Omaha School Employees’ Retirement System

Pension Trust Fund of Douglas County School District #0001

Financial Statements and Supplementary Information
August 31, 2019

Together with Independent Auditor's Report

Omaha School Employees' Retirement System

Table of Contents

SEIM JOHNSON

Independent Auditor's Report

To the Board of Trustees
Omaha School Employees' Retirement System:

Report on the Financial Statements

We have audited the accompanying financial statements of Omaha School Employees' Retirement System (OSERS), a pension trust fund of Douglas County School District #0001 (District), which comprise the statement of fiduciary net position as of August 31, 2019, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OSERS as of August 31, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matters

As discussed in Note 1, the financial statements present only the activity of OSERS and do not purport to, and do not, present fairly the financial position of the District as of August 31, 2019, or the changes in its financial position for the year then ended in conformity accounting principles generally accepted in the United States of America.

The financial statements include investments valued at approximately $366,880,000 (28% of net position) as of August 31, 2019, whose fair values have been estimated by management in the absence of readily determinable values. A description of the methods used by management is included in Note 3. Because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Our opinion is not modified with respect to these matters.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 5 , the schedule of changes in the net pension liability on pages 18 – 20, the schedule of employer contributions on pages 21 – 24, and the schedule of money-weighted rate of return on page 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 18, 2019 on our consideration of OSERS' 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 OSERS' 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 OSERS' internal control over financial reporting and compliance.

Seim Johnson, LLP

Omaha, Nebraska,
November 18, 2019.

Overview

The following overview is a discussion and analysis of the financial activities of the School Employees' Retirement System of Douglas County School District #0001, more commonly known as the Omaha School Employees' Retirement System (OSERS), as of and for the fiscal year ended August 31, 2019. Its purpose is to provide explanation and insights into the information presented in the financial statements, notes to the financial statements, and required supplementary information.

Financial Highlights

Net position of the plan, which represents funds available to pay current and future pension benefits, increased by $1,777 during the fiscal year to $1,295,462.

OSERS experienced total additions of $134,760 during this past fiscal year. The additions are represented by $57,267 from employer contributions, $35,874 from member contributions and purchases of service, $9,152 from the State of Nebraska contributions, and $32,467 from net investment income and other.

Pursuant to Nebraska Revised Statutes section 79-9,113(c) as amended by LB 1005 (2018), the Douglas County School District #0001 (District) is required to contribute the amount noted by the actuary as necessary to maintain the solvency of the plan. This revised statute further defines solvency as an amount equal to or greater than the actuarially required contribution rate. For the fiscal year ended August 31, 2019, the District contributed an additional contribution of $21,300 to OSERS to meet the solvency requirement, and this amount is included in total employer contributions.

Total retirement benefits paid in fiscal year 2019 were $124,047. This represents monthly benefit payments to an average of 4,850 retirees each month. We continued to experience an increase in the number of employees who depart early to mid-career, continuing the increase in the refunds to members who elect to withdraw their employee contribution (plus interest). For the fiscal year ending August 31, 2019, OSERS paid out $7,849 in refunds to former members. Refunds are paid to former District employees who are members, at the member's request whether they are vested or non-vested. A vested member requesting a refund is forfeiting their rights to a future retirement benefit from OSERS.

Overview of the Financial Statements

The discussion and analysis below is intended to assist the reader in better understanding the purpose and meaning of each of the key components of the financial statements, which are comprised of the following:

1. The *Statement of Fiduciary Net Position* presents information about assets and liabilities, with the difference between the two reported as net position restricted for pensions. The level of net position reflects the resources available to pay benefits to members when due. Over time, increases and decreases in net position measure whether the financial position of OSERS is improving or deteriorating.

2. The *Statement of Changes in Fiduciary Net Position* presents the results of fund operations during the year and discloses the additions and deductions from plan fiduciary net position. It supports the net change that has occurred to the prior year's net position on the statement of fiduciary net position.

3. The *Notes to the Financial Statements* provide additional information that is essential to gain a full understanding of the data provided in the basic financial statements. The notes provide important and detailed information about OSERS, the pension trust fund, and the statements themselves.

4. The *Required Supplementary Information* consists of data on the funded status of OSERS, the status of contributions from the District and the State of Nebraska, and the money-weighted rate of return.

Management's Discussion and Analysis (Thousands of Dollars)

Financial Analysis

The following table shows condensed information from the Statement of Fiduciary Net Position:

	Fiduciary Net Position			
	2019	2018	Change	Percent
Total assets	$ 1,407,326	1,402,450	4,876	0.35%
Total liabilities	111,864	108,765	3,099	2.85%
Net position	$ 1,295,462	1,293,685	1,777	0.14%

The following tables show condensed information from the Statement of Changes in Fiduciary Net Position:

	Additions to Fiduciary Net Position			
	2019	2018	Change	Percent
Employer contributions	$ 57,267	55,564	1,703	3.06%
Member contributions and purchases of service	35,874	36,771	(897)	-2.44%
State contributions	9,152	8,498	654	7.70%
Total contributions and purchases of service	102,293	100,833	1,460	1.45%
Net investment income	32,447	85,795	(53,348)	-62.18%
Other income	20	13	7	53.85%
Total investment and other income	32,467	85,808	(53,341)	-62.16%
Total additions	$ 134,760	186,641	(51,881)	-27.80%

	Deductions from Fiduciary Net Position			
	2019	2018	Change	Percent
Retirement benefits	$ 124,047	119,435	4,612	3.86%
Refunds to members	7,849	5,837	2,012	34.47%
Administrative expenses	1,087	867	220	25.37%
Total deductions	$ 132,983	126,139	6,844	5.43%

	Changes in Fiduciary Net Position			
	2019	2018	Change	Percent
Net position, beginning of year	$ 1,293,685	1,233,183	60,502	4.91%
Net change in net position	1,777	60,502	(58,725)	-97.06%
Net position, end of year	$ 1,295,462	1,293,685	1,777	0.14%

Legislative Changes

During 2019, the Nebraska Legislature enacted Legislative Bill (LB) 34. LB 34 contained several policy changes effecting retirement plans administered in the state of Nebraska. Of importance to members of OSERS is the enactment of policy which codified that a surviving spouse at the time of the member's death is deemed to be the beneficiary upon the death of the member if there is no beneficiary on file or the beneficiary has pre-deceased the member. Therefore, this could result in a financial impact to OSERS upon the death of a member with 20 or more years of creditable service.

Contacting OSERS Financial Management

This financial report is designed to provide the plan sponsor, the Board of Trustees, OSERS membership, contributors, taxpayers and creditors with a general overview of OSERS' finances and to demonstrate OSERS' accountability for the money it receives. If you have any questions about this report or need additional financial information, you may contact the Omaha School Employees' Retirement System by e-mail at osers@ops.org, by phone at 531-299-0329, or by mail at 3215 Cuming Street, Omaha, NE 68131-2024.

Omaha School Employees’ Retirement System

Statement of Fiduciary Net Position
August 31, 2019 (Thousands of Dollars)

ASSETS:	
Cash and cash equivalents	$ 11,066
Receivables:	
Employer contributions	2,993
Plan member contributions	2,992
Other investment receivables	72,708
Other	6,180
Total receivables	84,873
Investments, at fair value:	
ADR/GDR	6,869
Asset backed securities	10,702
Cash equivalents	7,577
Commingled funds	597,246
Corporate bonds	74,458
Equity securities	115,845
Government securities	55,353
Limited partnerships	366,880
Mortgages	72,145
Municipal bonds and other	2,087
Total investments	1,309,162
Accrued investment income	2,197
Other assets	28
Total assets	1,407,326
LIABILITIES:	
Accounts payable	455
Accrued payroll and benefits payable	10,730
Other investment payables	100,679
Total liabilities	111,864
NET POSITION RESTRICTED FOR PENSIONS	$ 1,295,462

See Notes to Financial Statements

Omaha School Employees' Retirement System

Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2019 (Thousands of Dollars)

ADDITIONS:		
Contributions:		
Plan member contributions	$	35,614
Employer contributions		57,267
State contributions		9,152
Total contributions		102,033
Investment income:		
Interest and dividends		17,250
Net appreciation in fair value of investments		16,791
		34,041
Less investment expense		(1,594)
Net investment income		32,447
Purchases of service		260
Other income		20
Total additions		134,760
DEDUCTIONS:		
Retirement benefits		124,047
Refunds to plan members, including interest		7,849
Administrative expenses:		
Personnel costs		477
Professional fees		469
Other		141
Total deductions		132,983
NET INCREASE IN NET POSITION		1,777
NET POSITION RESTRICTED FOR PENSIONS:		
Beginning of year		1,293,685
End of year	$	1,295,462

See Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the Omaha School Employees' Retirement System (OSERS).

A. *Reporting Entity*

In 1909, the Douglas County School District #0001 (the District) began maintaining a retirement system for its teachers. Subsequently, the District added two more retirement systems, one covering non-teaching school employees and one covering school cafeteria employees. In 1951, the Nebraska State Legislature consolidated the three systems into one new system. The new system, OSERS, is a defined-benefit plan.

OSERS is included as a pension trust fund of the District. The financial statements present only the financial position and changes in financial position of the Omaha School Employees' Retirement System and do not purport to, and do not present fairly, the financial position of the District, as of August 31, 2019, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

B. *Basic Financial Statements*

The financial transactions of OSERS are included in the fiduciary funds of the District. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, net position, additions, and deductions. This fund is used to report assets held in a trustee or agency capacity for others, and therefore, are not available to support the District's programs.

C. *Basis of Accounting/Measurement Focus*

OSERS activity is accounted for on an economic-resources measurement focus using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions and contributions from the State of Nebraska to OSERS are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan provisions.

D. *Investments*

The Nebraska Investment Council, on behalf OSERS, invests in both short-term and long-term securities. All investments are stated at fair value based on quoted market prices. For investments where no readily ascertainable fair value exists, management has received an estimate of fair value from the investment fund manager. The State Treasurer is the custodian of all funds; however, investment of funds is the responsibility of the Nebraska Investment Council.

E. *Net Realized Gains and Losses on Investments and Other*

Market value fluctuations and changes in yields make it beneficial to periodically trade securities. These trades are recommended by the investment managers and are intended to maximize growth and earnings. When a trade is executed, the market value is compared to the cost and any difference is recorded as net realized gain or loss. No adjustments are recognized for the anticipated change in growth or yield.

August 31, 2019 (Thousands of Dollars)

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

G. Subsequent Events

OSERS considered events occurring through November 18, 2019 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

(2) Plan Description and Contribution Information

A. Membership Information

Membership consisted of the following as of January 1, 2019, the date of the valuation used to determine the August 31, 2019 total pension liability:

Inactive members or their beneficiaries currently receiving benefits	4,826
Inactive members entitled to but not yet receiving benefits	1,114
Inactive nonvested members entitled to a refund of member contributions	671
Active members	7,177
Total	13,788

The OSERS plan is administered under four membership tiers. Each membership tier's composition is defined in the most recent Annual Actuarial Valuation Report.

B. Plan Description

All full-time employees of the District, OSERS and Educational Service Unit #19 are covered by OSERS. OSERS is a single-employer retirement plan.

In accordance with Nebraska revised statutes, OSERS is governed by the Board of Trustees, which is comprised of three members who are active employees of the District, one annuitant member, two business people approved by the District Board of Education, and the Superintendent of the District, or his/her designee. OSERS is administered by the Executive Director of OSERS. The State of Nebraska has the authority under which plan provisions and obligations may be amended or established.

C. Contributions

Employees of the District, OSERS and Educational Service Unit #19 are required to contribute 9.78% of their annual salary to OSERS. Neb. Rev. Stat. §79-9,113 (1)(d) (Supp. 2018) provides that contributions by the District in any fiscal year beginning on or after September 1, 2018 shall be the greater of 101% of employee contributions (9.878% of member salaries), or the actuarial determined contribution rate to maintain the solvency of OSERS.

The actuarial determined contribution as required by Neb. Rev. Stat. §79-9,113 (1)(d) (Supp. 2018) resulted in an additional required contribution of $18,244. Total additional contributions made by the District during the year ended August 31, 2019 amounted to $21,300.

The State of Nebraska contributes 2% of the employee's compensation. Administrative costs of OSERS are financed through investment earnings.

D. Benefits Provided

Each employee who has completed five or more years of creditable service is eligible to elect a deferred vested service annuity in lieu of a refund of accumulated contributions. OSERS provides for various benefits including normal retirement benefits, early retirement benefits, disability benefits, and pre-retirement and post-retirement survivor benefits. These benefits are paid monthly from OSERS. For members hired prior to July 1, 2013, the benefits under OSERS are based on an average of the highest three years of salary earned by employees during their employment with the District, up to their normal retirement dates. For members hired on or after July 1, 2013, the benefits under OSERS are based on an average of the highest five years of salary earned by employees during their employment with the District, up to their normal retirement dates.

Employees who terminate employment with fewer than five years of creditable service can elect to receive a refund or a rollover of the employee's contributions, plus accrued interest.

For members hired prior to July 1, 2013, retirement benefits are increased by an annual, automatic cost of living adjustment (COLA) of 1.5% or the increase in the consumer price index (CPI), whichever is lower. For members hired on or after July 1, 2013, retirement benefits are increased by an annual, automatic COLA of 1.0% or the increase in the CPI, whichever is lower.

Following ten full years of retirement, a medical cost of living supplement is paid. This supplement equals $10 per month for each year retired and increases by $10 each year to a maximum of $250 per month. For retirees with less than twenty years of service, the benefit is reduced proportionately. For members hired on or after July 1, 2016, no state service annuity or medical COLA is provided.

Retirement eligibility rules for OSERS members are based on the member's date of hire in accordance with Neb. Rev. Stat. §79-978 (Supp. 2018) through 79-9,118 (Supp. 2016) known and cited as the Class V School Employees Retirement Act.

(3) Cash and Investments

A. Legal and Contractual

OSERS investments must be in the custody of the State of Nebraska or deposited with an agent in the State's name. Neb. Rev. Stat. §72-1239.01(3) (Supp. 2019) directs the appointed members of the Nebraska Investment Council to do the following:

> *[A]ct with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by diversifying the investments of the assets of the retirement systems . . . .*

OSERS' investment policy in regard to the allocation of invested assets is established and may be amended by the Nebraska Investment Council. Ultimately, the investment objectives, asset allocation, investment strategy, and responsibilities for the assets of OSERS will be set forth in the Nebraska Investment Council's investment policy statement for defined-benefit plans. However, there will be a period of transition as the Nebraska Investment Council determines the appropriate asset allocation and investment strategy for the OSERS investment portfolio and moves toward that structure.

August 31, 2019 (Thousands of Dollars)

The fundamental objective of the OSERS investment portfolio during the transition period is to be able to pay the promised retirement benefits of the OSERS employees covered by the plan. The asset allocation and implementation strategy for the investment of the assets is long-term. The objective for the rate of return from the investment of the assets is to maximize the investment return on the assets within acceptable levels of risk. The following table sets out the asset allocation policy adopted by the Nebraska Investment Council for the OSERS portfolio:

Asset Class	Policy Target Allocation
U.S. equities	27.0%
Global equities	19.0%
Non-U.S. equities	13.5%
Real estate	7.5%
Private equity	5.0%
Fixed income	30.0%

B. Credit Risk

The Nebraska Investment Council has contracts with investment managers that set minimum average quality ratings for its core fixed income accounts at an A rating. The maximum exposure to any single investment grade issuer, excluding the U.S. government, its agencies or instrumentalities, or government-sponsored entities, is five percent, and the maximum exposure to a single issuer below investment grade is three percent. OSERS' rated debt investments as of August 31, 2019, were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard and Poor's rating scale.

	Asset backed securities	Corporate bonds	Government securities	Mortgages	Municipal bonds	Other
AAA	$ 3,676	435	--	2,909	--	--
AA	377	3,220	2,930	323	289	--
A	319	23,244	1,581	181	16	--
BBB	610	36,196	1,220	--	69	--
BB	181	5,125	143	--	--	--
B	548	1,953	288	97	--	--
CCC	513	314	141	42	--	--
CC	176	--	--	--	--	--
D	30	--	14	32	--	--
NR	4,272	3,971	49,036	68,561	--	1,713
	$ 10,702	74,458	55,353	72,145	374	1,713

C. Interest Rate Risk

The Nebraska Investment Council has contracts with investment managers that limit the portfolio's duration compared to that of the portfolio's benchmark. OSERS portfolio by contractual maturity is as follows:

Maturity (Years)	Asset backed securities	Corporate bonds	Government securities	Mortgages	Municipal bonds	Other
0 to 4	$ 4,637	40,689	17,771	142	21	2,151
5 to 10	1,412	21,052	16,181	1,228	--	(223)
Over 10	4,653	12,717	21,401	70,775	353	(215)
	$ 10,702	74,458	55,353	72,145	374	1,713

August 31, 2019 (Thousands of Dollars)

D. *Foreign Currency Risk*

The Nebraska Investment Council does not have a formal policy to limit foreign currency risk. The exposure to foreign currency is outlined below on a portfolio wide basis, including accrued interest.

	ADR/GDR	Asset backed securities	Cash equivalents	Commingled funds	Corporate bonds
Australian Dollar	$ 217	--	--	--	--
Brazilian Real	1	--	--	--	--
Canadian Dollar	13	--	--	--	--
Danish Krone	5	--	--	--	--
Euro	133	--	--	--	3,174
Hong Kong Dollar	10	--	--	--	--
Indonesian Rupiah	--	--	--	--	--
Japanese Yen	486	--	--	--	--
Mexican Peso	1	--	--	--	--
New Zealand Dollar	1	--	--	--	--
Norwegian Krone	4	--	--	--	--
Pound Sterling	296	--	--	--	274
South Korean Won	--	--	--	--	--
Swedish Krona	--	--	--	--	--
Swiss Franc	--	--	--	--	--
Turkish Lira	1	--	--	--	--
Other	49	--	--	--	--
Total foreign currency	1,217	--	--	--	3,448
US Dollar	5,652	10,702	7,577	597,246	71,010
Total	$ 6,869	10,702	7,577	597,246	74,458

	Equity securities	Government securities	Limited partnerships	Mortgages	Municipal bonds and other
Australian Dollar	$ 575	--	--	--	40
Brazilian Real	360	--	--	--	--
Canadian Dollar	872	--	--	--	244
Danish Krone	705	--	--	--	--
Euro	18,415	1,012	--	--	2
Hong Kong Dollar	1,677	--	--	--	37
Indonesian Rupiah	21	--	--	--	--
Japanese Yen	6,453	--	--	--	(274)
Mexican Peso	456	--	--	--	8
New Zealand Dollar	284	--	--	--	--
Norwegian Krone	5	--	--	--	--
Pound Sterling	6,180	--	--	1,552	(113)
South Korean Won	364	--	--	--	--
Swedish Krona	1,642	--	--	--	--
Swiss Franc	5,376	--	--	--	--
Turkish Lira	118	--	--	--	--
Other	1,100	475	--	--	51
Total foreign currency	44,603	1,487	--	1,552	(5)
US Dollar	71,242	53,866	366,880	70,593	2,092
Total	$ 115,845	55,353	366,880	72,145	2,087

August 31, 2019 (Thousands of Dollars)

E. *Fair Value Measurement*

OSERS categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

OSERS has the following recurring fair value measurements as of August 31, 2019:

		Total	Level 1	Level 2	Level 3
ADR/GDR	$	6,869	6,869	--	--
Asset backed securities		10,702	--	10,513	189
Cash equivalents		7,577	7,577	--	--
Commingled funds		597,246	45,477	551,700	69
Corporate bonds		74,458	--	74,458	--
Equity securities		115,845	115,845	--	--
Government securities		55,353	--	55,353	--
Mortgages		72,145	--	72,145	--
Municipal bonds and other		2,087	2,087	--	--
		942,282	177,855	764,169	258
Investments measured at net asset value (NAV)					
Limited partnerships		366,880			
Total investments measured at NAV		366,880			
Total investments measured at fair value	$	1,309,162			

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) have not been categorized in the fair value hierarchy. The fair value amounts at NAV presented in the above table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the statement of fiduciary net position. Investments valued using the net asset value per share are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. OSERS values these investments based on the partnerships' audited financial statements. If August 31 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than August 31. If August 31 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

August 31, 2019 (Thousands of Dollars)

The following table sets forth disclosures of OSERS' investments whose fair value is estimated using net asset value per share (or its equivalent) as of August 31, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Limited partnerships	$ 366,880	71,128	Daily	3 - 6 months

F. Other Investment Receivables/Other Investment Payables

Other investment receivables consisted of receivables for investments sold, receivables for foreign exchanges, dividends and interest receivable, tax reclaim receivables, unrealized appreciation/ depreciation on such assets and other receivables as recorded by the custodial bank. Other investment payables consisted of payables for investments purchased, payables for foreign currency purchased, unrealized appreciation/depreciation on such payables and other payables as recorded by the custodial bank.

Securities are recorded on a trade date basis. On the trade date, OSERS owns the asset. However, if the security has not settled, payment has not been received or made. Receivables and payables for investments sold and purchased represent securities in which the asset had been recorded as of August 31, 2019, but the security had not settled.

G. Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments, net of investment expense, was -1.75% for the year ended August 31, 2019. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Risks and Uncertainties

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

(4) Net Pension Liability

The components of the net pension liability of OSERS as of August 31, 2019 are as follows:

Total pension liability	$ 2,240,698
Fiduciary net position	1,295,462
Net pension liability	$ 945,236
Ratio of fiduciary net position to total pension liability	57.82%

August 31, 2019 (Thousands of Dollars)

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation as of January 1, 2019, rolled forward to August 31, 2019, using standard actuarial formulae and the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75%
Wage inflation	3.25%
Salary increases, including price inflation	3.75 – 6.25%
Long-term rate of return, net of investment expense, including price inflation	7.50%
Municipal bond index rate:	
Prior measurement date	3.96%
Measurement date	3.16%
Year fiduciary net position is expected to be depleted	N/A
Single equivalent interest rate, net of investment expense, including price inflation:	
Prior measurement date	7.50%
Measurement date	7.50%
Cost-of-living adjustments	1.50% if hired before July 1, 2013
	1.00% if hired on or after July 1, 2013
	Medical COLA of $10 per month for each year retired (max $250/month), if hired before July 1, 2016
Mortality	Pre-retirement mortality rates were based on the RP-2014 Mortality Table, female rates set back 1 year and male rates set forward 1 year, projected on a generational basis using Scale MP-2016.
	Post-retirement mortality rates were based on the same rates as the pre-retirement tables.
	Post-disability mortality rates were based on the RP-2014 Disabled Retiree Mortality Table, without generational improvement.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study, which covered the five-year period ending August 31, 2016. The experience study report is dated April 5, 2017.

Information relating to the discount rate used in the actuarial valuations is as follows:

Discount rate: The discount rate used to measure the total pension liability at August 31, 2019 was 7.50%. There was no change from the prior measurement date.

Projected cash flows: The projection of cash flows used to determine the discount rate assumed that plan contributions from plan members, the District, and the State of Nebraska will be made at the current contribution rates as set out in state statute:

a) Employee contribution rate: 9.78% of compensation.
b) District contribution rate: 101% of the employee contribution rate. In addition, if the statutory contribution rate is less than the actuarial determined contribution, the District will contribute the difference.
c) State contribution rate: 2% of the members' compensation.
d) Administrative expenses in the prior year were projected forward with price inflation as an estimate for administrative expenses in the current and future years. The portion of expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of the existing members to the total covered payroll for all members.

Based on those assumptions, OSERS' fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability.

The fiduciary net position projections are based upon OSERS' financial status on the measurement date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 67. As such, the fiduciary net position projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of OSERS, or OSERS' ability to make benefit payments in future years.

Long-term rate of return: The long-term expected rate of return on plan assets is reviewed as part of regular experience studies, prepared periodically. The most recent analysis was performed and results were included in a report dated April 5, 2017. Generally, several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by OSERS' investment consultant. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the long-term inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Municipal bond rate: A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.16% on the measurement date.

Periods of projected benefit payments: Projected future benefit payments for all current members were projected through 2118.

August 31, 2019 (Thousands of Dollars)

Assumed asset allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by OSERS' investment consultant for the last experience study, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Large cap equity	26.1%	6.3%
Small cap equity	2.9%	6.8%
Global equity	15.0%	7.2%
International developed equity	10.8%	7.2%
Emerging markets	2.7%	7.5%
Core bonds	20.0%	2.9%
High yield investments	3.5%	5.4%
Bank loans	5.0%	4.4%
International bonds	1.5%	2.2%
Real estate	7.5%	5.7%
Private equity	5.0%	8.5%
Total	100%	

*Arithmetic mean, net of investment expenses

Sensitivity analysis: The following presents the net pension liability of OSERS, calculated using the discount rate of 7.5%, as well as OSERS' net pension liability calculated using a discount rate that is 1 percentage-point lower (6.5%) or 1 percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	$ 1,230,269	945,236	708,502

(5) Litigation

OSERS is subject to lawsuits and claims for various amounts brought about in the normal course of business. In the opinion of the management, the ultimate disposition of any claims currently pending will not have a material adverse effect on the fiduciary net position or changes in fiduciary net position of OSERS.

OSERS is the sole limited partner of the Atlantic Global Yield Opportunity Fund, LP ("GYOF") and the Atlantic Global Yield Opportunity Master Fund, LP ("AGYOF"). GYOF and AGYOF are among the plaintiffs in an action, *The Water Works Board of the City of Birmingham, et al v. U.S. Bank National Association*, Case No. 17-4131, pending in the United States District Court for the District of South Dakota (the U.S. Bank Litigation"). OSERS is alleging that approximately $16.2 million bond investment by an unauthorized purchase was deemed worthless as a result of the defendant's actions. The value of the bonds were written off in a previous fiscal year by OSERS management. OSERS and other plaintiffs are attempting to recover compensatory and punitive damages from the defendant. This matter is still in litigation and any conclusion related to this matter is unknown at this time.

Required Supplementary Information
Schedule of Changes in the Net Pension Liability
Last 10 Fiscal Years (Thousands of Dollars)

		2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:							
Service cost at end of year	$	42,354	37,704	37,821	39,451	38,242	36,090
Interest on total pension liability		159,150	152,896	144,648	138,933	133,768	128,868
Difference between expected and actual experience		(17,656)	19,474	26,757	7,104	(501)	--
Changes of assumptions		--	--	141,348	--	--	--
Other*		1,991	1,832	2,088	1,946	2,919	--
Benefit payments, including member refunds		(131,896)	(125,272)	(118,997)	(113,106)	(106,735)	(100,810)
Net change in total pension liability		53,943	86,634	233,665	74,328	67,693	64,148
TOTAL PENSION LIABILITY - beginning of year		2,186,755	2,100,121	1,866,456	1,792,128	1,724,435	1,660,287
TOTAL PENSION LIABILITY - end of year	$	2,240,698	2,186,755	2,100,121	1,866,456	1,792,128	1,724,435
PLAN FIDUCIARY NET POSITION:							
Contributions - employer	$	57,267	55,564	47,981	33,903	33,109	31,913
Contributions - state		9,152	7,111	6,897	6,661	6,453	7,888
Contributions - member		35,614	36,327	34,883	33,764	32,584	31,597
Net investment income		32,447	85,795	73,217	15,375	(51,214)	154,207
Benefit payments, including member refunds		(131,896)	(125,272)	(118,997)	(113,106)	(106,735)	(100,810)
Administrative expense		(1,087)	(867)	(1,384)	(1,290)	(814)	(1,123)
Other*		280	1,844	2,090	2,082	3,002	703
Net change in plan fiduciary net position		1,777	60,502	44,687	(22,611)	(83,615)	124,375
PLAN FIDUCIARY NET POSITION - beginning of year		1,293,685	1,233,183	1,188,496	1,211,107	1,294,722	1,170,347
PLAN FIDUCIARY NET POSITION - end of year	$	1,295,462	1,293,685	1,233,183	1,188,496	1,211,107	1,294,722
NET PENSION LIABILITY	$	945,236	893,070	866,938	677,960	581,021	429,713
Ratio of plan fiduciary net position to total pension liability		57.82%	59.16%	58.72%	63.68%	67.58%	75.08%
Covered payroll	$	364,154	371,440	356,676	345,231	333,166	323,078
Net pension liability as a percentage of covered payroll		259.57%	240.43%	243.06%	196.38%	174.39%	133.01%

See accompanying independent auditor's report

* Effective 2015, other amounts include transfer of assets for state service annuity liabilities transferred to OSERS and purchases of service. For 2019, these amounts were $1,731 and $260, respectively.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OSERS will present information for those years for which information is available.

Notes to the Schedule:

Changes of benefit and funding terms: The following changes to the plan provisions were made by the Nebraska Legislature and reflected in the valuation performed as of September 1 (January 1 starting in 2017) listed below:

2018: The 2017 session of the Nebraska Legislature enacted Legislative Bill 415 (LB 415), which changed the retirement provisions for members hired on or after July 1, 2018 to match the School Employees Retirement System of the State of Nebraska. Retirement eligibility for members hired on or after July 1, 2018 is set at age 60 with 85 points (age plus service) or age 60 with five years of service. Benefits are unreduced at age 60 with 85 points. Early retirement eligibility is age 60 with five years of service. No medical COLA is provided for members hired on or after July 1, 2018.

The 2018 session of the Nebraska Legislature enacted Legislative Bill 1005 (LB 1005), which states that the School District must contribute an amount equal to or greater than the actuarially required contribution rate provided in the most recent valuation report.

2017: The 2016 session of the Nebraska Legislature enacted Legislative Bill 447 (LB 447), which changed the retirement provisions for members hired on or after July 1, 2016 to match the School Employees Retirement System of the State of Nebraska. Retirement eligibility for members hired on or after July 1, 2016 is set at 35 years of services, age 55 with 85 points (age plus service) or age 60 with five years of service. Benefits are unreduced with 35 years of service or at age 55 with 85 points. Early retirement eligibility is age 60 with five years of service. No medical COLA is provided for members hired on or after July 1, 2016.

2013: The 2013 session of the Nebraska legislature enacted Legislative Bill 553 (LB 553), which increased the Member's contribution rate from 9.3% of pay to 9.78% of pay. The School District's contribution rate is equal to 101% of the employee contribution rate so the District's contribution rate increased from 9.393% of pay to 9.878% of pay. The State contribution rate also increased permanently from 1% (plus $973,301) to 2% of payroll, effective July 1, 2014. LB 553 also created a new benefit structure for members hired on or after July 1, 2013 with the same benefit structure as pre-July 1, 2013 hires except annual cost of living adjustments are the lesser of 1% or CPI and final average compensation is defined as 1/60 of the total compensation received during the five fiscal years of highest compensation.

Changes in actuarial assumptions:

1/1/2019 valuation:

- The amortization of the UAAL was changed to reset the legacy UAAL over a 30-year period beginning on January 1, 2019. New pieces of UAAL are also amortized over a 30-year period beginning on the valuation date.

1/1/2017 valuation:

- The investment return assumption was lowered from 8% to 7.5%.
- The inflation assumption was lowered from 3% to 2.75%.
- The assumed interest rate credited on employee contributions was lowered from 3% to 2.75%.
- The general wage increase assumption was lowered from 4% to 3.25%.
- The mortality assumption was changed to the RP-2014 Mortality Table, with a one-year age set forward for males and a one-year age setback from females. Generational mortality improvements are modeled using the MP-2016 scale.
- Retirement rates were modified for both certificated and classified employees.
- The probability of electing a refund at termination was modified for classified employees.
- Termination rates for certificated employees were changed to be the same regardless of gender, and are purely service-based for both certificated and classified employees.

- The salary increase assumption was changed to a service-based assumption for both certificated and classified employees.
- The amortization of the UAAL was changed to a "layered" approach with new pieces of UAAL amortized over a 25-year period beginning on the valuation date. The legacy UAAL continues to be amortized on its current schedule.
- The valuation date changed from September 1 to January 1.

9/1/2013 valuation:

- The one-year age set forward in mortality rates for active male employees was eliminated.
- Classified members' retirement rates were adjusted.
- Vested certificated members' assumption to elect a refund of contributions was adjusted at certain ages.
- The assumed interest rate credited on member contribution accounts was lowered from 7% to 3%.

Required Supplementary Information
Schedule of Employer Contributions
Last 10 Fiscal Years (Thousands of Dollars)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 61,631	62,637	57,674	37,665	34,614	34,225	35,032	32,958	34,181	30,900
Employer statutory	35,967	36,664	35,231	33,903	33,109	31,913	29,581	28,861	26,336	25,331
Employer additional	21,300	18,900	12,750	--	--	--	--	4,330	--	--
Non-employer (state)*	7,420	7,111	6,897	6,661	6,453	6,285	4,042	3,918	3,919	3,851
Total actual contributions	64,687	62,675	54,878	40,564	39,562	38,198	33,623	37,109	30,255	29,182
Annual contribution deficiency (excess)	$ (3,056)	(38)	2,796	(2,899)	(4,948)	(3,973)	1,409	(4,151)	3,926	1,718
Covered payroll	$ 364,154	371,440	356,676	345,231	333,166	323,078	313,946	307,258	310,229	302,229
Actual contributions as a percentage of covered payroll	17.76%	16.87%	15.39%	11.75%	11.87%	11.82%	10.71%	12.08%	9.75%	9.66%

See accompanying independent auditor's report

Note: This schedule relates to both the employer (District) and non-employer contributing entities (State of Nebraska).

* Excludes transfer of monies from the Nebraska Public Employees Retirement System to fund the liabilities transferred to the system for the service annuity for retirees in the last fiscal year.

Last 10 Fiscal Years (Thousands of Dollars)

Notes to the Schedule:

OSERS is funded by statutory contribution rates for members, the District and the State of Nebraska. If the statutory contribution rate is less than the actuarially determined contribution, the District will contribute the difference. The actuarially determined contributions in the schedule of employer contributions are calculated as of the valuation date that falls within the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the actuarially determined contribution reported for the most recent measurement date, August 31, 2019 (based on the January 1, 2019 actuarial valuation).

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Layered bases with all remaining periods currently at 30 years.
Asset valuation method	Market related smoothed value
Price inflation	2.75%
Salary increases, including price inflation	3.75 – 6.25%
Long-term rate of return, net of investment expense, including price inflation	7.50%
Cost-of-living adjustments	1.50% if hired before July 1, 2013
	1.00% if hired on or after July 1, 2013
	Medical COLA of $10 per month for each year retired (max $250/month) if hired before July 1, 2016

Changes of benefit terms: The following changes to the Plan provisions were made by the Nebraska Legislature and reflected in the valuation performed as of September 1 (January 1 starting in 2017) listed below:

2018: The 2017 session of the Nebraska Legislature enacted Legislative Bill 415 (LB 415), which changed the retirement provisions for members hired on or after July 1, 2018 to match the School Employees Retirement System of the State of Nebraska. Retirement eligibility for members hired on or after July 1, 2018 is set at age 60 with 85 points (age plus service) or age 60 with five years of service. Benefits are unreduced at age 60 with 85 points. Early retirement eligibility is age 60 with five years of service. No medical COLA is provided for members hired on or after July 1, 2018.

The 2018 session of the Nebraska Legislature enacted Legislative Bill 1005 (LB 1005), which states that the School District must contribute an amount equal to or greater than the actuarially required contribution rate provided in the most recent valuation report.

2017: The 2016 session of the Nebraska Legislature enacted Legislative Bill 447 (LB 447), which changed the retirement provisions for members hired on or after July 1, 2016 to match the School Employees Retirement System of the State of Nebraska. Retirement eligibility for members hired on or after July 1, 2016 is set at 35 years of services, age 55 with 85 points (age plus service) or age 60 with five years of service. Benefits are unreduced with 35 years of service or at age 55 with 85 points. Early retirement eligibility is age 60 with five years of service. No medical COLA is provided for members hired on or after July 1, 2016.

2013: The 2013 session of the Nebraska legislature enacted Legislative Bill 553 (LB 553), which increased the Member's contribution rate from 9.3% of pay to 9.78% of pay. The District's contribution rate is equal to 101% of the employee contribution rate so the District's contribution rate increased from 9.393% of pay to 9.878% of pay. The State contribution rate also increased permanently from 1% (plus $973,301) to 2% of payroll, effective July 1, 2014. LB 553 also created a new benefit structure for members hired on or after July 1, 2013 with the same benefit structure as pre-July 1, 2013 hires except annual cost of living adjustments are the lesser of 1% or CPI and final average compensation is defined as 1/60 of the total compensation received during the five fiscal years of highest compensation.

2011: The member contribution rate was increased by the 2011 Legislature form 8.3% to 9.3%, effective September 1, 2011. Since the employer contributes 101% of the member contribution rate, the 1% increase in the member contribution rate resulted in an increase of 1.01% in the District's contribution rate.

Changes in actuarial assumptions:

1/1/2019 valuation:

- The amortization of the UAAL was changed to reset the legacy UAAL over a 30-year period beginning on January 1, 2019. New pieces of UAAL are also amortized over a 30-year period beginning on the valuation date.

1/1/2017 valuation:

- The investment return assumption was lowered from 8% to 7.5%.
- The inflation assumption was lowered from 3% to 2.75%.
- The assumed interest rate credited on employee contributions was lowered from 3% to 2.75%.
- The general wage increase assumption was lowered from 4% to 3.25%.
- The mortality assumption was changed to the RP-2014 Mortality Table, with a one-year age set forward for males and a one-year age setback from females. Generational mortality improvements are modeled using the MP-2016 scale.
- Retirement rates were modified for both certificated and classified employees.
- The probability of electing a refund at termination was modified for classified employees.
- Termination rates for certificated employees were changed to be the same regardless of gender, and are purely service-based for both certificated and classified employees.
- The salary increase assumption was changed to a service-based assumption for both certificated and classified employees.
- The amortization of the UAAL was changed to a "layered" approach with new pieces of UAAL amortized over a 25-year period beginning on the valuation date. The legacy UAAL continues to be amortized on its current schedule.
- The valuation date changed from September 1 to January 1.

9/1/2013 valuation:

- The one-year age set forward in mortality rates for active male employees was eliminated.
- Classified members' retirement rates were adjusted.
- Vested certificated members' assumption to elect a refund of contributions was adjusted at certain ages.
- The assumed interest rate credited on member contribution accounts was lowered from 7% to 3%.

9/1/2010 valuation:

- The inflation assumption was changed from 3.5% to 3%.
- The real rate of return increased from 4.5% to 5%.
- The productivity portion of the general wage increase assumption increased from 0.5% to 1%.

Required Supplementary Information
Schedule of Money-Weighted Rate of Return
Last 10 Fiscal Years

	Money-Weighted Rate of Return
2019	(1.75%)
2018	8.95%
2017	4.16%
2016	0.89%
2015	(4.01%)
2014	13.31%

See accompanying independent auditor's report

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OSERS will present information for those years for which information is available.

SEIM JOHNSON

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
Omaha School Employees' Retirement System:

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 Omaha School Employees' Retirement System (OSERS) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise OSERS' basic financial statements, and have issued our report thereon dated November 18, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Seim Johnson, LLP

Omaha, Nebraska,
November 18, 2019.

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