

**ATTESTATION REPORT
OF THE
NEBRASKA COORDINATING COMMISSION
FOR POSTSECONDARY EDUCATION
JULY 1, 2019, THROUGH DECEMBER 31, 2020**

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Issued on June 2, 2021

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NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

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NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

BACKGROUND

The Nebraska Blue Book (2018-2019), pg. 671, provides the following information regarding the creation and function of the Nebraska Coordinating Commission for Postsecondary Education:

Originally created by the 1976 Legislature, the Nebraska Coordinating Commission for Postsecondary Education was given constitutional authority [Neb. Const. Art. VII, § 14] by Nebraska voters in the 1990 general election to coordinate the activities of Nebraska's public postsecondary institutions. The commission assumed this power on Jan. 1, 1992 [Neb. Laws 1991, LB 663].

The commission was given constitutional responsibility to review and approve or disapprove instructional programs at all of the state's public postsecondary institutions, to review these institutions' budgets and modify them or recommend modification to the Legislature or governor, and to review and approve or disapprove capital construction projects.

The commission also was directed by the constitution to complete the state's first Comprehensive Statewide Plan for Postsecondary Education. The commission completed and approved this document in June 1992, and it has been revised as needed since that time.

In addition, the commission has statutory responsibility to:

- *administer the state's financial aid programs*
- *administer the federal Improving Teacher Quality College Grant programs**
- *administer the state's Community College Gap Assistance program*
- *approve or disapprove applications from out-of-state institutions wishing to operate in Nebraska*
- *conduct research and publish reports on higher education issues*

The commission's purpose is to be a coordinating body that works closely with public and private institutions in the state. The commission also cooperates with leadership in elementary and secondary schools, as well as with business representatives, local community leaders, state leaders and others interested in the future of postsecondary education in the state.

The commission's 11 members are appointed by the governor, subject to legislative approval. One member is chosen from each of the six state Supreme Court districts, and five others are chosen at large. Members serve six-year terms. Members and their immediate families may not serve on any postsecondary education governing board and may not be employed by any postsecondary education institution, either directly or by contract. The commission meets at least six times a year. Members are not paid but are reimbursed for expenses.

**Federal funding ended December 31, 2018*

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

KEY OFFICIALS AND COMMISSION CONTACT INFORMATION

Coordinating Commission Members

<u>Name</u>	<u>Represents</u>	<u>Term Ending</u>
Colleen Adam	District 5	January 1, 2022
Gwenn Aspen	At Large	January 1, 2022
Dr. John Bernthal, Vice Chair	District 1	January 1, 2024
Tim Daniels	At Large	January 1, 2024
Dr. Deborah Frison, Chair	District 2	January 1, 2024
Charles Garman	At Large	January 1, 2024
Gene Kelly	District 4	January 1, 2026
Mary Lauritzen	At Large	January 1, 2026
Molly O'Holleran	District 6	January 1, 2022
Dr. Paul Von Behren	District 3	January 1, 2026
W. Scott Wilson	At Large	January 1, 2026

**Nebraska Coordinating Commission for Postsecondary Education
Executive Management**

<u>Name</u>	<u>Title</u>
Dr. Michael Baumgartner	Executive Director
Gary Timm	Chief Finance and Administrative Officer

Nebraska Coordinating Commission for Postsecondary Education
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Lincoln, NE 68509
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NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

COMMENT AND RECOMMENDATION

During our examination of the Nebraska Coordinating Commission for Postsecondary Education (Commission), we noted a certain deficiency and other operational matters that are presented here.

The comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

Monitoring Procedures Over Aid Programs

During testing, we noted deficiencies in the monitoring procedures implemented and performed by the Commission over the Nebraska Opportunity Grant (NOG), Access College Early Scholarship Program (ACE), and the Community College Gap Assistance Program (Gap).

Nebraska Opportunity Grant (NOG)

The NOG funds are awarded to students who meet certain qualifications. Qualifications include being a Nebraska resident, undergraduate attending an eligible Nebraska postsecondary institution, and having an Expected Family Contribution (EFC) which is equal to or less than 110% of the maximum EFC to qualify for a Federal Pell Grant in the award year. Students must apply to the eligible Nebraska postsecondary institutions to be considered for the grant. NOG funds are paid directly to the postsecondary institution by the Commission and distributed by the postsecondary institution to eligible students.

In order for a postsecondary educational institution to be eligible to receive NOG funds from the Commission, the institution is required to submit an annual application to the Commission. The application lists the number of eligible full-time-equivalent students from the prior fiscal year. The institutions must also submit a student roster with the names of the eligible students and the number of credit hours taken from the prior fiscal year to support the amounts noted on the application. The Commission uses the prior year amounts reported by the institutions on the annual application to determine the current year's allocation to each eligible institution.

To ensure that the prior year amounts reported on the application are accurate, the Commission stated that it typically selects five to six institutions, including two to three larger and two to three smaller institutions, to review; however, the following issues were noted with the review procedures during the period July 1, 2019, through December 31, 2020:

- The Commission's review of the information reported on the applications is not performed until after the end of the fiscal year the grant was awarded. As a result, amounts reported for fiscal year 2019 on the fiscal year 2020 application were not reviewed until fiscal year 2021, over a year after the information was reported, and grant funds, based on the fiscal year 2019 information, were disbursed.
- Due to the Coronavirus (COVID-19) pandemic, the Commission reduced its review of five to six institutions to two institutions. The Commission stated that they reduced the number of institutions reviewed to limit the amount of time spent and exposure to COVID-19 at the institutions. Based on the payments made during the year, the two institutions selected for review comprised 0.37% of total amount paid to all institutions during fiscal year 2020, which was not representative. Further, the Commission does not maintain documentation to ensure all schools are reviewed on a rotational basis.

Access College Early Scholarship Program (ACE)

The ACE Scholarship Program pays tuition and mandatory fees for eligible, low-income high school students to enroll in one or more courses at qualified postsecondary education institutions. High school students apply for scholarships by completing the ACE Student Application each term through the Commission's Enterprise Content Management (ECM) Portal. The application, including documentation to support the student's eligibility, must be reviewed and approved by the designated official at the student's high school. Once approved by the designated official, the application is submitted to the Commission for its reviews of the student's eligibility and approval based on available funding and tuition and fee information provided by the postsecondary institutions. Any awarded scholarships are paid directly to the institution by the Commission.

COMMENT AND RECOMMENDATION

(Continued)

If a student withdraws from one or more courses after a scholarship has been awarded and paid to the institution, the Commission works with the institution to transfer the scholarship funds to another eligible student enrolled at the institution who did not receive scholarship funds or allows the institution to reduce the subsequent invoice to the Commission for the overpayment. However, this process is not in accordance with the Commission's established rules and regulations, Title 281 Nebraska Administrative Code (NAC) 6-006.02(A) and 6-6006.02(B), which requires scholarship money be refunded directly to the Commission.

Further, the Commission relies on the institutions to report when a student withdraws from a course, paid with ACE scholarship funds, before or during the institution's partial or full refund period. The Commission performs on-site monitoring at the end of each award year to ensure, among other things, that any unspent ACE scholarship funds due to a student's withdrawal from a course were properly refunded back to the Commission, transferred to another eligible student, or applied to a subsequent invoice to the Commission. Prior to going on-site, the Commission randomly selects a sample of students who received ACE scholarship funds from the institution. While on-site, if a student who withdrew from a course was randomly selected, the Commission would review documentation on file, including the date the student withdrew from the course, to ensure the proper amount was refunded back to the Commission if the student withdrew before or during the partial or full refund period. However, the Commission's procedure of randomly selecting students awarded ACE scholarships does not ensure students who withdrew from a course, which ACE scholarship funds were paid, were reviewed on at least a sample basis at each institution.

Community College Gap Assistance Program (Gap)

The Gap provides financial aid assistance to eligible students enrolled in credit or non-credit programs at community colleges that do not qualify for other financial aid such as a Pell Grant. The Commission administers the Gap program, which is under the direction of the Nebraska Community College Student Performance and Occupational Education Grant Committee (Committee).

Gap funds are distributed by the Commission to the State's six community colleges. The community colleges are responsible for selecting low-income students in eligible programs to receive the grants funds. To be eligible, students must be residents of Nebraska and have a family income at or below 250 percent of Federal poverty guidelines. The grant funds can be used for eligible students' tuition, direct training costs, required books and equipment, and fees, including those for industry testing services and background check services. The grant funds can also be used to assist community colleges "in defraying the costs of direct staff support services, including but not limited to, marketing, outreach, applications, interviews, and assessments," per Neb. Rev. Stat. § 85-2009(2)(b) (Cum. Supp. 2020).

The Community College Gap Assistance Program Act Guidelines require the State's community colleges to complete, on a quarterly basis, a tracking spreadsheet developed by the Commission for Gap fund tracking and reporting purposes. The spreadsheet is required to be submitted to the Commission two weeks after the conclusion of the preceding quarter.

To ensure students awarded Gap funds by the community colleges meet eligibility requirements, the Commission uses the tracking spreadsheet to select 10% of the students listed, up to a maximum of four students at each community college, as well as one student who did not complete the program and one student who was determined to be unqualified for the program, if any such students exist during the fiscal year. However, the following issue was noted with the Commission's review of student eligibility during the period July 1, 2019, through December 31, 2020:

- We observed that the tracking spreadsheet submitted by Southeast Community College for the quarter ending on June 30, 2020, was not accurate. The tracking spreadsheet did not include the dates two students enrolled in the Gap program during fiscal year 2020. As a result of the errors in the tracking spreadsheet, the Commission did not include the two students in the population of students enrolled in the Gap program

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

COMMENT AND RECOMMENDATION

(Continued)

during fiscal year 2020, which was used to select the students the Commission reviewed for eligibility during fiscal year 2021. Southeast Community College subsequently entered the enrollment dates for the two students on the tracking spreadsheet submitted to the Commission for the quarter ending on September 30, 2020. However, the Commission did not have any procedures in place to ensure that the number of students enrolled in the Gap program on the June 30 tracking spreadsheet agreed to the tracking spreadsheet submitted by the community college for the quarter ending on September 30, and any students identified as being omitted from the June 30 tracking spreadsheet are included in the population for the student eligibility review in the following year.

Additionally, we noted that the Commission did not have any established procedures to ensure that, if a student withdraws enrollment in one or more courses for which Gap funds were paid, the unspent Gap funds are properly deposited back into the institution's Gap Program aid account for future use, as required by the Community College Gap Assistance Program Act Program Guidelines. The Commission's current procedure is to direct the community colleges to follow their own refund policies.

Neb. Rev. Stat. § 85-1912 (Reissue 2014) of the Nebraska Opportunity Grant Act states, in relevant part, the following:

In order to reduce the costs of administering the Nebraska Opportunity Grant Act, the commission shall identify a target level of funds to be distributed to students pursuant to the act at each eligible postsecondary educational institution. The target level of funds shall represent the maximum amount that may be awarded pursuant to the act to eligible students enrolled in such eligible postsecondary educational institution. To determine the target level of funds for each eligible postsecondary educational institution, the commission shall:

(1) Determine the number of eligible full-time-equivalent students enrolled at the eligible postsecondary educational institution for the last completed award year;

281 NAC 6-006.02, concerning the Access College Early Scholarship Program Act states:

The Commission may withhold payment of the scholarship award amount from a qualified postsecondary educational institution until the period passes when a student may receive a full refund for withdrawing from a course.

281 NAC 6-006.02(A) says the following:

When a student withdraws from a course during the full refund period and the Commission has paid a scholarship award to the qualified postsecondary educational institution, the institution must notify the Commission of the withdrawn course and must refund the scholarship money directly to the Commission.

281 NAC 6-006.02(B) says the following:

When a student withdraws from a course after the full refund period and the Commission has paid a scholarship award to the qualified postsecondary educational institution, the institution must refund the scholarship money directly to the Commission pursuant to the institution's refund policy.

Section XII of the Community College Gap Assistance Program Act Guideline states the following:

If a Gap recipient cancels or withdraws his or her enrollment in a Gap program of study, the community colleges must use their existing cancellation or refund policy to determine the amount of aid, if any, is refunded back to your Gap aid account. However, community colleges are encouraged, in an effort to reuse Gap aid dollars to achieve program success, to refund as much as possible to your Gap aid account if a Gap recipient withdraws or cancels after the program start date. For example, if the canceling Gap recipient is not the breakeven student for that program, then community colleges are encouraged to determine if it is possible that those aid dollars, in full or otherwise, could be returned to the Gap aid account for future reuse.

COMMENT AND RECOMMENDATION

(Continued)

Good internal controls and sound business practices require procedures to ensure: 1) aid distributions are based on accurate data reviewed timely by the Commission; 2) adequate reviews are performed to ensure aid is paid to only eligible students; 3) unspent ACE scholarships are refunded directly to the Commission in accordance with the Commission's rules and regulations; and 4) unspent Gap funds are properly deposited back into the postsecondary institution's Gap Program aid account.

When adequate policies and procedures are not implemented to ensure aid paid to postsecondary institutions is based on accurate data, and only eligible students receive aid payments, there is an increased risk for both loss and misuse of State funds and noncompliance with State statute.

We recommend the Commission implement adequate policies and procedures to ensure: 1) data on the NOG applications is reviewed in a timely manner; 2) documentation is maintained to ensure reviews of NOG application data are representative of the aid spent, and institutions are reviewed on at least a rotational basis; 3) unspent ACE scholarship funds are refunded directly to the Commission in accordance with rules and regulations; 4) quarterly tracking spreadsheets submitted for the Gap program are compared to subsequent tracking spreadsheets to ensure any students omitted from the year-end eligibility review are in the following year's eligibility review; and 5) unspent Gap funds are properly deposited back into the postsecondary institution's Gap Program aid account.

Commission Response:

NOG:

The commission would like to clarify that this comment relates to the timing of our review of the institution-provided data used in the NOG allocation formula and that all institution-provided data has been reviewed on a sample basis. All allocations made to institutions were based on data that is subjected to review and institution allocations are accurate. The commission would also note that during the past five years, no errors related to this data have been identified during our reviews. The commission will implement procedures to ensure annual data received from the institutions are reviewed during the next review cycle.

As mentioned in the auditor's comments, the number of institutions reviewed related to the allocation formula was decreased from the normal five to six institutions to two institutions. This was done out of an abundance of caution for the staff during the pandemic. In previous years, five to six institutions were reviewed each year and have been sufficient during past audits of the APA. The commission will formalize its review schedule to ensure a representative sample of applications from each institution is reviewed on a rotational basis.

ACE:

The auditor's interpretation of the commission-written rules and regulations is incorrect. The commission's intent for the wording ...and must refund the scholarship money directly to the Commission was to ensure the institution did not refund the money to the student and not, as the auditors have interpreted, to return the money directly to the commission. The commission would emphasize that the process currently in use does not result in an overpayment to the institution but rather allows the commission to reduce the amount owed to the institution by the amount of the refund, thereby reducing expenses of both the institution and the commission. The wording will be revised to clarify the commission's intent in conjunction with revisions to other commission rules and regulations.

The auditors also commented that although the commission randomly selected ACE recipients for testing, including those that withdrew from a course, a separate sample from the population of students that withdrew should also be performed. While the majority of students that withdraw do so during the period when a 100% refund is provided, the commission does not reimburse the institution until after this timeframe has passed. This greatly reduces the amount the institution would need to return to the commission as the institution was never reimbursed for these students. The commission will implement procedures to select students that withdrew for compliance with refunding procedures.

COMMENT AND RECOMMENDATION

(Concluded)

Gap:

The commission will include students in Waiting to Participate status in its sample in future reviews and will review subsequent submissions for possible late additions to the tracking spreadsheets of participating students submitted by the institutions.

The commission currently includes at least one student that did not complete the Gap program in its sample of students and will include an additional procedure to determine that if a refund was made, the funds were returned to the institution's Gap fund. The commission would note that a review of each community colleges' general ledger related to Gap expenditures is also performed annually and the commission has noted funds for tuition and fees being returned to the Gap program.

It should be noted that this report is critical in nature, containing only our comment and recommendation on the areas noted for improvement and does not include our observations on any accounting strengths of the Commission.

Draft copies of this report were furnished to the Commission to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. The formal response received has been incorporated into this report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



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NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Coordinating Commission for Postsecondary Education
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Coordinating Commission for Postsecondary Education (Commission) for the period July 1, 2019, through December 31, 2020. The Commission's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances for the period July 1, 2019, through December 31, 2020, is based on the accounting system and procedures prescribed by the Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed no findings that are required to be reported under *Government Auditing Standards*.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

May 25, 2021

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Period July 1, 2019, through December 31, 2020

	General Fund 10000	NCCPSE Admin Cash Fund 24810	Nebraska Opportunity Grant Fund 24820	Oral Health Training and Services Fund 24830	Community College Gap Assistance Program Fund 24840
REVENUES:					
Appropriations	\$ 10,703,466	\$ -	\$ -	\$ -	\$ -
Sales & Charges	-	14,400	-	-	-
Miscellaneous	-	3,270	502,189	28	33,682
TOTAL REVENUES	10,703,466	17,670	502,189	28	33,682
EXPENDITURES:					
Personal Services	1,485,433	6,700	-	-	15,058
Operating	472,005	1,050	-	-	-
Travel	14,387	-	-	-	-
Government Aid	8,731,713	-	19,000,755	-	2,050,638
TOTAL EXPENDITURES	10,703,538	7,750	19,000,755	-	2,065,696
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72)	9,920	(18,498,566)	28	(2,032,014)
OTHER FINANCING SOURCES (USES):					
Sales of Assets	72	-	-	-	-
Operating Transfers In	-	-	17,301,739	-	2,511,543
Operating Transfers Out	-	-	(558,675)	-	(81,098)
TOTAL OTHER FINANCING SOURCES (USES)	72	-	16,743,064	-	2,430,445
Net Change in Fund Balances	-	9,920	(1,755,502)	28	398,431
FUND BALANCES, JULY 1, 2019	1,289	103,823	18,180,442	940	1,334,203
FUND BALANCES, DECEMBER 31, 2020	\$ 1,289	\$ 113,743	\$ 16,424,940	\$ 968	\$ 1,732,634
FUND BALANCES CONSIST OF:					
General Cash	\$ -	\$ 113,743	\$ 16,541,227	\$ 968	\$ 1,732,634
Deposits with Vendors	1,289	-	-	-	-
Due to Vendors	-	-	(116,287)	-	-
TOTAL FUND BALANCES	\$ 1,289	\$ 113,743	\$ 16,424,940	\$ 968	\$ 1,732,634

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Period July 1, 2019, through December 31, 2020

	Guaranty Recovery Cash Fund 24860	Title I Fund 44810	NCCPSE Trust Fund 64810	Sun-Mart Scholarship Fund 64820	Totals (Memorandum Only)
REVENUES:					
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ 10,703,466
Sales & Charges	2,387	-	-	-	16,787
Miscellaneous	127	367	925	121	540,709
TOTAL REVENUES	2,514	367	925	121	11,260,962
EXPENDITURES:					
Personal Services	-	-	-	-	1,507,191
Operating	-	-	-	-	473,055
Travel	-	-	-	-	14,387
Government Aid	-	-	-	-	29,783,106
TOTAL EXPENDITURES	-	-	-	-	31,777,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,514	367	925	121	(20,516,777)
OTHER FINANCING SOURCES (USES):					
Sales of Assets	-	-	-	-	72
Operating Transfers In	-	-	-	-	19,813,282
Operating Transfers Out	-	-	-	-	(639,773)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	19,173,581
Net Change in Fund Balances	2,514	367	925	121	(1,343,196)
FUND BALANCES, JULY 1, 2019	2,766	12,044	30,322	3,972	19,669,801
FUND BALANCES, DECEMBER 31, 2020	\$ 5,280	\$ 12,411	\$ 31,247	\$ 4,093	\$ 18,326,605
FUND BALANCES CONSIST OF:					
General Cash	\$ 5,280	\$ 12,411	\$ 31,247	\$ 4,093	\$ 18,441,603
Deposits with Vendors	-	-	-	-	1,289
Due to Vendors	-	-	-	-	(116,287)
TOTAL FUND BALANCES	\$ 5,280	\$ 12,411	\$ 31,247	\$ 4,093	\$ 18,326,605

(Concluded)

The accompanying notes are an integral part of the schedule.

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

NOTES TO THE SCHEDULE

For the Period July 1, 2019, through December 31, 2020

1. Criteria

The accounting policies of the Nebraska Coordinating Commission for Postsecondary Education (Commission) are on the basis of accounting, as prescribed by the State of Nebraska's Director of the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska's Director of DAS include:

The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes[.]

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2014), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public.

The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require the Commission to record all accounts receivable and related revenues in EnterpriseOne; as such, the Commission's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of December 31, 2020, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2020, **does not** include amounts for goods and services received before December 31, 2020, which had not been posted to the general ledger as of December 31, 2020.

Other liabilities are recorded in accounts entitled Due to Vendors for the Commission. The assets in these funds are being held by the State as an agent and will be used to pay those liabilities to individuals, private organizations, other governments, and/or other funds. The recording of those liabilities reduces the fund balance/equity.

The Commission had no accounts receivable at December 31, 2020. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund types are established by the State and used by the Commission:

10000 – General Fund – accounts for activities funded by general tax dollars and related expenditures and transfers.

20000 – Cash Funds – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

40000 – Federal Funds – account for the financial activities related to the receipt and disbursement of funds generated from the Federal government as a result of grants and contracts. Expenditures must be made in accordance with applicable Federal requirements.

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Concluded)

60000 – Trust Funds – account for assets held by the State in a trustee capacity. Expenditures are made in accordance with the terms of the trust.

The following major revenue account classifications are established by State Accounting and used by the Commission:

Appropriations – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income.

The following major expenditure account classifications are established by State Accounting and used by the Commission:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by the Commission.

Operating – Expenditures directly related to a program's primary service activities.

Travel – All travel expenses for any State officer, employee, or member of any commission, council, committee, or board of the State.

Government Aid – Payment of Federal and/or State money to governmental subdivisions, State agencies, local health and welfare offices, individuals, etc., in furtherance of local activities and accomplishment of State programs.

Other significant accounting classifications and procedures established by State Accounting and used by the Commission include the following:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts, and deposits with vendors. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded in the general ledger.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Other liabilities recorded in the general ledger for the Commission's funds at December 31, 2020, included amounts recorded in Due to Vendors. The activity of these accounts are not recorded through revenue and expenditure accounts on the Schedule of Revenues, Expenditures, and Changes in Fund Balances.

Other Financing Sources – Operating transfers, and proceeds of fixed asset dispositions.

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

NOTES TO THE SCHEDULE

(Continued)

2. Reporting Entity

The Commission is a State agency established under and governed by the laws of the State of Nebraska. As such, the Commission is exempt from State and Federal income taxes. The schedule includes all funds of the Commission included in the general ledger.

The Commission is part of the primary government for the State of Nebraska.

3. Totals

The Totals “Memorandum Only” column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

4. General Cash

General cash accounts are under the control of the State Treasurer or other administrative bodies, as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State’s Investment Council, which maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

5. Capital Assets

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). In addition, the Commission takes an annual inventory, recording in the State Accounting System all equipment that has a cost of \$1,000 or more at the date of acquisition, and all laptops, projectors, and other electronic equipment that the Commission considers to be mobile.

For the CAFR, the State requires the Commission to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$5,000 or more at the date of acquisition and has an expected useful life of more than one year is capitalized. Depreciation expenses are reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset’s life is not capitalized.

Equipment is depreciated in the CAFR using the straight-line method with estimated useful lives of 3 to 10 years.

Capital asset activity of the Commission recorded in the State Accounting System for the period July 1, 2019, through December 31, 2020, was as follows:

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION

NOTES TO THE SCHEDULE

(Concluded)

5. **Capital Assets** (Concluded)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Equipment	\$ 68,665	\$ -	\$ 7,068	\$ 61,597
Less accumulated depreciation for:				
Equipment				\$ 61,597
Total capital assets, net of depreciation				<u>\$ -</u>

6. **Transfers**

The Commission received \$19,685,880 in quarterly operating transfers in from the Lottery Division of the Nebraska Department of Revenue (Nebraska Lottery). The Nebraska Lottery is required by Neb. Rev. Stat. § 9-812(2) (2020 Cum. Supp.) to transfer a portion of the dollar amount of the lottery tickets sold on an annualized basis to certain funds, including the Nebraska Education Improvement Fund. The monies transferred into the Nebraska Education Improvement Fund are then allocated by the Nebraska Department of Education to certain funds, including the Nebraska Opportunity Grant Fund and the Community College Gap Assistance Program Fund, in accordance with Neb. Rev. Stat. § 9-812(4) (2020 Cum. Supp.), which states, in part, the following:

For fiscal years 2016-17 through 2020-21, the remainder of the [Nebraska Education Improvement Fund], after payment of any learning community transition aid pursuant to section 79-10,145, shall be allocated as follows:

* * * *

(c) Nine percent of the allocated funds to the Community College Gap Assistance Program Fund to carry out the community college gap assistance program;

* * * *

(e) Sixty-two percent of the allocated funds to the Nebraska Opportunity Grant Fund to carry out the Nebraska Opportunity Grant Act in conjunction with appropriations from the General Fund

Additionally, Section § 9-812(4) includes a requirement that states, “For fiscal years 2017-18 through 2020-21, an amount equal to ten percent of the revenue received by the Nebraska Education Improvement Fund in the prior fiscal year shall be retained in the fund.” Since all transfers into the Nebraska Education Improvement Fund by the Nebraska Lottery are allocated to the funds outlined in § 9-812(4), the Nebraska Department of Education calculates, after the end of the fiscal year, the amount required to be transferred back to the Nebraska Education Improvement Fund or the excess balance in the Nebraska Education Improvement Fund required to be transferred out of the Nebraska Education Improvement Fund to the funds outlined in § 9-812(4).

The balance in the Nebraska Education Improvement Fund at June 30, 2019, did not exceed 10% of the revenue received in the Fund, which resulted in operating transfers out, totaling \$558,675, from the Nebraska Opportunity Grant Fund and \$81,098 from the Community College Gap Assistance Program Fund into the Nebraska Education Improvement Fund in the fall of fiscal year 2020. However, the balance in the Nebraska Education Improvement Fund at June 30, 2020, exceeded 10% of the revenue received in the Fund, which resulted in operating transfers in, totaling \$111,252, into the Nebraska Opportunity Grant and \$16,150 into the Community College Gap Assistance Program Fund from the Nebraska Improvement Fund in the fall of fiscal year 2021.

SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, and, accordingly, we express no opinion on it.

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Exhibit A

For the Period July 1, 2019, through June 30, 2020

	General Fund 10000	NCCPSE Admin Cash Fund 24810	Nebraska Opportunity Grant Fund 24820	Oral Health Training and Services Fund 24830	Community College Gap Assistance Program Fund 24840
REVENUES:					
Appropriations	\$ 8,835,912	\$ -	\$ -	\$ -	\$ -
Sales & Charges	-	9,300	-	-	-
Miscellaneous	-	2,416	385,337	21	23,718
TOTAL REVENUES	8,835,912	11,716	385,337	21	23,718
EXPENDITURES:					
Personal Services	991,139	4,432	-	-	11,395
Operating	280,905	1,050	-	-	-
Travel	11,617	-	-	-	-
Government Aid	7,552,323	-	12,344,947	-	1,374,500
TOTAL EXPENDITURES	8,835,984	5,482	12,344,947	-	1,385,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72)	6,234	(11,959,610)	21	(1,362,177)
OTHER FINANCING SOURCES (USES):					
Sales of Assets	72	-	-	-	-
Operating Transfers In	-	-	11,561,764	-	1,678,321
Operating Transfers Out	-	-	(558,675)	-	(81,098)
TOTAL OTHER FINANCING SOURCES (USES)	72	-	11,003,089	-	1,597,223
Net Change in Fund Balances	-	6,234	(956,521)	21	235,046
FUND BALANCES, JULY 1, 2019	1,289	103,823	18,180,442	940	1,334,203
FUND BALANCES, JUNE 30, 2020	<u>\$ 1,289</u>	<u>\$ 110,057</u>	<u>\$ 17,223,921</u>	<u>\$ 961</u>	<u>\$ 1,569,249</u>
FUND BALANCES CONSIST OF:					
General Cash	\$ -	\$ 110,057	\$ 17,223,921	\$ 961	\$ 1,569,249
Deposits with Vendors	1,289	-	-	-	-
Due to Vendors	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 1,289</u>	<u>\$ 110,057</u>	<u>\$ 17,223,921</u>	<u>\$ 961</u>	<u>\$ 1,569,249</u>

(Continued)

**NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

Exhibit A

For the Period July 1, 2019, through June 30, 2020

	Guaranty Recovery Cash Fund 24860	Title I Fund 44810	NCCPSE Trust Fund 64810	Sun-Mart Scholarship Fund 64820	Totals (Memorandum Only)
REVENUES:					
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ 8,835,912
Sales & Charges	2,387	-	-	-	11,687
Miscellaneous	88	273	687	90	412,630
TOTAL REVENUES	<u>2,475</u>	<u>273</u>	<u>687</u>	<u>90</u>	<u>9,260,229</u>
EXPENDITURES:					
Personal Services	-	-	-	-	1,006,966
Operating	-	-	-	-	281,955
Travel	-	-	-	-	11,617
Government Aid	-	-	-	-	21,271,770
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,572,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,475</u>	<u>273</u>	<u>687</u>	<u>90</u>	<u>(13,312,079)</u>
OTHER FINANCING SOURCES (USES):					
Sales of Assets	-	-	-	-	72
Operating Transfers In	-	-	-	-	13,240,085
Operating Transfers Out	-	-	-	-	(639,773)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,600,384</u>
Net Change in Fund Balances	2,475	273	687	90	(711,695)
FUND BALANCES, JULY 1, 2019	<u>2,766</u>	<u>12,044</u>	<u>30,322</u>	<u>3,972</u>	<u>19,669,801</u>
FUND BALANCES, JUNE 30, 2020	<u>\$ 5,241</u>	<u>\$ 12,317</u>	<u>\$ 31,009</u>	<u>\$ 4,062</u>	<u>\$ 18,958,106</u>
FUND BALANCES CONSIST OF:					
General Cash	\$ 5,241	\$ 12,317	\$ 31,009	\$ 4,062	\$ 18,956,817
Deposits with Vendors	-	-	-	-	1,289
Due to Vendors	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 5,241</u>	<u>\$ 12,317</u>	<u>\$ 31,009</u>	<u>\$ 4,062</u>	<u>\$ 18,958,106</u>

(Concluded)

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Exhibit B

For the Period July 1, 2020, through December 31, 2020

	General Fund 10000	NCCPSE Admin Cash Fund 24810	Nebraska Opportunity Grant Fund 24820	Oral Health Training and Services Fund 24830	Community College Gap Assistance Program Fund 24840
REVENUES:					
Appropriations	\$ 1,867,554	\$ -	\$ -	\$ -	\$ -
Sales & Charges	-	5,100	-	-	-
Miscellaneous	-	854	116,852	7	9,964
TOTAL REVENUES	1,867,554	5,954	116,852	7	9,964
EXPENDITURES:					
Personal Services	494,294	2,268	-	-	3,663
Operating	191,100	-	-	-	-
Travel	2,770	-	-	-	-
Government Aid	1,179,390	-	6,655,808	-	676,138
TOTAL EXPENDITURES	1,867,554	2,268	6,655,808	-	679,801
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,686	(6,538,956)	7	(669,837)
OTHER FINANCING SOURCES (USES):					
Sales of Assets	-	-	-	-	-
Operating Transfers In	-	-	5,739,975	-	833,222
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,739,975	-	833,222
Net Change in Fund Balances	-	3,686	(798,981)	7	163,385
FUND BALANCES, JULY 1, 2020	1,289	110,057	17,223,921	961	1,569,249
FUND BALANCES, DECEMBER 31, 2020	\$ 1,289	\$ 113,743	\$ 16,424,940	\$ 968	\$ 1,732,634
FUND BALANCES CONSIST OF:					
General Cash	\$ -	\$ 113,743	\$ 16,541,227	\$ 968	\$ 1,732,634
Deposits with Vendors	1,289	-	-	-	-
Due to Vendors	-	-	(116,287)	-	-
TOTAL FUND BALANCES	\$ 1,289	\$ 113,743	\$ 16,424,940	\$ 968	\$ 1,732,634

(Continued)

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Exhibit B

For the Period July 1, 2020, through December 31, 2020

	Guaranty Recovery Cash Fund 24860	Title I Fund 44810	NCCPSE Trust Fund 64810	Sun-Mart Scholarship Fund 64820	Totals (Memorandum Only)
REVENUES:					
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ 1,867,554
Sales & Charges	-	-	-	-	5,100
Miscellaneous	39	94	238	31	128,079
TOTAL REVENUES	<u>39</u>	<u>94</u>	<u>238</u>	<u>31</u>	<u>2,000,733</u>
EXPENDITURES:					
Personal Services	-	-	-	-	500,225
Operating	-	-	-	-	191,100
Travel	-	-	-	-	2,770
Government Aid	-	-	-	-	8,511,336
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,205,431</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>39</u>	<u>94</u>	<u>238</u>	<u>31</u>	<u>(7,204,698)</u>
OTHER FINANCING SOURCES (USES):					
Sales of Assets	-	-	-	-	-
Operating Transfers In	-	-	-	-	6,573,197
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,573,197</u>
Net Change in Fund Balances	39	94	238	31	(631,501)
FUND BALANCES, JULY 1, 2020	<u>5,241</u>	<u>12,317</u>	<u>31,009</u>	<u>4,062</u>	<u>18,958,106</u>
FUND BALANCES, DECEMBER 31, 2020	<u>\$ 5,280</u>	<u>\$ 12,411</u>	<u>\$ 31,247</u>	<u>\$ 4,093</u>	<u>\$ 18,326,605</u>
FUND BALANCES CONSIST OF:					
General Cash	\$ 5,280	\$ 12,411	\$ 31,247	\$ 4,093	\$ 18,441,603
Deposits with Vendors	-	-	-	-	1,289
Due to Vendors	-	-	-	-	(116,287)
TOTAL FUND BALANCES	<u>\$ 5,280</u>	<u>\$ 12,411</u>	<u>\$ 31,247</u>	<u>\$ 4,093</u>	<u>\$ 18,326,605</u>

(Concluded)