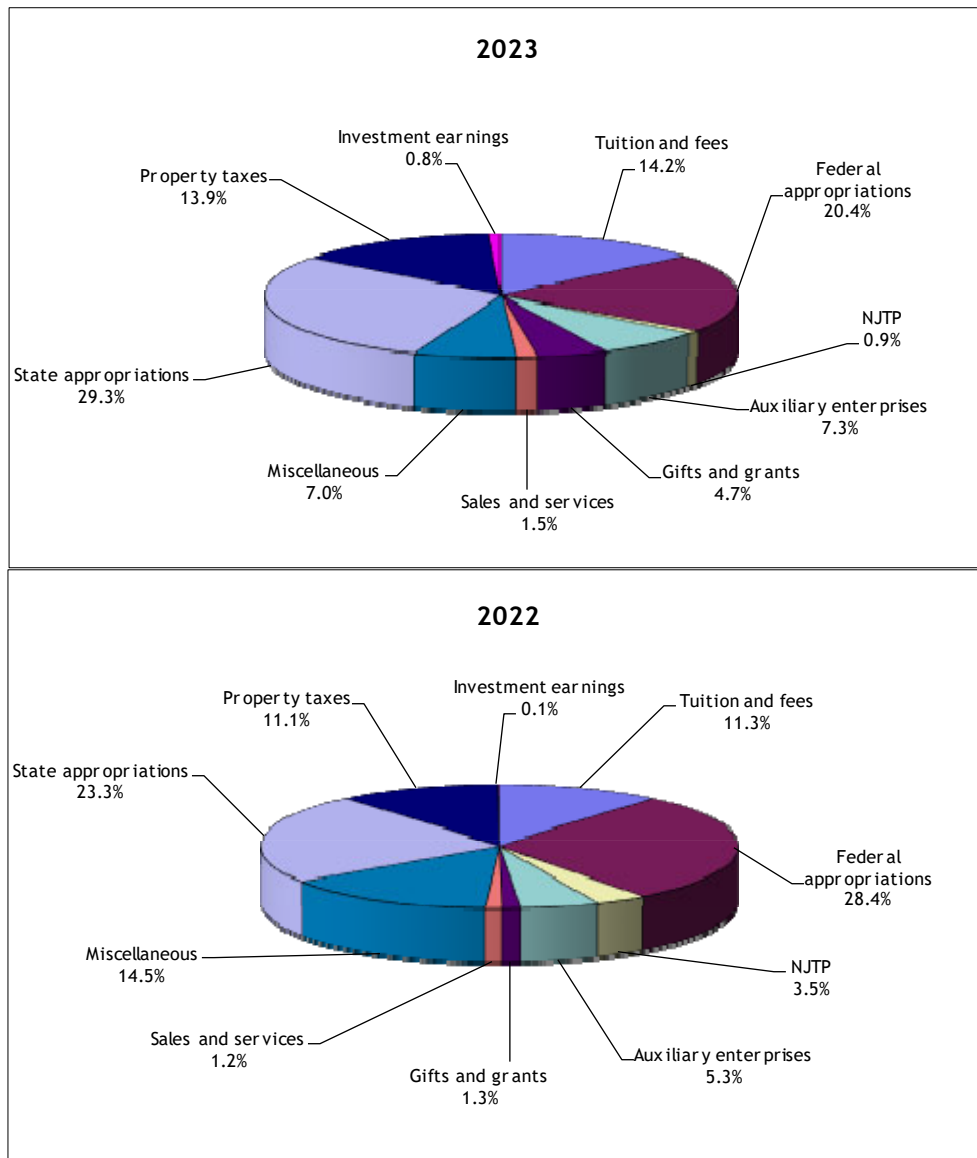


**Southeastern Community College  
Management's Discussion and Analysis  
June 30, 2023**

**Reporting the College's Financial Activities (Continued)**

Total Revenue by Source

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position for fiscal year 2023 of \$2,403,303, while fiscal year 2022 resulted in an increase in net position of \$9,597,226.

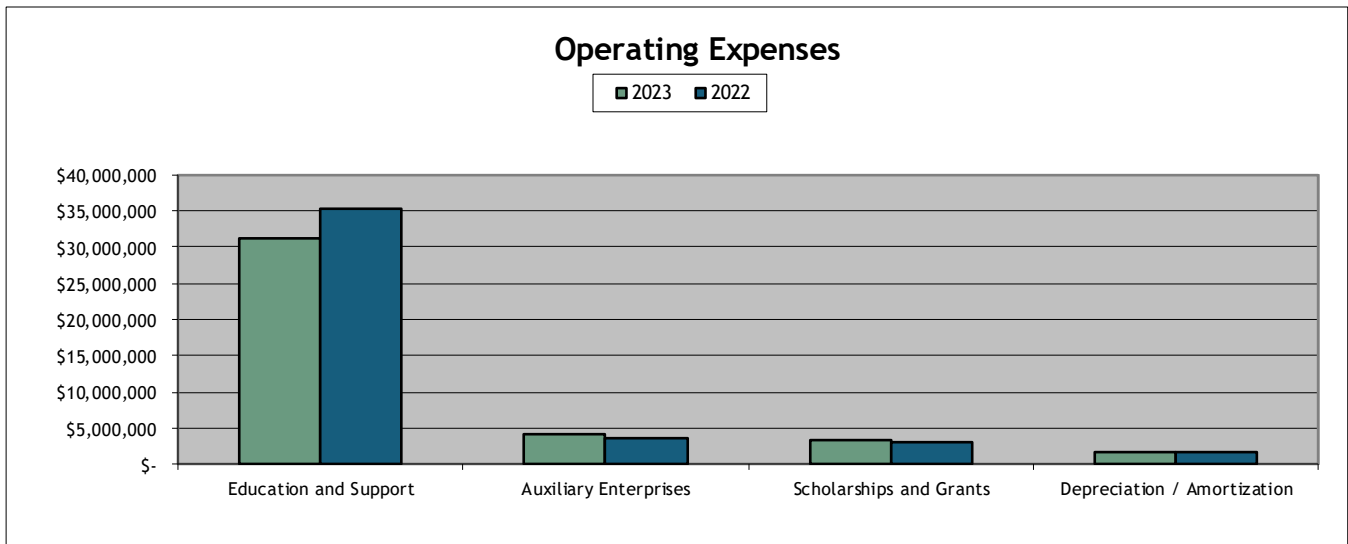


In fiscal year 2023, operating revenues decreased by \$11,989,297 or 38.5%. The change was a result of decrease in federal appropriations and miscellaneous revenues.

**Southeastern Community College  
Management's Discussion and Analysis  
June 30, 2023**

**Reporting the College's Financial Activities (Continued)**

	Year Ended June 30,	
	2023	2022
<b>Operating expenses</b>		
Education and support		
Liberal arts and sciences	\$ 6,779,838	\$ 8,367,813
Vocational technical	5,263,719	4,690,216
Adult education	2,380,376	2,301,455
Cooperative services	1,049,893	2,527,946
General administration	1,748,894	1,644,481
Student services	5,611,949	8,004,685
Learning resources	379,625	365,133
Physical plant	4,594,680	4,252,167
General institution	3,380,675	3,060,411
Auxiliary enterprises	4,261,043	3,623,894
Scholarships and grants	3,431,354	3,081,615
Amortization expense	173,599	-
Depreciation expense	1,671,679	1,692,781
	<u>\$ 40,727,324</u>	<u>\$ 43,612,597</u>
Total operating expenses	<u>\$ 40,727,324</u>	<u>\$ 43,612,597</u>



In fiscal year 2023, operating expenses decreased by \$2,885,273, or 6.6%. The largest decreases related to cooperative services and student services expenses.

**Southeastern Community College  
Management's Discussion and Analysis  
June 30, 2023**

**Reporting the College's Financial Activities (Continued)**

Statement of Cash Flows - The Statement of Cash Flows is an important tool in helping users to assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

Cash flows	Year Ended June 30,	
	2023	2022
Cash provided by (used in)		
Operating activities	\$ (19,856,995)	\$ (18,152,233)
Non-capital financing activities	23,614,582	21,062,675
Capital and related financing activities	(5,698,779)	(2,511,232)
Investing activities	358,660	65,054
Net change in cash and cash equivalents	(1,582,532)	464,264
Cash		
Beginning	18,641,955	18,177,691
Ending	\$ 17,059,423	\$ 18,641,955

Cash used by operating activities includes tuition, fees and operating grants and contracts, net of payments to employees and suppliers as well as other receipts. Cash provided by non-capital financing activities includes state appropriations, Pell grant, local property taxes received and gifts and grants. Cash used by capital and related financing activities represents the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes interest income received.

**Southeastern Community College  
Management's Discussion and Analysis  
June 30, 2023**

**Capital assets**

As of June 30, 2023, the College had \$49,350,714 invested in capital assets, net of accumulated depreciation of \$29,582,760 and accumulated amortization of \$173,599. Depreciation expense totaled \$1,671,679 and amortization expense totaled \$173,599 for fiscal year 2023. Details of the capital assets are shown below.

	June 30,	
	2023	2022
Land	\$ 1,031,638	\$ 1,031,638
Construction in progress	4,434,726	212,586
Buildings	40,948,247	42,090,551
Other structures and improvements	2,021,334	2,172,300
Furniture and equipment	442,263	562,367
Right-of-use subscription assets	472,507	475,165
	<u>49,350,715</u>	<u>46,544,607</u>
Totals	<u>\$ 49,350,715</u>	<u>\$ 46,544,607</u>

More detailed information about the College's capital assets is presented in Note 4 to the basic financial statements.

**Debt Service**

As of June 30, 2023, the College had long-term debt totaling \$13,157,538, a decrease of \$587,957, or 4.3% from June 30, 2022. A summary of the College's long-term debt is as follows:

Outstanding Debt	June 30,	
	2023	2022
General obligation school refunding bonds (principal)*	\$ 8,901,368	\$ 9,712,119
Certificates payable (principal)*	3,791,352	4,033,376
Subscription agreements payable	464,818	-
	<u>13,157,538</u>	<u>13,745,495</u>
Totals	<u>\$ 13,157,538</u>	<u>\$ 13,745,495</u>

\*Net of premiums on issuance

More detailed information about the College's outstanding debt is presented in Note 5 to the basic financial statements.

**Southeastern Community College  
Management's Discussion and Analysis  
June 30, 2023**

**Economic factors**

Southeastern Community College incurred a slight improvement in financial position during the current fiscal year. Economic factors and trends that continue to draw a great deal of scrutiny by the College are:

1. State Appropriation  
State appropriations represent 52.5% all non-operating fund revenues, down from 56.5% in the prior fiscal year. The growth in State tax revenues has rebounded from the effects of the COVID-19 pandemic. The State increased state general aid over FY 2022 by \$449,120. This is a budgetary area that is continually monitored by the College.
2. Tuition and Fee Revenue  
Tuition and fee revenue represents 32.6% of operating revenues, and increased by \$207,026 from the prior year. It is difficult revenue to predict and budget, and continued tuition rate increases may create hardships. The College continues to be sensitive to these hardships with a tuition rate that is approximately equal to the state average.
3. Property Tax  
Revenue increased by approximately \$215,000 for all funds and total taxable property values increased for the 2023 levy by 0.67%.
4. Industrial New Jobs Training (260E) Projects  
Provide valuable resources for area businesses and industries for expansion and training of their labor forces. Economic conditions continue to remain stable with new issuances involving one company in FY 2023 and none in FY 2022.
5. Labor Costs  
Represent 74.0% of the unrestricted general operating fund expenditures, with labor costs increasing by 4.91% from the prior year.
6. Student Enrollment  
Recorded for the State of Iowa purposes, increased 5.58% (2,727 credit hours) from the prior year.

**Contacting the College's Financial Management**

This financial report is designed to provide our customers, community taxpayers and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Southeastern Community College, 1500 West Agency Road, West Burlington, Iowa 52655.

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## **BASIC FINANCIAL STATEMENTS**

Southeastern Community College  
Statement of Net Position  
June 30, 2023

	Primary Institution	Component Unit - Foundation
<b>Assets</b>		
<b>Current assets</b>		
Cash, cash equivalents and investments	\$ 17,059,423	\$ 11,724,385
Receivables		
Accounts	942,306	-
Due from other governments	1,524,896	-
Property taxes, succeeding year	6,914,909	-
Interest	150,164	-
Other	-	2,939,202
Inventories	245,462	-
Prepaid expenses	645,219	6,002
Total current assets	<u>27,482,379</u>	<u>14,669,589</u>
<b>Noncurrent assets</b>		
Due from related party	2,447,378	-
Due from Iowa Industrial New Jobs Training Program	833,921	-
Capital assets		
Land	1,031,638	-
Construction in progress	4,434,726	3,218,733
Buildings	59,082,417	-
Other structures and improvements	4,624,155	-
Furniture and equipment	9,288,032	-
Right-to-use subscription asset	646,106	-
Accumulated depreciation/amortization	(29,756,359)	-
Total noncurrent assets	<u>52,632,014</u>	<u>3,218,733</u>
Total assets	<u>80,114,393</u>	<u>17,888,322</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	1,016,714	-
OPEB related deferred outflows	1,019,521	-
Total deferred outflows of resources	<u>2,036,235</u>	<u>-</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	1,213,835	227,236
Salaries and benefits payable	1,077,531	-
Accrued interest payable	16,010	-
Due to others	-	17,692
Advances from grantors and others	1,105,324	-
Early retirement payable	216,317	-
Compensated absences payable	631,521	-
Deposits held in custody for others	381,837	-
Subscription liability	194,417	-
Certificates payable	1,095,000	-
Bonds payable	850,000	-
Total current liabilities	<u>6,781,792</u>	<u>244,928</u>
<b>Noncurrent liabilities</b>		
Early retirement payable	492,345	-
Due to related party	-	2,238,644
Note payable	-	886,519
Subscription liability	270,401	-
Certificates payable, net of premium	2,696,352	-
Bonds payable, net of premium	8,051,368	-
Net pension liability	3,813,329	-
OPEB liability	3,703,748	-
Total noncurrent liabilities	<u>19,027,543</u>	<u>3,125,163</u>
Total liabilities	<u>25,809,335</u>	<u>3,370,091</u>
<b>Deferred Inflows of Resources</b>		
Succeeding year property tax	6,914,910	-
Pension related deferred inflows	829,701	-
OPEB related deferred inflows	919,404	-
Service concession arrangements	5,309,667	-
Total deferred inflows of resources	<u>13,973,682</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	40,050,897	-
Restricted		
Nonexpendable		
Scholarships and fellowships	-	4,934,719
Other restricted purposes	-	1,257,862
Cash reserve	231,408	-
Expendable		
Scholarships and fellowships	-	5,786,995
Other restricted purposes	7,239,981	776,727
Unrestricted	(5,154,675)	1,761,928
Total net position	<u>\$ 42,367,611</u>	<u>\$ 14,518,231</u>

See notes to basic financial statements.



**Southeastern Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2023**

	<u>Primary Institution</u>	<u>Component Unit - Foundation</u>
<b>Operating Revenues</b>		
Tuition and fees, net of scholarship allowances of \$5,089,366	\$ 6,262,728	\$ -
Federal appropriations	5,562,692	-
Iowa Industrial New Jobs Training Program	376,521	-
Contributions	-	710,191
Sales and services	659,693	-
Auxiliary enterprises, net of scholarship allowances of \$637,890	3,208,979	-
Miscellaneous	3,110,690	203,779
Total operating revenues	<u>19,181,303</u>	<u>913,970</u>
<b>Operating Expenses</b>		
Education and support		
Liberal arts and sciences	6,779,838	-
Vocational technical	5,263,719	-
Adult education	2,380,376	-
Cooperative services	1,049,893	-
General administration	1,748,894	-
Student services	5,611,949	-
Learning resources	379,625	-
Physical plant	4,594,680	-
General institution	3,380,675	-
Auxiliary enterprises	4,261,043	-
Scholarships and grants	3,431,354	481,251
Amortization expense	173,599	-
Depreciation expense	1,671,679	-
Other	-	301,536
Total operating expenses	<u>40,727,324</u>	<u>782,787</u>
Operating income (loss)	<u>(21,546,021)</u>	<u>131,183</u>
<b>Non-Operating Revenues (Expenses)</b>		
State appropriations	12,915,843	-
Pell grant	3,436,407	-
Property taxes	6,156,698	-
Gifts and grants	2,094,424	-
Investment earnings (loss)	358,660	645,840
Interest on indebtedness	(351,937)	(6,838)
Net non-operating revenues (expenses)	<u>24,610,095</u>	<u>639,002</u>
<b>Special Item</b>		
Loss on disposal of operations	<u>(660,771)</u>	<u>-</u>
Change in net position	2,403,303	770,185
<b>Net Position</b>		
Beginning	<u>39,964,308</u>	<u>13,748,046</u>
Ending	<u>\$ 42,367,611</u>	<u>\$ 14,518,231</u>

See notes to basic financial statements.

**Southeastern Community College**  
**Statement of Cash Flows**  
**June 30, 2023**

	Primary Institution	Component Unit - Foundation
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 6,227,618	\$ -
Federal appropriations	6,220,169	-
Iowa Industrial New Jobs Training Program	805,694	-
Payments to employees for salaries and benefits	(21,297,831)	-
Payments to suppliers for goods and services	(14,854,718)	(169,900)
Cash received as contributions	-	1,802,466
Cash paid for scholarships	(3,431,354)	(481,251)
Auxiliary enterprises	3,208,979	-
Other receipts	3,264,448	203,779
Net cash provided by (used in) operating activities	<u>(19,856,995)</u>	<u>1,355,094</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
State appropriations	12,915,843	-
Pell grant	3,436,407	-
Property taxes	6,156,698	-
Gifts and grants	2,094,424	-
Proceeds from certificates payable	910,000	-
Principal paid on certificates payable	(1,140,000)	-
Interest paid on certificates payable	(98,019)	-
Special item - disposal of operations	(660,771)	-
Net cash provided by non-capital financing activities	<u>23,614,582</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(4,479,584)	(1,515,435)
Proceeds from the issuance of debt	-	886,519
Principal paid on bonds and subscription payable	(981,287)	-
Interest paid on bonds and subscription payable	(237,908)	-
Net cash used in capital and related financing activities	<u>(5,698,779)</u>	<u>(628,916)</u>
<b>Cash Flows from Investing Activities</b>		
Interest on investments	358,660	265,763
Purchase of investments	-	(1,448,109)
Proceeds from the sale of investments	-	1,371,859
Net cash provided by investing activities	<u>358,660</u>	<u>189,513</u>
Net increase (decrease) in cash and cash equivalents	(1,582,532)	915,691
<b>Cash and Cash Equivalents</b>		
Beginning	<u>18,641,955</u>	<u>2,333,838</u>
Ending	<u>\$ 17,059,423</u>	<u>\$ 3,249,529</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>		
Operating income (loss)	\$ (21,546,021)	\$ 131,183
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Amortization	173,599	-
Depreciation	1,671,679	-
Amortization of bond discount/(premium), net	(22,774)	-
Amortization of service concession arrangements	(394,686)	-
Changes in assets and liabilities:		
Decrease in due from other governments	657,477	-
Decrease in accounts receivable	40,158	1,284,139
Increase in interest receivable	(150,164)	-
Increase in inventories	(52,114)	-
Decrease in prepaid expenses	328,768	3,808
Increase in due from related party	(16,870)	-
Decrease in due from Iowa Industrial New Jobs Training Program	482,993	-
Decrease in deferred outflows of resources	187,313	-
Increase (decrease) in accounts payable	(52,541)	127,636
Increase in accrued interest payable	16,010	-
Increase in salaries and benefits payable	23,981	-
Increase in due to others	-	192
Decrease in advances from students and grantors	(90,173)	-
Decrease in early retirement payable	(35,006)	-
Increase in compensated absences	24,744	-
Increase in deposits payable	63,661	-
Decrease in due to related party	-	(191,864)
Increase in net pension liability	3,675,302	-
Decrease in OPEB liability	(491,518)	-
Decrease in deferred inflows of resources	(4,350,813)	-
Total adjustments	<u>1,689,026</u>	<u>1,223,911</u>
Net cash provided by (used in) in operating activities	<u>\$ (19,856,995)</u>	<u>\$ 1,355,094</u>

**Noncash, capital and related financing activities**

The Foundation had \$217,250 of fixed asset purchases in accounts payable at year-end.  
The Foundation paid \$6,838 for interest.

See notes to basic financial statements.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Southeastern Community College (College) is a publicly supported post-secondary two-year institution established under the provisions of Chapter 260C of the Code of Iowa. In fulfilling the responsibilities assigned to it by law, Southeastern Community College offers a comprehensive educational program and support services to serve local and state needs. The College offers career education, adult education and college parallel courses as its curriculum. Southeastern Community College maintains campuses in West Burlington and Keokuk and has facilities in Mt. Pleasant and Fort Madison. Its administrative offices are in West Burlington.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Financial Reporting Entity**

For financial reporting purposes, Southeastern Community College has included all funds, organizations, agencies, boards, commissions, and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the College.

Southeastern Community College is a political subdivision of the State of Iowa governed by a Board of Trustees, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The College has statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It was the right to sue and be sued, and had the right to buy, sell, lease or mortgage property in its own name.

These financial statements present Southeastern Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationship with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and reports have been issued under separate cover. The audited financial statements are available at the College.

**Discrete Component Unit**

The College is considered to be a primary government and has included Southeastern Community College Foundation as a component unit in its basic financial statements due to the nature of their relationship with the College.

The Southeastern Community College Foundation is a legally separate, not-for-profit foundation which is governed by a Board of Directors, the majority of which are appointed by the Board of Trustees of the College. The Foundation's purpose is to support the College through donations to provide scholarships to students, and for the enhancement and extension of facilities, equipment, and services.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

**Discrete Component Unit (Continued)**

The Foundation reports under accounting standards established by the Financial Accounting Standards Board (FASB) and the Foundation's financial statements were prepared in accordance with the provisions of FASB No. 117, Financial Statements of 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 Foundations' financial information in the College's financial reporting for these differences. The Foundation reports net assets, which is equivalent to net position reported by the College. The Foundation operates on a June 30 fiscal year-end. Financial statements can be obtained from Southeastern Community College, 1500 West Agency Road, West Burlington, Iowa 52655.

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net position categories/components:

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation/ amortization and outstanding debt obligations attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Position**

Nonexpendable - Net position subject to externally imposed stipulations that they be maintained permanently by the College. As of June 30, 2023, the College had none.

Expendable - Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position - Net position not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statements of Net Position, Revenues, Expenses and Changes in Net Position and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting**

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared 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. Property taxes are recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

1. Cash and Cash Equivalents and Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

For purposes of the Statement of Cash Flows, all short-term deposits or cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily converted to known amounts of cash, and at the date of purchase, have a maturity no longer than three months.

2. Due from Other Governments - This represents state aid, grants, and reimbursements due from the State of Iowa, and grants and reimbursements due from the Federal government.
3. Inventories - Inventories are valued at lower of cost (first-in, first-out method) or market. Inventories consist primarily of bookstore inventories held for resale. The cost is recorded as an expenditure at the time individual inventory items are consumed or sold.
4. Property Taxes Receivable - Property taxes receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Trustees to the appropriate County Auditors. Current year delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor by April 30 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

**Southeastern Community College  
Notes to Basic Financial Statements  
June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)**

5. Receivable for Iowa Industrial New Jobs Training Program (NJTP) - This receivable represents the total amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on NJTP project expenditures incurred through June 30, 2023, plus interest incurred on NJTP certificates, less reimbursements received to date.
6. Capital Assets - Capital assets, which include land, buildings, other structures and improvements, and furniture and equipment, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized since there were no qualifying assets. Capital assets are defined by the College as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of one year.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	50
Other structures and improvements	25
Furniture and equipment	3 - 5

The College does not capitalize or depreciate their library book collection. This collection is unencumbered, held for public education, protected, cared for, and preserved and the proceeds from the sale of library books, if any, are not material to the financial statements.

7. Impairment of Long-Lived Assets - The College reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carry amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)**

8. Subscription-Based Information Technology Arrangements (SBITA) - Southeastern Community College has entered into a contracts that convey control of the right to use information technology software. The College has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The College recognized IT subscription liabilities with an initial, individual value of \$50,000, or more.

At the commencement of the IT subscription term, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how the College determines the discount rate it uses to discount the expected payments to present value, term, and payments.

The College uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

The College monitors changes in circumstances that would require a remeasurement of its IT subscription and will remeasure the right-to-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

On the Statement of Net Position, lease assets are reported with the noncurrent assets, capital assets and lease liabilities are reported with the current and noncurrent liabilities.

9. Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future year(s) which will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the College after the measurement date but before the end of the College's reporting period.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)**

10. Salaries and Benefits Payable - Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.
11. Advances from Grantors and Others - Advances from grantors represents grant proceeds which have been received by the college, but will be spent in a succeeding fiscal year. Advances from others represent amounts received in the current fiscal year which will not be earned until the following fiscal year.
12. Compensated Absences - College employees accumulate a limited amount of earned but unused vacation for subsequent use. Earned but unused vacation is paid to the employee upon termination, death, or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect as of July 1, 2024.
13. Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
14. Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the College's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.
15. Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets, and unamortized portion of service concession arrangements.



**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)**

16. Auxiliary Enterprises Revenues and Expenses - Auxiliary enterprises revenues and expenses primarily represent revenues generated and expenses associated with the bookstore, food services, shop sales, printing services, dormitories, athletics and student organizations.
17. Summer Session - The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.
18. Deposits Held in Custody for Others - These deposits consist primarily of funds for student organizations.
19. Tuition and Fees - Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses.
20. Operating and Non-Operating Activities - Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, Pell grants, property taxes, gifts and grants, investment earnings and interest on indebtedness.
21. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.
22. Scholarship Allowances and Student Aid - Financial aid to students is reported in the financial statements, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances which reduce revenue. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**Southeastern Community College  
Notes to Basic Financial Statements  
June 30, 2023**

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

**A. Primary Institution**

The College's deposits in banks at June 30, 2023, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees.

As of June 30, 2023, the College's cash, cash equivalents, and investments consisted of the following:

Cash	\$ 799,895
Certificates of deposit	7,000,000
Money market accounts	<u>9,259,528</u>
 Total	 <u><u>\$ 17,059,423</u></u>

The carrying amount of the College's deposits excluding \$2,250 of petty cash, totaled \$17,057,173 with a bank balance of \$17,626,494.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the College's investment policy limits operating funds portfolio to maturities of less than 397 days. Funds that are not identified as operating funds may be invested in investments with maturities longer than 397 days; however, all investments shall have maturities that are consistent with the needs and use of the College.

The College has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**B. Component Unit**

The College Foundation (Foundation) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Foundation has the following recurring fair value measurements as of June 30, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 3,249,529	\$ 3,249,529	\$ -
Investments			
Mutual funds	5,419,361	5,419,361	-
Common stock	2,219,640	2,219,640	-
Debt instruments	835,855	-	835,855
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 11,724,385</u>	<u>\$ 10,888,530</u>	<u>\$ 835,855</u>

Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

**NOTE 3 - INVENTORIES**

The College's inventories at June 30, 2023 are as follows:

Merchandise held for resale	\$ 215,374
Print shop inventory	<u>30,088</u>
	<u>                    </u>
Total	<u>\$ 245,462</u>

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022 <u>As restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2023 <u>2023</u>
Capital assets not being depreciated / amortized				
Land	\$ 1,031,638	\$ -	\$ -	\$ 1,031,638
Construction in progress	<u>212,586</u>	<u>4,222,140</u>	<u>-</u>	<u>4,434,726</u>
Total capital assets not being depreciated / amortized	<u>1,244,224</u>	<u>4,222,140</u>	<u>-</u>	<u>5,466,364</u>
Capital assets being depreciated / amortized				
Buildings	59,082,417	-	-	59,082,417
Other structures and improvements	4,620,840	3,315	-	4,624,155
Furniture and equipment	9,094,777	254,990	61,735	9,288,032
Right-to-use subscription asset	<u>475,165</u>	<u>170,941</u>	<u>-</u>	<u>646,106</u>
Total capital assets being depreciated / amortized	<u>73,273,199</u>	<u>429,246</u>	<u>61,735</u>	<u>73,640,710</u>
Less accumulated depreciation / amortization for				
Buildings	16,991,866	1,142,304	-	18,134,169
Other structures and improvements	2,448,540	154,282	-	2,602,822
Furniture and equipment	8,532,410	375,094	61,735	8,845,769
Right-to-use subscription asset	<u>-</u>	<u>173,599</u>	<u>-</u>	<u>173,599</u>
Total accumulated depreciation / amortization	<u>27,972,816</u>	<u>1,845,279</u>	<u>61,735</u>	<u>29,756,359</u>
Total capital assets being depreciated / amortized, net	<u>45,300,384</u>	<u>(1,416,033)</u>	<u>-</u>	<u>43,884,351</u>
Total capital assets, net	<u>\$ 46,544,608</u>	<u>\$ 2,806,107</u>	<u>\$ -</u>	<u>\$ 49,350,715</u>

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 5 - LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022			Balance June 30, 2023	Amount Due Within One Year
	As restated	Additions	Reductions		
Certificates payable	\$ 3,995,000	\$ 910,000	\$ 1,140,000	\$ 3,765,000	\$ 1,095,000
General obligation bonds	9,635,000	-	800,000	8,835,000	850,000
Premiums on issuance	115,495	-	22,775	92,720	-
Subscription agreement payable	475,165	170,942	181,289	464,818	194,417
Compensated absences	606,777	631,521	606,777	631,521	631,521
Early retirement payable	743,668	303,984	338,990	708,662	216,317
Net pension liability	138,027	-	-	3,813,329	-
OPEB liability	4,195,266	-	491,518	3,703,748	-
	<u>4,195,266</u>	<u>-</u>	<u>491,518</u>	<u>3,703,748</u>	<u>-</u>
Total long-term liabilities	<u>\$ 19,904,398</u>	<u>\$ 2,016,447</u>	<u>\$ 3,581,349</u>	<u>\$ 22,014,798</u>	<u>\$ 2,987,255</u>

**NOTE 6 - NONCURRENT LIABILITIES**

**A. Certificates Payable**

The College has certificates payable with a June 30, 2023 outstanding balance of \$3,765,000 with interest rates ranging from 1.45% to 4.45% per annum and bond premiums totaling \$26,352. These certificates were issued to finance the development and training costs relative to implementing Chapter 260E of the Code of Iowa, the Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest on the certificates is due semiannually, while the principal matures annually. The certificates are to be retired from the proceeds of withholding taxes, incremental property taxes and in the case of default, from standby property taxes collected.

The annual debt service requirements on the certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,095,000	\$ 108,013	\$ 1,203,013
2025	545,000	79,698	624,698
2026	535,000	64,778	599,778
2027	330,000	49,683	379,683
2028	325,000	39,680	364,680
Thereafter	935,000	79,325	1,014,325
	<u>935,000</u>	<u>79,325</u>	<u>1,014,325</u>
Total	<u>\$ 3,765,000</u>	<u>\$ 421,177</u>	<u>\$ 4,186,177</u>

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 6 - NONCURRENT LIABILITIES (CONTINUED)**

**B. Bonds Payable**

The College has General obligation bonds, Series 2014 with a June 30, 2023 outstanding balance of \$2,010,000 with interest rates ranging from 2.00% to 2.70% and a bond premium totaling \$17,070. Interest is due semiannually and principal is due in varying amounts through 2026. The bond proceeds were used to finance the costs of renovation and new construction of college campus facilities including upgrades to technology and equipment.

The College has General obligation bonds, Series 2016 with a June 30, 2023 outstanding balance of \$5,455,000 with interest rates ranging from 1.50% to 2.75% and a bond premium totaling \$37,492. Interest is due semiannually and principal is due in varying amounts through 2033. The bond proceeds were used to finance the costs of renovation and new construction of college campus facilities including upgrades to technology and equipment.

The College has General obligation bonds, Series 2017 with a June 30, 2023 outstanding balance of \$1,370,000 with interest rates ranging from 1.15% to 3.00% and a bond premium totaling \$11,807. Interest is due semiannually and principal is due in varying amounts through 2032. The bond proceeds were used to pay the costs to remodel, construct, erect, and equip buildings, to make improvements to sites and to acquire land and/or facilities.

The debt service requirements on the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 850,000	\$ 220,578	\$ 1,070,578
2025	885,000	200,978	1,085,978
2026	910,000	179,230	1,089,230
2027	830,000	155,685	985,685
2028	850,000	137,125	987,125
Thereafter	<u>4,510,000</u>	<u>343,713</u>	<u>4,853,713</u>
Total	<u>\$ 8,835,000</u>	<u>\$ 1,237,309</u>	<u>\$ 10,072,309</u>

**C. Subscription Agreements Payable**

The College, as a lessee, has entered into subscription license and information technology agreements. The total costs of the College's subscription assets are recorded as \$646,106, less accumulated amortization of \$173,599.

On July 1, 2019, the College entered into a subscription license and services information technology agreement with Ellucian for financial and educational software. At July 1, 2022, the College recorded a subscription agreement payable of \$177,719. The agreement requires annual payments of \$90,691 for five years, with an implicit interest rate of 4.13% and final payment due June 30, 2024.

**Southeastern Community College  
Notes to Basic Financial Statements  
June 30, 2023**

**NOTE 6 - NONCURRENT LIABILITIES (CONTINUED)**

**C. Subscription Agreements Payable (Continued)**

On July 20, 2020, the College entered into a subscription license and services information technology agreement with Heartland Business Systems. At July 1, 2022, the College recorded a subscription agreement payable of \$65,139. The agreement requires annual payments of \$16,815 for five years, with an implicit interest rate of 4.13% and final payment due July 1, 2026.

On July 1, 2022, the College entered into a subscription license and services information technology agreement with Infrastructure (Canvas LMS). At July 1, 2022, the College recorded a subscription agreement payable of \$219,894. The agreement requires annual payments of \$47,678 for five years, with an implicit interest rate of 4.13% and final payment due July 1, 2026.

On August 2, 2022, the College entered into a subscription license and services information technology agreement with CDW - Adobe. The agreement requires annual payments of \$22,614 for three years, with an implicit interest rate of 4.13% and final payment due August 1, 2024.

On March 31, 2023, the College entered into a subscription license and services information technology agreement with Zoom. The agreement requires annual payments of \$19,500 for five years, with an implicit interest rate of 4.13% and final payment due March 1, 2028.

Future principal and interest payments as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 194,417	\$ 11,958	\$ 206,375
2025	95,226	7,974	103,199
2026	76,619	4,693	81,312
2027	79,844	1,355	81,199
2028	18,712	788	19,500
Total	<u>\$ 464,818</u>	<u>\$ 26,768</u>	<u>\$ 491,585</u>

**NOTE 7 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)**

**A. Plan Description**

IPERS membership is mandatory for employees of Southeastern Community College except for those covered by another retirement system. Employees of the College are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 7 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)**

**B. Pension Benefits**

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- ◆ A multiplier based on years of service.
- ◆ The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**C. Disability and Death Benefits**

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**D. Contributions**

Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and the Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the College contributed 9.44% of covered payroll for a total rate of 15.73%.

The College's contributions to IPERS for the year ended June 30, 2023, were \$821,755.



**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 7 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)**

**E. Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the College reported a liability of \$3,813,329 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the College's proportion was 0.100931%, which was an increase of 0.140913% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the College recognized pension expense of \$(54,751). At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 169,044	\$ 52,234
Changes in assumptions	3,236	91
Net collective difference between projected and actual earnings on IPERS' investments	-	408,205
Changes in proportion and difference between College contributions and the College's proportionate share of contributions	26,675	369,171
College contributions subsequent to the measurement date	817,759	-
Total	\$ 1,016,714	\$ 829,701

**Southeastern Community College  
Notes to Basic Financial Statements  
June 30, 2023**

**NOTE 7 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)**

**E. Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$817,759 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (505,418)
2025	(367,964)
2026	(553,740)
2027	797,377
2028	(1,001)
Total	\$ (630,746)

There were no non-employer contributing entities to IPERS.

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021. Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 7 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)**

**F. Actuarial Assumptions**

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.00 %	3.57 %
International equity	17.50	4.79
Global smart beta equity	6.00	4.16
Core plus fixed income	20.00	1.66
Public credit	4.00	3.77
Cash	1.00	0.77
Private equity	13.00	7.57
Private real assets	8.50	3.55
Private credit	8.00	3.63
	<hr/>	
Total	<u>100.00 %</u>	

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Southeastern Community College  
Notes to Basic Financial Statements  
June 30, 2023**

**NOTE 7 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)**

**H. Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

	1.00% Decrease (6.00%)	Discount Rate (7.00%)	1.00% Increase (8.00%)
College's proportionate share of the net pension liability	\$7,104,689	\$3,813,329	\$912,735

**I. IPERS Fiduciary Net Position**

Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**J. Payables to IPERS**

At June 30, 2023, the College reported payables to IPERS of \$56,017 for legally required employer contributions and \$37,325 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**NOTE 8 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION (TIAA)**

As required by Chapter 97B.42 of the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. In lieu of participating in IPERS, eligible employees may participate in the Iowa Association of Community College Trustees 403(a) plan, which is a defined contribution pension plan administered by the Teachers Insurance and Annuity Association (TIAA). The defined contribution retirement plan provides individual annuities for each plan participant.

Benefit terms, including contribution requirements, for TIAA are established and specified by the plan with TIAA and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 9.44% of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 6.29%. Contributions made by both the College and employees vest immediately. For the year ended June 30, 2023, employee contributions totaled \$358,742 and the College recognized pension expense of \$538,399.

At June 30, 2023, the College reported payables to TIAA of \$24,924 for legally required employer contributions and \$16,607 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

**Southeastern Community College  
Notes to Basic Financial Statements  
June 30, 2023**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**A. Plan Description**

The College operates a single-employer health benefit plan that provides medical and prescription drug benefits to all active and retired employees and their spouses. All full-time or regular part time administrator, faculty, professional service or support staff employees are eligible to participate in the plan. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**B. OPEB Benefits**

Individuals who are employed by the College and are eligible to participate in the group health benefit plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit subsidy and an OPEB liability.

Retired participants must be age 55 with 10 years of service at retirement. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Active employees	<u>219</u>
 Total	 <u><u>242</u></u>

**C. Total OPEB Liability**

The College's total OPEB liability of \$3,703,748 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

**D. Actuarial Assumptions**

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Inflation	2.60% per annum
Salary increases	3.25% per annum
Discount rate	4.09% compounded annually
Healthcare cost trend rates	7.50% initial rate, 4.50% ultimate rate
Retirees' share of benefit-related costs	Portion not covered by the College

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**E. Discount Rate**

The discount rate used to measure the total OPEB liability was 4.09%, which is the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates were based on the SOA Pub-2010 Headcount Weighted Mortality Table fully generational using Scale MP-2021.

**Changes in Total Liability**

Total OPEB liability beginning of year	\$	4,195,266
Changes for the year:		
Service cost		363,126
Interest		96,280
Changes of benefit terms		-
Differences between expected and actual experience		1,395
Changes in assumptions		(626,443)
Benefit payments		(325,876)
Net Changes		<u>(491,518)</u>
 Total OPEB liability end of year	 \$	 <u><u>3,703,748</u></u>

Changes in assumptions reflect a change in the discount rate changed from 2.19% in fiscal year 2022 to 4.09% in fiscal year 2023.

**F. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (2.54%) or 1.00% higher (4.54%) than the current discount rate:

	1.00% Decrease (3.09%)	Discount Rate (4.09%)	1.00% Increase (5.09%)
Total OPEB Liability	\$ 3,893,187	\$ 3,703,748	\$ 3,520,981

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**G. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.00% lower (4.00%) or 1.00% higher (6.00%) than the current healthcare cost trend rate:

	1.00% Decrease in Trend Rate (6.50% Decreasing to 3.50%)	Healthcare Cost Trend Rate (7.50% decreasing to 4.50%)	1.00% Increase in Trend Rate (8.50% Decreasing to 5.50%)
Total OPEB Liability	\$ 3,470,785	\$ 3,703,748	\$ 3,967,318

**H. OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the College recognized OPEB expense of \$676,759. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 62,868	\$ 280,073
Changes in assumptions	633,389	639,331
Contributions subsequent to the measurement date	323,264	-
Total	\$ 1,019,521	\$ 919,404

**Southeastern Community College  
Notes to Basic Financial Statements  
June 30, 2023**

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**H. OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB  
(Continued)**

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2024	\$ (56,268)
2025	17,775
2026	54,812
2027	(49,522)
2028	(100,659)
Thereafter	(89,290)
Total	\$ (223,152)

**NOTE 10 - INSURANCE MANAGEMENT PROGRAM FOR AREA COMMUNITY COLLEGES  
(IMPACC)**

The College is a member of the Insurance Management Program for Area Community Colleges (IMPACC) as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a group self-insurance program whose five members are Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, employee benefits liability, automobile liability, property and inland marine, wrongful acts and educator's legal liability, workers' compensation and employer's liability, crime and employee fidelity, equipment breakdown (boiler and machinery), foreign liability and cyber liability. There was one coverage change from prior years.

1. The Cyber liability coverage prior to this year was written on a group basis with a \$5,000,000 liability limit having a \$50,000 deductible. In 2022, the Cyber coverage was written on an individual College basis with a \$1,000,000 limit for each College keeping the \$50,000 deductible per loss.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The College's contributions to the Program are recorded as expenditures at the time of payment. The College's total contributions to IMPACC for the year ended June 30, 2023, were \$2,401,632.



**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 10 - INSURANCE MANAGEMENT PROGRAM FOR AREA COMMUNITY COLLEGES  
(IMPACC) (CONTINUED)**

The program uses reinsurance and commercial insurance to reduce its exposure to large losses. The program has three components:

1. Property has a pre-occurrence self-insured retention (SIR) of \$1,000,000 and a pre-occurrence excess insurance limit of \$100,000,000. The per-member deductible is \$1,000. Flood and earthquake are covered in the property program each having \$5,000,000 limits.
2. The Program has a \$250,000 per-occurrence SIR for the following coverages: Automobile liability; general liability; wrongful acts, employee benefits liability and educator's legal liability; workers' compensation and employer's liability. First layer excess insurance is \$1,750,000 per occurrence for general and automobile liability, wrongful acts. Employee benefits liability and educator's legal liability, and statutory limits for workers' compensation. This component has an annual aggregate retention (loss fund) of \$1,000,000, with stop-gap loss protection provided above the loss fund. There is excess insurance for workers' compensation to statutory limits and for liability claims to \$9,750,000 per occurrence (after the \$250,000 SIR). There is a \$1,000 per member deductible for wrongful acts and educator's legal liability claims.
3. The Program purchases commercial insurance for the following coverages: crime and employee fidelity up to \$2,000,000 with a \$10,000 deductible per member; boiler and machinery up to \$250,000,000 with a \$25,000 per-member deductible, foreign travel coverage with limits of \$1,000,000; cyber liability including identity theft protection of \$1,000,000 annual aggregate per member with a \$50,000 per-member deductible.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2023, no liability has been recorded in the College's financial statements. As of June 30, 2023, settled claims have not exceeded the Program's coverage in any of the past three fiscal years.

Members agree to continue membership in the Program for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 11 - JOBS TRAINING PROGRAMS**

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area XVI in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries that are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College has administered 98 projects with 14 currently receiving project funding. The remaining 84 projects have been completed and the certificates have been repaid (None of the 84 certificates were repaid during the year).

**NOTE 12 - EARLY RETIREMENT**

The College offered an Early Retirement Incentive Plan (ERIP) to its employees in fiscal year 2023. Eligible employees must be 55 years of age with 10 or more years of consecutive service with the College. Retirement is to begin at the earlier of the end of the employee's contract or when a suitable replacement is found, if so requested. Participation must have been approved by the administrative office.

An employee approved for participation in the program would have received the following incentives:

1. The Early Retirement Incentive Lump-Sum Cash Severance amount shall be 10% of the final contracted salary (annualized if partial year) and 1% of the final contracted salary for each additional year of service (as of retirement date) in excess of 10 years. The eligible portion of the Early Retirement Incentive Severance amount shall be divided into equal payments over two fiscal years and deposited into an annuity account in accordance with the Special Pay Deferral Plan established by the employer per the Internal Revenue Tax Code.
2. Any employee electing early retirement and having accumulated vacation days/hours shall have their vacation payout occur in one installment, deposited by the employer on behalf of the retiree into an annuity account in accordance with the Special Pay Deferral Plan established by the employer per the Internal Revenue Tax Code.
3. The cost of the employee's single \$1,000 deductible health insurance premium at the time of retirement shall be paid on a monthly basis until the retired employee becomes Medicare eligible or until their death.

At June 30, 2023, the College had obligations to 25 participants with a total liability of \$708,662. Actual early retirement expenditures for the year ended June 30, 2023, totaled \$338,990. The portion of the liability related to the health plan will be paid over the next 9 years.

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 13 - TAX ABATEMENTS**

Governmental Accounting Standards Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**A. College Tax Abatements**

The College provides tax abatements for industrial new jobs training projects with the tax increment financing as provided for in section 403.19 of the Code of Iowa and/or state income tax withholding as provided for in section 260E.5 of the Code of Iowa. For these types of projects, the College enters into agreements with employers which require the College, after employers meet the terms of the agreements, to pay the employers for the costs of on-the-job training not to exceed 50% of the annual gross payroll costs for up to one year of the new jobs. No other commitments were made by the College as part of these agreements.

For the year ended June 30, 2023, the College had no abatements of property tax and \$859,515 of state income tax withholding under the projects.

**B. Tax Abatements of Other Entities**

Other entities within the Community College also provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Wapello, Des Moines County and Lee County offered urban revitalization tax abatement programs pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2023, under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Burlington	Urban renewal and economic development projects	\$ 46,771
City of Burlington	Other tax abatement program	40,853
City of Fort Madison	Urban renewal and economic development projects	7,013
City of Keokuk	Urban renewal and economic development projects	32,020
City of Mediapolis	Urban renewal and economic development projects	2,385
City of Wayland	Other tax abatement program	36
City of West Burlington	Other tax abatement program	6,959
Des Moines County	Other tax abatement program	11,047
Lee County	Other tax abatement program	46,055
Total		<u>\$ 193,139</u>

**Southeastern Community College**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 14 - COMMITMENTS**

At June 30, 2023, the College had the following construction contracts outstanding:

Project	Total Contract Amount	Portion at June 30, 2023	
		Completed	Committed
West Burlington campus renovation	\$ 1,648,355	\$ 1,167,818	\$ 480,537
Track and soccer field	534,334	460,240	74,094
Safe Room Design	296,000	159,130	136,870
Total	<u>\$ 2,478,689</u>	<u>\$ 1,787,188</u>	<u>\$ 691,501</u>

**NOTE 15 - SERVICE CONCESSION ARRANGEMENTS**

In December of 2015, the College entered into ground lease agreements with Campus Community Developers, LLC, wherein it was agreed that the College would lease land to Community Developers, LLC (the Developer). The Developer, at its cost, will construct student residence halls on the land in accordance with the approved plans and specifications prepared by a licensed architect.

The Developer will have the exclusive right to the operations of the residence halls and is entitled to all revenues generated. The Developer is also responsible for insuring the residence halls over the initial term of the lease and any subsequent renewal period(s).

The initial lease term is from June 1, 2016, through May 31, 2036, with two options for renewal. The first option for renewal is for a twenty-year period and expires on May 31, 2056. The second renewal option is for a period of 10 years and expires on May 31, 2066. Upon termination of the lease agreements, including any options to renew, the Developer will immediately surrender possession of the residence halls, in good order, condition and repair, and the property and equipment therein, will become the property of the College.

The lease requires a basic rental fee of \$1 to be paid each year of the initial term of the lease agreement and is due and payable to the College on July 1 of each year. Beginning in the fifth year of occupancy, the Developer is required by the lease agreement to make five consecutive yearly payments to the College of \$40,000 each, for a total of \$200,000 over the five-year period.

The College will collect rental payments from residents residing in the residence halls and forward collections to the Developer once each semester for the term of the lease.

As of June 30, 2023, the College reported deferred inflows of resources in the amount of \$5,309,667.

**Southeastern Community College  
Notes to Basic Financial Statements  
June 30, 2023**

**NOTE 16 - RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2023, the College received \$593,419 from the Foundation for supplies, maintenance expense, support, and scholarship tuition reimbursements, and the year-end accounts receivable balance includes \$2,426 for amounts owed by the Foundation to the College. The College paid \$19,241 in employee payroll withholdings as contributions to the Foundation and contributed \$1,921,515 toward the construction of the Blackhawk Recreational Center, a building that once completed, will be gifted to the College. As a result, the College has recorded a due from related party totaling \$2,447,378 and the Foundation has recorded a due to related party totaling \$2,268,644.

**NOTE 17 - DISPOSAL OF OPERATIONS**

On October 1, 2022, the College transferred the operations of the Iowa Community College Online Consortium (ICCO) to the ICCOC due to the creation of its own separate entity. As a result of the transfer, the College recognized a loss of \$660,771 on the disposal of its operations as a special item. Expenditures and revenues of the operations reported in the Restricted Fund were \$1,869,414 and \$1,606,466, respectively.

**NOTE 18 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was implemented during fiscal year 2023. The new requirements require the reporting of certain right-to-use subscription-based IT arrangements and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-Term Liabilities
Balances June 30, 2022, as previously reported	\$ 43,069,442	\$ 19,429,233
Change to implement GASB No. 96	475,165	475,165
Balances July 1, 2022, as restated	\$ 43,544,607	\$ 19,904,398

**NOTE 19 - SUBSEQUENT EVENTS**

In preparing the financial statements, the College has evaluated events and transactions for potential recognition or disclosure through February 27, 2024, the date these financial statements were available to be issued.

In August 2023, the board approved a contract with SG Construction totaling \$4,188,932 for the construction of a Safe Room.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Southeastern Community College**  
**Schedule of the College's Proportionate Share of the Net Pension Liability**  
**Iowa Public Employees' Retirement System**  
**For the Last Nine Years\***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.100931%	-0.039982%	0.101260%	0.101702%	0.108290%	0.111321%	0.116309%	0.123710%	0.126285%
College's proportionate share of the net pension liability	\$ 3,813,329	\$ 138,027	\$ 7,113,239	\$ 5,889,211	\$ 6,852,877	\$ 7,415,414	\$ 7,319,697	\$ 6,111,896	\$ 5,008,331
College's covered payroll	\$ 8,129,047	\$ 7,990,932	\$ 8,036,176	\$ 7,739,915	\$ 8,139,160	\$ 8,309,462	\$ 8,346,753	\$ 8,475,297	\$ 8,263,527
College's proportionate share of the net pension liability as a percentage of its covered payroll	46.91%	1.73%	88.52%	76.09%	84.20%	89.24%	87.70%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	91.41%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

See notes to required supplementary information - pension liability.



**Southeastern Community College  
Schedule of College Contributions  
Iowa Public Employees' Retirement System  
For the Last 10 Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 817,759	\$ 767,382	\$ 754,344	\$ 758,615	\$ 730,648	\$ 726,827	\$ 742,035	\$ 745,365	\$ 756,844	\$ 737,933
Contributions in relation to the statutorily required contribution	<u>(817,759)</u>	<u>(767,382)</u>	<u>(754,344)</u>	<u>(758,615)</u>	<u>(730,648)</u>	<u>(726,827)</u>	<u>(742,035)</u>	<u>(745,365)</u>	<u>(756,844)</u>	<u>(737,933)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 8,662,701	\$ 8,129,047	\$ 7,990,932	\$ 8,036,176	\$ 7,739,915	\$ 8,139,160	\$ 8,309,462	\$ 8,346,753	\$ 8,475,297	\$ 8,263,527
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

See notes to required supplementary information - pension liability.

**Southeastern Community College**  
**Notes to Required Supplementary Information - Pension Liability**  
**Year Ended June 30, 2023**

### **Changes of Benefit Terms**

There are no significant changes in benefit terms.

### **Changes of Assumptions**

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- ◆ Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- ◆ Adjusted retirement rates for Regular members.
- ◆ Lowered disability rates for Regular members.
- ◆ Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- ◆ Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- ◆ Adjusted retirement rates.
- ◆ Lowered disability rates.
- ◆ Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- ◆ Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- ◆ Decreased the inflation assumption from 3.00% to 2.60%.
- ◆ Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- ◆ Decreased the discount rate from 7.50% to 7.00%.
- ◆ Decreased the wage growth assumption from 4.00% to 3.25%.
- ◆ Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- ◆ Decreased the inflation assumption from 3.25% to 3.00%.
- ◆ Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- ◆ Adjusted male mortality rates for retirees in the Regular membership group.
- ◆ Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**Southeastern Community College**  
**Schedule of Changes in the College's**  
**Total OPEB Liability, Related Ratios and Notes**  
**Last Seven Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service Cost	\$ 363,126	\$ 339,815	\$ 290,434	\$ 277,208	\$ 287,482	\$ 324,586	\$ 164,456
Interest	96,280	115,765	136,303	148,705	142,069	128,536	45,721
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	1,395	101,659	(70,857)	70,530	(340,149)	-	186,615
Changes in assumptions and other inputs	(626,443)	(181,191)	428,793	(137,012)	(437,441)	-	951,750
Benefit payments	<u>(325,876)</u>	<u>(383,527)</u>	<u>(346,550)</u>	<u>(317,182)</u>	<u>(299,612)</u>	<u>(318,581)</u>	<u>(320,960)</u>
Net change in total OPEB liability	(491,518)	(7,479)	438,123	42,249	(647,651)	134,541	1,027,582
Total OPEB liability - beginning	<u>4,195,266</u>	<u>4,202,745</u>	<u>3,764,622</u>	<u>3,722,373</u>	<u>4,370,024</u>	<u>4,235,483</u>	<u>3,207,901</u>
Total OPEB liability - ending	<u>\$ 3,703,748</u>	<u>\$ 4,195,266</u>	<u>\$ 4,202,745</u>	<u>\$ 3,764,622</u>	<u>\$ 3,722,373</u>	<u>\$ 4,370,024</u>	<u>\$ 4,235,483</u>
College's covered-employee payroll	\$ 12,984,329	\$ 13,006,495	\$ 12,597,090	\$ 13,007,157	\$ 12,597,731	\$ 12,131,949	\$ 12,131,950
Total OPEB liability as a percentage of covered-employee payroll	28.52%	32.26%	33.36%	28.94%	29.55%	36.02%	34.91%

Notes to Schedule

Changes in benefit terms - There were no significant changes in benefit terms.

Changes of assumptions - Health care trend rates have been updated to an initial rate of 7.50% decreasing by .50% annually to an ultimate rate of 4.50%. The prior valuation used a discount rate of 2.19% as of the July 1, 2021 measurement date and the current valuation uses a discount rate of 4.09% as of the July 1, 2022 measurement date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

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**SUPPLEMENTARY INFORMATION**

**Southeastern Community College**  
**Notes to Other Supplementary Information**  
**Year Ended June 30, 2023**

Supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The various fund groups and their designated purposes are as follows:

**Current Funds**

The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the College and consist of the following:

- ◆ Unrestricted Fund - The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the College.
- ◆ The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the College.
- ◆ Restricted Fund - The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

**Loan Funds**

The Loan Funds are used to account for loans to students and are financed primarily by the federal government.

**Plant Funds**

The Plant Funds are used to account for transactions relating to investment in the College properties, and consist of the following self-balancing accounts:

- ◆ Unexpended - This account is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.
- ◆ Retirement of Indebtedness - This account is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.
- ◆ Investment in Plant - This account is used to account for the excess of the carrying value of plant assets over the related liabilities.

**The Budgetary Comparison Schedule of Expenditures**

Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since the College uses Business Type Activities reporting, this budgetary comparison information is included as supplementary information.

Schedules presented in supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**Southeastern Community College**  
**Budgetary Comparison Schedule of Expenditures -**  
**Budget to Actual**  
**Year Ended June 30, 2023**

Funds/Levy	Original Budget	Actual	Variance
Total Unrestricted Current Fund expenditures		\$ 26,866,668	
Total Restricted Current Fund expenditures		19,339,641	
Less			
Auxiliary Enterprise expenditures		4,261,043	
Scholarships and Grants		9,140,304	
		<hr/>	
Total Current Funds	\$ 37,211,104	32,804,962	\$ 4,406,142
Plant, Bonds and Interest	1,039,708	5,196,377	(4,156,669)
	<hr/>	<hr/>	<hr/>
Total	\$ 38,250,812	\$ 38,001,339	\$ 249,473
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to Budgetary Reporting:

The Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with accounting principles generally accepted in the United States of America. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutory prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup and Scholarships and Grants accounts.

For the year ended June 30, 2023, the College's expenditures did not exceed the amount budgeted.

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**Southeastern Community College  
Combining Balance Sheet - All Funds  
All Funds  
June 30, 2023**

Assets and Deferred Outflows of Resources	Current Funds		Plant Funds	Adjustments	Total
	Unrestricted	Restricted			
<b>Assets</b>					
Cash, cash equivalents and investments	\$ 13,515,533	\$ 3,543,890	\$ -	\$ -	\$ 17,059,423
Receivables					
Accounts	942,306	-	-	-	942,306
Due from other governments	1,524,896	-	-	-	1,524,896
Property taxes, succeeding year	936,162	4,070,016	1,908,731	-	6,914,909
Interest	150,164	-	-	-	150,164
Due from other funds	-	7,056,762	2,458,033	(9,514,795)	-
Inventories	245,462	-	-	-	245,462
Prepaid expenses	645,219	-	-	-	645,219
Due from related party	-	-	2,447,378	-	2,447,378
Due from Iowa Industrial New Jobs Training Program	-	833,921	-	-	833,921
Capital assets					
Land	-	-	1,031,638	-	1,031,638
Construction in progress	-	-	4,434,726	-	4,434,726
Buildings	-	-	51,188,698	7,893,719	59,082,417
Other structures and improvements	-	-	4,624,155	-	4,624,155
Furniture and equipment	-	-	9,288,032	-	9,288,032
Right-to-use subscription asset	-	-	646,106	-	646,106
Accumulated depreciation/amortization	-	-	-	(29,756,359)	(29,756,359)
Total assets	<u>17,959,742</u>	<u>15,504,589</u>	<u>78,027,497</u>	<u>(31,377,435)</u>	<u>80,114,393</u>
<b>Deferred Outflows of Resources</b>					
Pension related deferred outflows	-	-	-	1,016,714	1,016,714
OPEB related deferred outflows	-	-	-	1,019,521	1,019,521
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,036,235</u>	<u>2,036,235</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 17,959,742</u>	<u>\$ 15,504,589</u>	<u>\$ 78,027,497</u>	<u>\$ (29,341,200)</u>	<u>\$ 82,150,628</u>
Liabilities, Deferred Inflows of Resources and Fund Balances	Current Funds		Plant Funds	Adjustments	Total
	Unrestricted	Restricted			
<b>Liabilities</b>					
Accounts payable	\$ 1,213,835	\$ -	\$ -	\$ -	\$ 1,213,835
Salaries and benefits payable	1,077,531	-	-	-	1,077,531
Accrued interest payable	-	-	16,010	-	16,010
Due to other funds	9,514,795	-	-	(9,514,795)	-
Advances from grantors and others	490,995	614,329	-	-	1,105,324
Early retirement payable	-	708,662	-	-	708,662
Compensated absences payable	515,056	116,465	-	-	631,521
Deposits held in custody for others	37,531	344,306	-	-	381,837
Subscription liability	-	-	464,818	-	464,818
Certificates payable, net of premium	-	3,791,352	-	-	3,791,352
Bonds payable, net of premium	-	-	8,901,368	-	8,901,368
Net pension liability	-	-	-	3,813,329	3,813,329
OPEB liability	-	-	-	3,703,748	3,703,748
Total liabilities	<u>12,849,743</u>	<u>5,575,114</u>	<u>9,382,196</u>	<u>(1,997,718)</u>	<u>25,809,335</u>
<b>Deferred Inflows of Resources</b>					
Succeeding year property tax	936,162	4,070,016	1,908,732	-	6,914,910
Pension related deferred inflows	-	-	-	829,701	829,701
OPEB related deferred inflows	-	-	-	919,404	919,404
Service concession arrangements	-	-	-	5,309,667	5,309,667
Total deferred inflows of resources	<u>936,162</u>	<u>4,070,016</u>	<u>1,908,732</u>	<u>7,058,772</u>	<u>13,973,682</u>
<b>Fund Balances</b>					
Net investment in capital assets	-	-	61,913,537	(21,862,640)	40,050,897
Restricted					
Nonexpendable cash reserve	-	231,408	-	-	231,408
Expendable other restricted purposes	-	5,628,051	1,611,930	-	7,239,981
Unrestricted	2,544,133	-	3,211,102	(12,539,614)	(6,784,379)
Auxiliary enterprises	1,629,704	-	-	-	1,629,704
Total fund balances	<u>4,173,837</u>	<u>5,859,459</u>	<u>66,736,569</u>	<u>(34,402,254)</u>	<u>42,367,611</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 17,959,742</u>	<u>\$ 15,504,589</u>	<u>\$ 78,027,497</u>	<u>\$ (29,341,200)</u>	<u>\$ 82,150,628</u>

**Southeastern Community College**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**All Funds**  
**Year Ended June 30, 2023**

	Current Funds		Plant Funds		
	Unrestricted	Restricted	Unexpended	Retirement of Indebtedness	Investment in Plant
<b>Revenues</b>					
<b>General</b>					
Tuition and fees	\$ 11,352,094	\$ -	\$ -	\$ -	\$ -
Property taxes	958,577	3,198,903	958,577	1,040,641	-
State appropriations	9,316,609	3,152,604	430,421	16,209	-
Federal appropriations	40,077	8,825,081	133,941	-	-
Gifts and grants	-	2,094,424	-	-	-
Sales and services	389,898	263,609	6,186	-	-
Investment earnings	347,909	-	-	10,751	-
Iowa Industrial New Jobs Training Program	-	376,521	-	-	-
Increase in plant investment due to plant expenditures	-	-	-	-	4,480,444
Increase in plant investment due to payment of subscription assets	-	-	-	-	181,287
Increase in plant investment due to retirement of debt	-	-	-	-	800,000
Miscellaneous	922,020	1,735,511	58,473	-	-
Total general revenues	<u>23,327,184</u>	<u>19,646,653</u>	<u>1,587,598</u>	<u>1,067,601</u>	<u>5,461,731</u>
<b>Auxiliary enterprises</b>					
Sales and services	3,476,049	-	-	-	-
Federal appropriations	1,330	-	-	-	-
Miscellaneous	369,490	-	-	-	-
Total auxiliary enterprise revenues	<u>3,846,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>27,174,053</u>	<u>19,646,653</u>	<u>1,587,598</u>	<u>1,067,601</u>	<u>5,461,731</u>
<b>Expenditures</b>					
<b>Education and support:</b>					
Liberal arts and sciences	5,119,891	1,869,414	-	-	-
Vocational technical	5,240,942	365,517	-	-	-
Adult education	1,130,859	1,369,910	-	-	-
Cooperative services	-	1,092,486	-	-	-
General administration	1,370,394	433,043	-	-	-
Student services	4,373,463	1,393,805	-	-	-
Learning resources	397,627	-	-	-	-
Physical plant	2,166,198	1,958,830	531,628	1,800	-
General institution	2,643,560	1,600,007	-	-	-
Total education and support	<u>22,442,934</u>	<u>10,083,012</u>	<u>531,628</u>	<u>1,800</u>	<u>-</u>
<b>Auxiliary enterprises</b>	4,261,043	-	-	-	-
Scholarships and grants	-	9,158,610	-	-	-
Plant asset acquisitions	-	-	3,590,435	-	-
Retirement of indebtedness	162,691	-	-	818,596	-
Interest on indebtedness	-	98,019	-	253,918	-
Disposal of plant assets	-	-	-	-	61,735
Amortization expense	-	-	-	-	-
Depreciation expense	-	-	-	-	-
Total expenditures	<u>26,866,668</u>	<u>19,339,641</u>	<u>4,122,063</u>	<u>1,074,314</u>	<u>61,735</u>
<b>Excess (Deficiency) of Revenues</b>					
Over (Under) Expenditures	307,385	307,012	(2,534,465)	(6,713)	5,399,996
<b>Transfers</b>					
Non-mandatory transfers	56,974	(1,331,488)	1,274,514	-	-
<b>Special Item</b>					
Loss on disposal of operations	-	(660,771)	-	-	-
<b>Net change in fund balances</b>	<u>364,359</u>	<u>(1,685,247)</u>	<u>(1,259,951)</u>	<u>(6,713)</u>	<u>5,399,996</u>
<b>Fund Balances</b>					
Beginning	3,809,478	7,544,706	4,471,053	1,618,643	56,513,541
Ending	<u>\$ 4,173,837</u>	<u>\$ 5,859,459</u>	<u>\$ 3,211,102</u>	<u>\$ 1,611,930</u>	<u>\$ 61,913,537</u>

<u>Adjustments</u>	<u>Total</u>
\$ (5,089,366)	\$ 6,262,728
-	6,156,698
-	12,915,843
-	8,999,099
-	2,094,424
-	659,693
-	358,660
-	376,521
(4,480,444)	-
(181,287)	-
(800,000)	-
394,686	3,110,690
<u>(10,156,411)</u>	<u>40,934,356</u>
(637,890)	2,838,159
-	1,330
-	369,490
<u>(637,890)</u>	<u>3,208,979</u>
<u>(10,794,301)</u>	<u>44,143,335</u>
(209,467)	6,779,838
(342,740)	5,263,719
(120,393)	2,380,376
(42,593)	1,049,893
(54,543)	1,748,894
(155,319)	5,611,949
(18,002)	379,625
(63,776)	4,594,680
(862,892)	3,380,675
<u>(1,869,725)</u>	<u>31,189,649</u>
-	4,261,043
(5,727,256)	3,431,354
(3,590,435)	-
(981,287)	-
-	351,937
(61,735)	-
173,599	173,599
1,671,679	1,671,679
<u>(10,385,160)</u>	<u>41,079,261</u>
(409,141)	3,064,074
-	-
-	(660,771)
<u>(409,141)</u>	<u>2,403,303</u>
<u>(33,993,113)</u>	<u>39,964,308</u>
<u>\$ (34,402,254)</u>	<u>\$ 42,367,611</u>

**Southeastern Community College**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Unrestricted Current Funds**  
**Education and Support**  
**Year Ended June 30, 2023**

	Education		
	Liberal Arts and Sciences	Vocational Technical	Adult Education
<b>Revenues</b>			
Tuition and fees	\$ 8,444,290	\$ 1,008,418	\$ 1,018,499
Property taxes	-	-	-
State appropriations	4,747,073	3,319,457	1,234,495
Federal appropriations	-	-	-
Sales and services	176,524	17,933	4,235
Investment earnings	-	-	-
Miscellaneous	91,209	5,607	50,810
Total revenues	<u>13,459,096</u>	<u>4,351,415</u>	<u>2,308,039</u>
<b>Expenditures</b>			
Salaries and benefits	4,209,104	4,779,732	687,921
Services	769,627	231,188	271,551
Materials and supplies	33,386	132,192	162,185
Travel	12,199	26,796	9,202
Plant asset acquisitions	-	-	-
Retirement of indebtedness	-	-	-
Scholarships	21,418	30,232	-
Miscellaneous	74,157	40,802	-
Total expenditures	<u>5,119,891</u>	<u>5,240,942</u>	<u>1,130,859</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,339,205	(889,527)	1,177,180
<b>Transfers</b>			
Non-mandatory transfers	(2,010)	-	43,162
<b>Net Change in Fund Balances</b>	<u>\$ 8,337,195</u>	<u>\$ (889,527)</u>	<u>\$ 1,220,342</u>
<b>Fund Balances</b>			
Beginning			
Ending			

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Total
\$ 3,050	\$ -	\$ -	\$ -	\$ 370,377	\$ 10,844,634
958,577	-	-	-	-	958,577
15,539	-	45	-	-	9,316,609
-	40,077	-	-	-	40,077
80,278	72,949	134	33,476	4,369	389,898
347,909	-	-	-	-	347,909
16,242	13,200	478	201,580	542,894	922,020
<u>1,421,595</u>	<u>126,226</u>	<u>657</u>	<u>235,056</u>	<u>917,640</u>	<u>22,819,724</u>
1,138,670	2,768,211	341,166	1,064,430	1,858,105	16,847,339
170,706	782,892	150	990,533	418,563	3,635,210
9,882	70,064	56,311	108,058	323,819	895,897
51,136	127,012	-	1,677	26,027	254,049
-	-	-	-	-	-
-	-	-	-	162,691	162,691
-	625,284	-	1,500	2,500	680,934
-	-	-	-	14,546	129,505
<u>1,370,394</u>	<u>4,373,463</u>	<u>397,627</u>	<u>2,166,198</u>	<u>2,806,251</u>	<u>22,605,625</u>
51,201	(4,247,237)	(396,970)	(1,931,142)	(1,888,611)	214,099
-	(1,000)	-	-	69,877	110,029
<u>\$ 51,201</u>	<u>\$ (4,248,237)</u>	<u>\$ (396,970)</u>	<u>\$ (1,931,142)</u>	<u>\$ (1,818,734)</u>	<u>324,128</u>
					<u>2,220,005</u>
					<u>\$ 2,544,133</u>

**Southeastern Community College**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Unrestricted Current Funds**  
**Auxiliary Enterprises**  
**Year Ended June 30, 2023**

	Bookstore	Food Services	Shop Sales	Printing Services
<b>Revenues</b>				
Fees	\$ -	\$ -	\$ -	\$ -
Sales and services	1,159,835	641,073	10,034	124,539
Federal appropriations	-	1,330	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,159,835</u>	<u>642,403</u>	<u>10,034</u>	<u>124,539</u>
<b>Expenditures</b>				
Salaries and benefits	98,527	2,207	-	71,356
Services	12,372	610,151	-	10,966
Materials and supplies	21,462	246	-	1,860
Cost of goods sold	956,192	-	7,710	36,158
Travel	19	66	-	-
Miscellaneous	148	-	-	-
Total expenditures	<u>1,088,720</u>	<u>612,670</u>	<u>7,710</u>	<u>120,340</u>
Excess (deficiency) of revenues over (under) expenditures	71,115	29,733	2,324	4,199
<b>Transfers</b>				
Non-mandatory transfers	-	24,371	-	-
Net change in fund balances	71,115	54,104	2,324	4,199
<b>Fund Balances</b>				
Beginning	<u>211,984</u>	<u>447,145</u>	<u>25,699</u>	<u>35,275</u>
Ending	<u>\$ 283,099</u>	<u>\$ 501,249</u>	<u>\$ 28,023</u>	<u>\$ 39,474</u>

<u>Dormitories</u>	<u>Athletics</u>	<u>Student Organizations</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ 447,960	\$ 2,854	\$ 56,646	\$ 507,460
1,109,676	41,433	1,576	387,883	3,476,049
-	-	-	-	1,330
26,836	259,805	37,037	45,812	369,490
<u>1,136,512</u>	<u>749,198</u>	<u>41,467</u>	<u>490,341</u>	<u>4,354,329</u>
19,345	3,156	1,146	241,424	437,161
1,114,311	67,005	22,930	35,053	1,872,788
5,010	200,732	59,909	92,807	382,026
-	-	-	-	1,000,060
496	328,584	29,348	544	359,057
28,681	174,122	-	7,000	209,951
<u>1,167,843</u>	<u>773,599</u>	<u>113,333</u>	<u>376,828</u>	<u>4,261,043</u>
(31,331)	(24,401)	(71,866)	113,513	93,286
-	1,000	2,631	(81,057)	(53,055)
(31,331)	(23,401)	(69,235)	32,456	40,231
210,052	95,155	356,519	207,644	1,589,473
<u>\$ 178,721</u>	<u>\$ 71,754</u>	<u>\$ 287,284</u>	<u>\$ 240,100</u>	<u>\$ 1,629,704</u>

**Southeastern Community College**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Restricted Current Funds**  
**Year Ended June 30, 2023**

	Scholarships and Grants	Equipment Replacement	Early Retirement	Insurance
<b>Revenues</b>				
Property taxes	\$ -	\$ 426,033	\$ 300,847	\$ 2,448,996
State appropriations	1,180,342	6,906	4,874	39,720
Federal appropriations	6,913,870	-	-	-
Gifts and grants	922,471	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-
Miscellaneous	123,621	-	-	-
Total revenues	9,140,304	432,939	305,721	2,488,716
<b>Expenditures</b>				
Salaries and benefits	2,914	-	263,379	-
Services	-	-	-	2,369,512
Materials and supplies	-	428,043	-	-
Travel	-	-	-	-
Expended for plant assets	-	5,000	-	-
Interest on indebtedness	-	-	-	-
Federal Pell Grant Program	3,436,407	-	-	-
Federal Supplemental Educational Opportunity Grant (SEOG)	114,730	-	-	-
Other miscellaneous scholarships	5,586,253	-	-	-
Miscellaneous	-	-	-	-
Total expenditures	9,140,304	433,043	263,379	2,369,512
Excess (deficiency) of revenues over (under) expenditures	-	(104)	42,342	119,204
<b>Transfers</b>				
Non-mandatory transfers	-	-	-	-
<b>Special Item</b>				
Loss on disposal of operations	-	-	-	-
Net change in fund balances (deficits)	-	(104)	42,342	119,204
<b>Fund Balances (Deficits)</b>				
Beginning	-	3,795	(565,509)	(329,643)
Ending	\$ -	\$ 3,691	\$ (523,167)	\$ (210,439)



Unemployment Compensation	Iowa Industrial New Jobs Training Program	Other	Cash Reserve	Total
\$ 23,027	\$ -	\$ -	\$ -	\$ 3,198,903
374	-	1,920,388	-	3,152,604
-	-	1,911,211	-	8,825,081
-	-	1,171,953	-	2,094,424
-	-	263,609	-	263,609
-	-	-	-	-
-	376,521	-	-	376,521
-	-	1,611,890	-	1,735,511
<u>23,401</u>	<u>376,521</u>	<u>6,879,051</u>	<u>-</u>	<u>19,646,653</u>
20,715	-	2,760,326	-	3,047,334
-	278,502	2,516,141	-	5,164,155
-	-	321,202	-	749,245
-	-	201,926	-	201,926
-	-	835,087	-	840,087
-	98,019	-	-	98,019
-	-	-	-	3,436,407
-	-	-	-	114,730
-	-	21,220	-	5,607,473
-	-	80,265	-	80,265
<u>20,715</u>	<u>376,521</u>	<u>6,736,167</u>	<u>-</u>	<u>19,339,641</u>
2,686	-	142,884	-	307,012
-	-	(1,331,488)	-	(1,331,488)
-	-	(660,771)	-	(660,771)
<u>2,686</u>	<u>-</u>	<u>(1,849,375)</u>	<u>-</u>	<u>(1,685,247)</u>
67,922	-	8,136,733	231,408	7,544,706
<u>\$ 70,608</u>	<u>\$ -</u>	<u>\$ 6,287,358</u>	<u>\$ 231,408</u>	<u>\$ 5,859,459</u>

**Southeastern Community College**  
**Schedule of Credit and Contact Hour Enrollment**  
**Year Ended June 30, 2023**

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and sciences	\$ 33,394	\$ -	\$ 33,394	\$ 602,636	\$ -	\$ 602,636
Vocational education	18,630	-	18,630	415,658	-	415,658
Adult/continuing education	-	-	-	103,376	49,061	152,437
<b>Total</b>	<b>\$ 52,024</b>	<b>\$ -</b>	<b>\$ 52,024</b>	<b>\$ 1,121,670</b>	<b>\$ 49,061</b>	<b>\$ 1,170,731</b>

**Southeastern Community College  
Schedule of Credit and Contact Hours  
Last Five Years**

Category	Arts and Sciences	Vocational Education	Adult Education/ Continuing Education	Total
2023:				
Total contact hours	602,636	415,658	152,437	1,170,731
Total credit hours	33,394	18,630	-	52,024
2022:				
Total contact hours	594,920	363,128	141,400	1,099,448
Total credit hours	33,037	16,260	-	49,297
2021:				
Total contact hours	602,200	330,192	109,075	1,041,467
Total credit hours	33,555	14,697	-	48,252
2020:				
Total contact hours	648,664	348,816	132,934	1,130,414
Total credit hours	35,791	15,070	-	50,861
2019:				
Total contact hours	668,580	384,024	171,733	1,224,337
Total credit hours	36,547	16,655	-	53,202

**Southeastern Community College**  
**Schedule of Tax and Intergovernmental Revenues**  
**For the Last Ten Years**

	Year Ended June 30,				
	2023	2022	2021	2020	2019
Local (property tax)	\$ 6,156,698	\$ 5,941,482	\$ 5,566,432	\$ 5,003,737	\$ 4,835,808
State	12,915,843	12,466,723	12,010,945	12,321,484	11,191,807
Federal	8,999,099	15,210,099	9,496,882	10,310,183	10,789,987
Total	<u>\$ 28,071,640</u>	<u>\$ 33,618,304</u>	<u>\$ 27,074,259</u>	<u>\$ 27,635,404</u>	<u>\$ 26,817,602</u>

Year Ended June 30,

2018	2017	2016	2015	2014
\$ 4,587,634	\$ 4,468,993	\$ 4,255,166	\$ 3,791,655	\$ 3,666,489
10,814,539	10,888,912	11,068,296	11,250,494	11,083,722
11,298,293	13,240,200	12,058,461	13,858,977	14,835,776
\$ 26,700,466	\$ 28,598,105	\$ 27,381,923	\$ 28,901,126	\$ 29,585,987

**Southeastern Community College**  
**Schedule of Current Fund Revenues by Source**  
**and Expenditures by Function**  
**For the Last Ten Years**

	Year Ended June 30,			
	2023	2022	2021	2020
<b>Revenues</b>				
Tuition and fees	\$ 11,352,094	\$ 10,770,032	\$ 9,339,029	\$ 9,442,450
Property taxes	4,157,480	4,050,931	3,684,309	3,249,443
State appropriations	12,469,213	11,898,370	11,475,855	11,544,113
Federal appropriations	8,865,158	15,210,099	9,496,882	10,310,183
Gifts and grants	2,094,424	714,005	627,258	585,793
Sales and services	653,507	649,106	617,276	706,253
Investment earnings	347,909	54,273	72,410	152,296
Iowa Industrial New Jobs Training Program	376,521	1,901,044	825,947	302,183
Miscellaneous	2,657,531	4,791,856	4,503,432	4,557,059
Auxiliary enterprises	3,846,869	3,600,647	3,338,055	3,104,140
<b>Total</b>	<b>\$ 46,820,706</b>	<b>\$ 53,640,363</b>	<b>\$ 43,980,453</b>	<b>\$ 43,953,913</b>
<b>Expenditures</b>				
Liberal arts and sciences	\$ 6,989,305	\$ 8,678,273	\$ 9,209,643	\$ 8,744,996
Vocational technical	5,606,459	5,065,011	4,865,383	4,703,877
Adult education	2,500,769	2,418,032	2,053,747	1,959,739
Cooperative services	1,092,486	2,577,164	1,438,002	887,280
General administration	1,803,437	1,814,228	1,589,407	1,749,162
Student services	5,767,268	8,334,991	5,450,437	4,498,836
Learning resources	397,627	390,610	385,775	437,793
Physical plant	4,125,028	4,006,577	3,487,136	3,310,033
General institution	4,243,567	3,391,009	3,575,975	3,716,129
Auxiliary enterprises	4,261,043	3,623,894	3,869,454	3,452,070
Scholarships and grants	9,158,610	8,386,101	7,819,629	9,031,238
Workforce Investment Act	-	-	-	1,160,314
Retirement of indebtedness	162,691	-	-	-
Interest on indebtedness	98,019	125,501	127,073	152,955
<b>Total</b>	<b>\$ 46,206,309</b>	<b>\$ 48,811,391</b>	<b>\$ 43,871,661</b>	<b>\$ 43,804,422</b>

Year Ended June 30,

2019	2018	2017	2016	2015	2014
\$ 9,808,095	\$ 9,333,524	\$ 9,742,188	\$ 9,992,780	\$ 10,196,136	\$ 10,249,845
3,034,284	2,859,486	2,683,543	2,519,281	2,275,327	2,235,499
10,750,625	10,375,450	10,443,207	10,618,306	10,829,257	10,283,722
10,789,987	11,298,293	12,413,807	11,884,546	13,858,977	14,835,776
657,910	625,562	539,506	451,587	465,175	474,595
804,619	954,583	1,043,367	1,050,061	1,072,998	1,026,171
204,885	125,198	89,246	44,063	116,449	58,904
686,839	436,729	1,142,563	2,400,204	1,370,366	862,280
3,734,582	3,067,036	4,050,252	3,919,818	3,596,586	3,242,111
3,120,531	2,884,105	3,067,742	2,900,326	2,898,949	3,110,619
<u>\$ 43,592,357</u>	<u>\$ 41,959,966</u>	<u>\$ 45,215,421</u>	<u>\$ 45,780,972</u>	<u>\$ 46,680,220</u>	<u>\$ 46,379,522</u>
\$ 7,955,139	\$ 8,175,747	\$ 9,271,940	\$ 9,864,280	\$ 10,012,894	\$ 5,533,645
4,822,743	4,500,867	4,471,563	4,707,019	5,006,910	4,803,381
2,152,974	2,120,557	2,375,512	2,749,814	2,396,712	1,793,956
1,203,501	1,047,002	1,597,210	2,630,517	1,975,436	5,493,329
1,659,627	1,615,704	1,603,696	1,651,259	1,581,025	2,103,994
4,078,977	3,692,112	3,528,268	3,384,699	3,324,344	2,955,718
418,497	410,453	405,688	410,972	425,826	405,373
3,379,947	3,167,574	2,720,996	2,810,267	2,580,125	2,510,348
3,364,271	4,028,004	4,368,843	3,886,648	4,553,184	4,492,693
3,248,245	3,115,006	3,240,866	2,729,375	2,720,144	3,031,406
9,354,699	8,863,531	9,003,240	8,760,058	10,782,623	11,686,289
1,384,386	1,353,195	1,858,323	1,740,039	1,553,059	1,622,017
-	-	-	-	-	-
180,517	208,708	266,548	309,568	237,929	222,410
<u>\$ 43,203,523</u>	<u>\$ 42,298,460</u>	<u>\$ 44,712,693</u>	<u>\$ 45,634,515</u>	<u>\$ 47,150,211</u>	<u>\$ 46,654,559</u>

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**SOUTHEASTERN COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/Program Name	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	New Loans
<b>U.S. Department of Education</b>				
Direct Programs				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 114,730	\$ -
Federal Work-Study Program	84.033	N/A	39,115	-
Federal Pell Grant Program	84.063	N/A	3,440,602	-
Federal Direct Student Loans	84.268	N/A	-	3,356,568
Post secondary Education Scholarships for Verteran's Dependents (Iraq abd Afghanistan Service Grant)	84.408	N/A	3,251	-
Total Student Financial Assistance Cluster			<u>3,597,698</u>	<u>3,356,568</u>
TRIO Cluster				
TRIO_Student Support Services	84.042A	N/A	415,531	-
TRIO_Upward Bound	84.047A	N/A	302,279	-
Total TRIO Cluster			<u>717,810</u>	<u>-</u>
Higher Education Institutional Aid Strengthening Institutions	84.031A	N/A	551,012	-
Indirect Programs				
Passed through Iowa Department of Corrections				
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	N/A	31,884	-
Passed through Iowa Department of Education:				
Career and Technical Education--Basic Grants to States-Carl Perkins	84.048A	N/A	214,453	-
Adult Education - Basic Grants to States	84.002	N/A	178,433	-
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	N/A	1,295	-
Total			<u>394,181</u>	<u>-</u>
Passed through Iowa Vocational Rehabilitation Services				
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	N/A	60,197	-
Total U.S. Department of Education			<u>5,352,782</u>	<u>3,356,568</u>
<b>U.S. Department of Agriculture</b>				
Direct Programs				
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	19,601	-
Indirect Programs				
Passed through Iowa Department of Education				
Summer Food Service Program for Children	10.559	N/A	1,804	-
Passed through Iowa Department of Human Services				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	N/A	18,548	-
Total U.S. Department of Agriculture			<u>39,953</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
Direct Programs				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault and Stalking on Campus	16.525	N/A	117,979	-
<b>U.S. Department of Labor</b>				
Indirect Programs				
Passed through Iowa Department of Veterans' Affairs				
Veterans' Employment Program	17.802	N/A	1,010	-
<b>U.S. Department of Homeland Security</b>				
Indirect Programs				
Passed through Iowa Department of Homeland Security and Emergency Management				
Hazard Mitigation Grant Program (SCC Saferoom)	97.039	N/A	133,941	-
<b>Small Business Administration</b>				
Indirect Programs				
Passed through Iowa State University				
Small Business Development Centers	59.037	N/A	53,160	-
Total federal awards expended			<u>\$ 5,698,825</u>	<u>\$ 3,356,568</u>

**Southeastern Community College**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Southeastern Community College under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, 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 Southeastern Community College, it is not intended to and does not present the financial position, changes in financial position or cash flows of Southeastern Community College.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

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

See accompanying independent auditor's report.



**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***

**Independent Auditor's Report**

To the Board of Trustees  
Southeastern Community College  
Waterloo, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Southeastern Community College as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 27, 2024.

Our report includes a reference to other auditors who audited the financial statements of Southeastern Community College Foundation, as described in our report on Southeastern Community College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The basic financial statements of Southeastern Community College Foundation were not audited in accordance with *Government Auditing Standards*. This report on internal control over financial reporting and on compliance and other matters does not include the results of the Southeastern Community College Foundation's audit performed by another auditor.

**Report on Internal Control over Financial Reporting**

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

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

### **Report on Internal Control over Financial Reporting (Continued)**

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 or significant deficiencies. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2023, are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Purpose of this Report**

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

*Beyan KDV, Ltd*

Minneapolis, Minnesota  
February 27, 2024



**Report on Compliance for Each Major Federal Program  
and Report on Internal Control over Compliance Required by  
the Uniform Guidance**

**Independent Auditor's Report**

To the Board of Trustees  
Southeastern Community College  
Waterloo, Iowa

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Southeastern Community College'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 Southeastern Community College's major federal programs for the year ended June 30, 2023. Southeastern Community College'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, Southeastern Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations 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 Southeastern Community College 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 Southeastern Community College'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 or grant agreements applicable to Southeastern Community College'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 Southeastern Community College'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 GAAS, *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 judgment made by a reasonable user of the report on compliance about Southeastern Community College's compliance with the requirements of each major federal program as a whole.

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

- ◆ Exercise professional judgment 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 Southeastern Community College'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 Southeastern Community College'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 Southeastern Community College'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 a 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.

### **Report on Internal Control Over Compliance (Continued)**

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Beynon KDV, Ltd*

Minneapolis, Minnesota  
February 27, 2024

**Southeastern Community College  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2023**

**PART I - SUMMARY OF INDEPENDENT AUDITOR’S RESULTS:**

**Financial Statements**

Type of auditor’s report issued:	Unmodified opinion
Internal control over financial reporting:	
◆ Material weakness(es) identified?	No
◆ Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
◆ Material weakness(es) identified?	No
◆ Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance section 200.516?	No

**Identification of Major Programs:**

Assistance Listing No:	84.007, 84.033, 84.063, 84.268, 84.408
Name of Federal Program or Cluster	Student Financial Aid Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes



**Southeastern Community College  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

**PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS:**

**Internal Control Deficiencies:**

No matters were reported.

**Instances Of Noncompliance:**

No matters were reported.

**Southeastern Community College  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

**Part III - Findings and Questioned Costs For Federal Awards:**

**Instances of Noncompliance:**

No matters were reported.

**Internal Control Deficiencies:**

No matters were reported.

**Southeastern Community College  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

**Part IV - Other Findings Related to Required Statutory Reporting:**

- 2023-001 Certified budget - Expenditures for the year ended June 30, 2023 did not exceed amount budgeted.
- 2023-002 Questionable expenditures - No expenditures we believe did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 2023-003 Travel expense - No expenditures of College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.
- 2023-004 Business transactions - No business transactions between the College and College officials or employees were noted.
- 2023-005 Restricted Donor Activity - No transactions were noted between the College, College officials, College employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-006 Bond coverage - Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2023-007 Board minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-008 Publication - The College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms, or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- 2023-009 Deposits and investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- 2023-010 Credit/Contact Hours - Eligible credit and contact hours reported to the Iowa Department of Education by the College for the year ended June 30, 2023 were supported by detailed records maintained by the College.

**Southeastern Community College  
Corrective Action Plan  
Year Ended June 30, 2023**

Finding No.

Condition

Current Status

None noted.

**Southeastern Community College  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023**

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>	<u>Explanation, if not corrected.</u>
		None noted.	