

**Douglas County School District #0001**  
Omaha, Nebraska

**Financial Statements and  
Supplementary Information  
August 31, 2021**

**Together with Independent Auditor's Report**

# Douglas County School District #0001

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## Independent Auditor's Report

To the Board of Education  
Douglas County School District #0001:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Douglas County School District #0001 (the District), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Omaha Public Schools Foundation, a blended component unit, which is a major fund and represents 51.05%, 72.70%, and 24.42%, respectively, of the assets, net position, and revenues of the business-type activities of the District. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Omaha Public Schools Foundation, is based solely on the reports of the other auditors. 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 from 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 the 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 opinions.

### Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As discussed in Note 14 to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, the budgetary comparison schedule – general and grant funds (with legally adopted budgets) on pages 60 through 62, the schedule of changes in the net pension liability on page 63, the schedule of employer contributions on page 64, the related notes to the required supplementary information on pages 65 through 66, and the schedule of changes in total OPEB liability related ratios and notes on page 67 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison schedules on pages 68 through 79 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* on pages 80 through 81 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Seim Johnson, LLP*

Omaha, Nebraska,  
November 16, 2021.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Douglas County School District 0001 (Omaha Public Schools)

**OVERVIEW**

Management's Discussion and Analysis (MD&A) is information required to be presented by the Governmental Accounting Standards Board (GASB). This section will provide an introduction to the basic financial statements and an analytical overview of Douglas County School District 0001's (the District's) activities with primary emphasis on the District as a whole. The basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. It also provides additional information that supplements the financial statements and the notes to the financial statements. Our discussion and analysis of financial performance of the District is for the fiscal year ended August 31, 2021, and it is presented on the accrual basis, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recognized when they result in a liability for benefits received, even if they occur in an accounting period other than the current fiscal year.

**GOVERNANCE ORGANIZATION AND RESPONSIBILITIES**

The District is governed by the Board of Education (the Board). The nine members of the Board represent nine sub-districts and are elected to four-year terms by the citizens of the District. The terms of the members of the Board overlap with elections occurring every two years. The Board is a policy-making body, deriving its authority from the State of Nebraska through the laws of the State. One of the statutory duties of the Board, as a governing body, is to prepare and approve an annual budget in accordance with the Nebraska Budget Act.

**BASIC FINANCIAL STATEMENTS**

- **Government-Wide Financial Statements** – The government-wide financial statements present a broad overview of information on the primary government's activities, the District, and its component units. The component units include Educational Service Unit No. 19, Friends of KIOS, Educare of Omaha, Inc. and Affiliate, Omaha Education Services Agency, and the Omaha Public Schools Foundation. As defined in GASB Statement No. 14, as amended, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relationships with the District. These statements show both the governmental and business-type activities of the District. Any specific requests for information about the financial operations of the District's component units should be directed to those entities. The government-wide financial statements distinguish between functions of the District that are principally supported by taxes and intergovernmental revenues, governmental activities, and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

The statement of net position and the statement of activities comprise the government-wide statements and they divide the District's activities into two main categories:

**Governmental Activities:** Most of the District's basic services are included here, such as instruction, student support, transportation, etc. Taxes, state aid, federal grants, county fines and licenses, and other local revenues principally support these functions.

## Douglas County School District #0001

### Management's Discussion and Analysis (Thousands of Dollars)

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**Business-Type Activities:** The District charges fees to customers to cover the costs of certain services it provides. The Nutrition Services Fund and the Cooperative Fund for inter local agreements are among the activities included here.

The statement of net position presents information on all the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the remaining difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether or not the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation.

- **Fund Financial Statements** – Fund financial statements present the individual funds of the District in more detail than the government-wide financial statements. There are separate financial statements for the governmental funds, proprietary funds, and fiduciary funds.

The governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual method measures cash and all other financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the District's operations and the services it provides. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The reader of these financial statements should refer to the reconciliations on the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance to facilitate the comparison between governmental funds and governmental activities.

All the District's services are reported in the fund financial statements. Fund reporting focuses on showing how money flows in to and out of funds and the balances left at the end of the fiscal year, which are available for spending. They are reported using modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

**Governmental Funds:** Governmental funds report information about the major funds individually and the non-major funds in aggregate. These statements focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and the balances remaining at year-end, which are available for spending. Therefore, the governmental funds provide a short-term view that helps the reader determine whether there are more or fewer resources that can be spent in the near future to finance the District's programs.

**Proprietary Funds:** Proprietary funds report resources that are not available to support the government's programs. These are generally supported by user fees. The District maintains several enterprise funds which are used to report the functions presented as business-type activities in the government-wide financial statements.

**Fiduciary Funds:** Fiduciary funds account for assets held in a trustee or fiduciary capacity. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. These activities are reported in a separate statement of fiduciary net position. The District excludes these activities from its government-wide financial statements because the District cannot use these assets to finance its operations.

# Douglas County School District #0001

## Management's Discussion and Analysis (Thousands of Dollars)

- **Notes to the Financial Statements** – The notes to the financial statements are an integral part of these financial statements and provide a more detailed presentation of various activities of the District, such as bonded indebtedness, leases, future obligations, commitments, and contingencies of the District. The reader of the financial statements should make particular note of the information included in the notes.
- **Required Supplementary Information (other than the management's discussion & analysis)** – The budget to actual comparisons presented in this section provide a comparison of the District's actual and revised budgets compared to the actual expenditures and revenues for the year being audited. It also presents the variance between budget and actual. This report is required supplementary information.
- **Other Supplementary Information** – This section includes budgetary comparison information and the schedule of expenditures of federal Awards (SEFA) which presents the total expenditures for each federal award program in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Some amounts presented in the SEFA may differ from amounts presented or used in the preparation of the basic financial statements.

### CONDENSED FINANCIAL STATEMENTS

The District's combined total assets increased by \$146,849, 10.52%. Capital assets are the largest portion of the District's total assets, 59.10%. This is the result of the ongoing construction of five new schools and remodeling of several existing schools funded by the sale of bonds authorized in 2015 and 2018. The District uses these assets to provide services to its students and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. The following table reflects the condensed summary of net position and the changes from fiscal year 2020 to 2021:

	<b>SUMMARY OF NET POSITION (in thousands)</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
Current and other assets	\$ 591,242	577,952	31,732	52,768	622,974	630,720
Capital assets, net	<u>772,263</u>	<u>891,582</u>	<u>96</u>	<u>19,880</u>	<u>772,359</u>	<u>911,462</u>
Total assets	<u>1,363,505</u>	<u>1,469,534</u>	<u>31,828</u>	<u>72,648</u>	<u>1,395,333</u>	<u>1,542,182</u>
Deferred outflows of resources	<u>239,862</u>	<u>165,766</u>	<u>260</u>	<u>128</u>	<u>240,122</u>	<u>165,894</u>
Current and other liabilities	127,197	113,253	1,292	1,493	128,489	114,746
Long-term liabilities	<u>1,658,166</u>	<u>1,779,443</u>	<u>933</u>	<u>21,118</u>	<u>1,659,099</u>	<u>1,800,561</u>
Total liabilities	<u>1,785,363</u>	<u>1,892,696</u>	<u>2,225</u>	<u>22,611</u>	<u>1,787,588</u>	<u>1,915,307</u>
Deferred inflows of resources	<u>31,246</u>	<u>25,806</u>	<u>456</u>	<u>425</u>	<u>31,702</u>	<u>26,231</u>
Net position:						
Net investment in capital assets	137,241	127,630	96	567	137,337	128,197
Restricted net position	204,635	209,137	18,190	29,833	222,825	238,970
Unrestricted net position	<u>(555,118)</u>	<u>(619,969)</u>	<u>11,121</u>	<u>19,340</u>	<u>(543,997)</u>	<u>(600,629)</u>
Total net position	<u>\$ (213,242)</u>	<u>(283,202)</u>	<u>29,407</u>	<u>49,740</u>	<u>(183,835)</u>	<u>(233,462)</u>

Approximately \$238,970 of the District's net position represents resources that are subject to external restrictions. Approximately \$128,197 of the District's net position represents investment in capital assets, net of related debt. The remaining balance of unrestricted net position, (\$600,629), is a result of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires the recognition of the net pension liability for the District's retirement plan, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which requires recognition of the net postemployment benefit other than pension (OPEB) liability for medical insurance benefits offered to certain retired employees of the District.

# Douglas County School District #0001

## Management's Discussion and Analysis (Thousands of Dollars)

Business-type activities capital assets increased approximately \$19,784 due to the addition of facility license agreements by the Educare of Omaha, Inc. and Affiliate component unit.

At August 31, 2021, the District reported an overall negative net position of \$233,462 because of recognition of the net pension liability, net OPEB liability, and the changes in deferred outflows and inflows related to these liabilities. The District's overall net pension liability decreased \$14,766, 1.74%, to \$833,386 and the overall net OPEB liability increased \$4,420, 18.37%, to \$28,475.

The District's combined net position, including both the governmental activities and business-type activities, decreased by \$49,627, 27.00% from a year ago. The following table reflects the condensed statement of activities.

	STATEMENT OF ACTIVITIES (in thousands)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2021	2020	2021	2020	2021
<b>Revenue:</b>						
General revenue						
Taxes	\$ 313,744	317,744	--	--	313,744	317,744
Investment income	2,429	490	6,632	5,812	9,061	6,302
State funding	345,131	339,360	19	12	345,150	339,372
Federal funding	3,074	2,023	209	--	3,283	2,023
Other	10,457	8,985	38,144	22,922	48,601	31,907
Total general revenue	<u>674,835</u>	<u>668,602</u>	<u>45,004</u>	<u>28,746</u>	<u>719,839</u>	<u>697,348</u>
<b>Program Expenses, Net:</b>						
<b>Functions/Programs</b>						
Governmental activities						
Instruction and student support	(447,380)	(391,991)	--	--	(447,380)	(391,991)
General administration and board of education	(13,512)	(19,397)	--	--	(13,512)	(19,397)
School administration and staff support	(74,258)	(74,294)	--	--	(74,258)	(74,294)
Business support services	(49,187)	(55,300)	--	--	(49,187)	(55,300)
Building and grounds	(58,401)	(62,605)	--	--	(58,401)	(62,605)
Building, construction, renovation	(44,483)	(51,959)	--	--	(44,483)	(51,959)
Student transportation	(24,854)	(27,674)	--	--	(24,854)	(27,674)
Community use of facilities and regular preschool education	(12,183)	(14,892)	--	--	(12,183)	(14,892)
Summer school	138	(13,476)	--	--	138	(13,476)
Adult basic education	(411)	(267)	--	--	(411)	(267)
Debt service	(23,679)	(26,402)	--	--	(23,679)	(26,402)
Property tax recapture	(774)	(1,002)	--	--	(774)	(1,002)
Total governmental activities	<u>(748,984)</u>	<u>(739,259)</u>	<u>--</u>	<u>--</u>	<u>(748,984)</u>	<u>(739,259)</u>
Business-type activities						
Foundation	--	--	(19,374)	(3,219)	(19,374)	(3,219)
Other	--	--	(14,942)	(10,271)	(14,942)	(10,271)
Total business-type activities	<u>--</u>	<u>--</u>	<u>(34,316)</u>	<u>(13,490)</u>	<u>(34,316)</u>	<u>(13,490)</u>
Total primary government	<u>(748,984)</u>	<u>(739,259)</u>	<u>(34,316)</u>	<u>(13,490)</u>	<u>(783,300)</u>	<u>(752,749)</u>
Net transfers	13,140	--	(34,816)	--	(21,676)	--
<b>Change in net position</b>	<u>(61,009)</u>	<u>(70,657)</u>	<u>(24,128)</u>	<u>15,256</u>	<u>(85,137)</u>	<u>(55,401)</u>
<b>Net position, beginning of year</b>	(152,233)	(213,242)	53,868	29,407	(98,365)	(183,835)
<b>Prior period adjustment</b>	--	697	(333)	5,077	(333)	5,774
<b>Net position, beginning of year, as restated</b>	<u>(152,233)</u>	<u>(212,545)</u>	<u>53,535</u>	<u>34,484</u>	<u>(98,698)</u>	<u>(178,061)</u>
<b>Net position, end of year</b>	<u>\$ (213,242)</u>	<u>(283,202)</u>	<u>29,407</u>	<u>49,740</u>	<u>(183,835)</u>	<u>(233,462)</u>

# Douglas County School District #0001

## Management's Discussion and Analysis (Thousands of Dollars)

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Total general revenue decreased by \$22,491, 3.12%. This decrease was primarily due a \$5,778 decrease in state aid funding and due to Foundation having 20 months activity in prior year due to change in fiscal year end.

Total governmental program expenses, net decreased \$9,725, 1.30%, with instructional and student support cost decreasing \$55,389, 12.38%, summer school increasing \$13,614, and building, construction, and renovation increasing \$7,476, 16.81%. The reduction in instructional and student support costs was the primarily the result of decreased curriculum and technology purchases. The increase in summer school was due to increased attendance and the addition of a second session in July. The increase in building, construction, and renovation was due to continued construction activities on five new school buildings.

### ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year, except where prohibited by State statutes.

For the fiscal year ended August 31, 2021, the governmental funds had a total fund balance of \$387,430, a decrease of \$18,582, 4.58%, from the prior year. This was the result of the General Fund balance decreasing \$21,723, 10.99%. This decrease was due to investments in career education programming, the District's technology infrastructure for remote learning, and procurement of furniture, fixtures, and equipment not covered by bond proceeds for the five new schools under construction.

The District's proprietary fund statements have two main sections. These sections are the enterprise funds and internal service funds.

The District's enterprise funds provide the same category of information found in the Business-Type Activities in Government-wide financial statements, but in more detail. The net position of the enterprise funds totaled \$49,740 on August 31, 2021, an increase of \$15,256, or 44.24%.

The District's internal service funds are used to account for goods and services provided by an activity to other departments, funds, or component units of the District. The consumption of these services and goods is primarily done by the District. The net position of the internal service funds was \$87,805, an increase of \$26,914, 44.20%. This increase was due to a \$29,800 distribution from the General Fund to the Depreciation Fund for future investments in capital assets.

### ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

The General Fund is the District's main operating fund. The General Fund's fund balance on August 31, 2021 was \$176,028, a decrease of \$23,530, 11.79%. The following tables and graphs represent significant revenue and expenditure trends for the General Fund.

# Douglas County School District #0001

## Management's Discussion and Analysis (Thousands of Dollars)

General Fund Revenues (thousands of dollars)					
	2020	2021	2021	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			of Total		(Decrease)
Taxes	\$ 264,370	264,079	42.36%	(291)	-0.11%
Tuition	32	--	0.00%	(32)	100.00%
Fees	37	--	0.00%	(37)	-100.00%
Investment income	1,309	28	0.00%	(1,281)	-97.86%
State funding	353,841	345,118	55.37%	(8,723)	-2.47%
Federal funding	514	517	0.08%	3	0.58%
Fines and licenses	2,519	2,325	0.37%	(194)	-7.70%
Other revenue	7,580	11,340	1.82%	3,760	49.60%
Total revenue	\$ <u>630,202</u>	<u>623,407</u>	<u>100.00%</u>	<u>(6,795)</u>	-1.08%

General Fund Expenditures (thousands of dollars)					
	2020	2021	2021	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			of Total		(Decrease)
Basic instruction	\$ 299,145	275,015	42.63%	(24,130)	-8.07%
Special education	67,714	68,883	10.68%	1,169	1.73%
Student services	35,292	42,647	6.61%	7,355	20.84%
Staff support services	16,750	17,993	2.79%	1,243	7.42%
General administration and board of education	11,881	10,465	1.62%	(1,416)	-11.92%
School administration	35,036	36,677	5.69%	1,641	4.68%
Business support services	31,666	72,131	11.18%	40,465	127.79%
Building and grounds	51,257	60,642	9.40%	9,385	18.31%
Student transportation	29,285	34,565	5.36%	5,280	18.03%
Community use of facilities and regular preschool education	4,946	11,960	1.85%	7,014	141.81%
Early childhood special education	715	619	0.10%	(96)	-13.43%
Summer school	(50)	12,422	1.93%	12,472	-24944.00%
Adult basic education	159	157	0.02%	(2)	-1.26%
Debt service	600	954	0.14%	354	59.00%
Total expenditures	\$ <u>584,396</u>	<u>645,130</u>	<u>100.00%</u>	<u>60,734</u>	10.39%

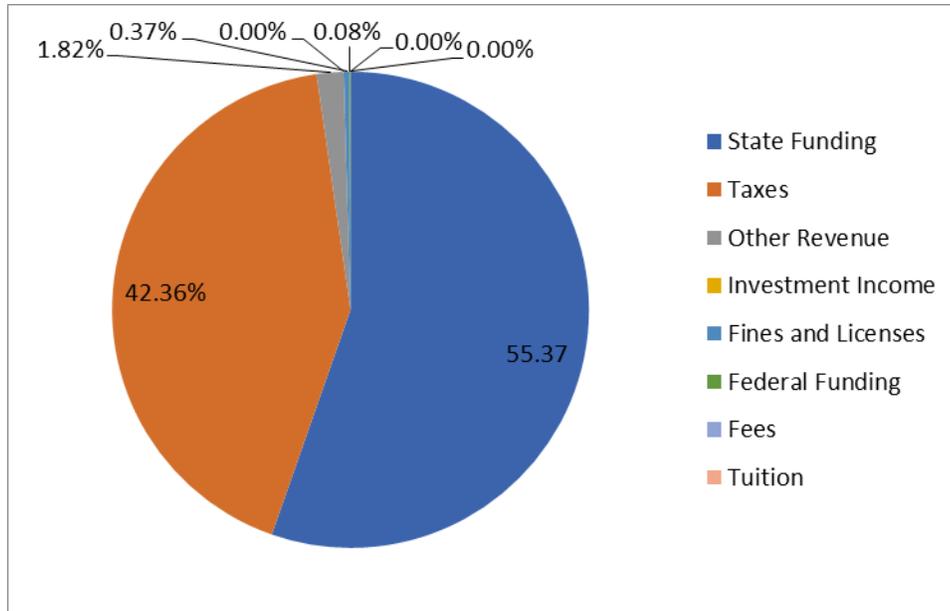
General Fund receipts decreased \$6,795, 1.08%, due to a \$8,723, 2.47%, decrease in state funding, primarily due to a \$5,771 decrease in state aid funding.

Investment income decreased by \$1,281, 97.86%, as a result of lower interest rates during the fiscal year.

# Douglas County School District #0001

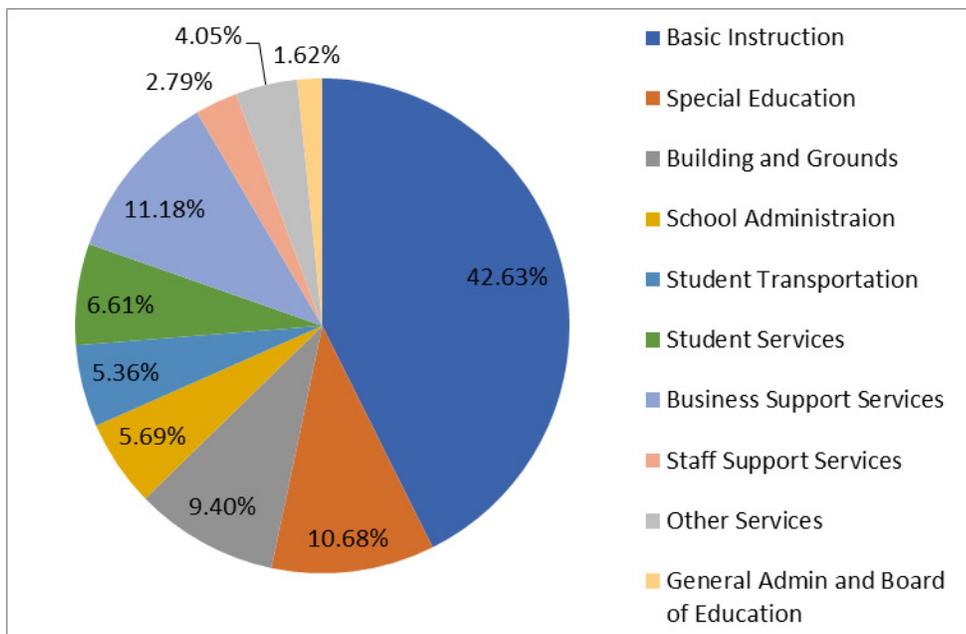
## Management's Discussion and Analysis (Thousands of Dollars)

The following graph provides a breakdown of the General Fund revenues:



General Fund expenditures increased \$60,734, 10.39%, primarily due to investments in student technology and internet access, expanded summer school opportunities for learning loss remediation, facilities upgrades, and disbursements to internal service funds, including the Depreciation Fund for the future acquisition of capital assets.

The following graph provides a breakdown of General Fund expenditures:



## Douglas County School District #0001

### Management's Discussion and Analysis (Thousands of Dollars)

#### BUDGETARY ANALYSIS

Annual budgets are prepared in accordance with State statutes on the cash basis of accounting, which is a regulatory basis of accounting, and is not consistent with generally accepted accounting principles in the United States. The budget is prepared by fund, department/building, and account. The only transfers allowed in the General Fund are those between departmental budgets. Any number of transfers can occur throughout each fiscal year only if the original budgeted amount does not change. In 2020-2021, there was a \$40,000 budget amendment in the Special Building Fund to allow for accelerated activity on the construction of five new schools.

#### General Fund Budgetary Analysis (in thousands) For the Year Ended August 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenue:			
Local	\$ 297,381	297,381	255,079
County and ESU receipts	1,500	1,500	1,484
State receipts	326,339	326,339	345,120
Federal receipts	780	780	2,222
Other local	<u>3,300</u>	<u>3,300</u>	<u>8,940</u>
Total	629,300	629,300	612,845
Expenditures and transfers	<u>665,999</u>	<u>665,999</u>	<u>661,707</u>
Changes in fund balance	\$ <u><u>(36,699)</u></u>	<u><u>(36,699)</u></u>	<u><u>(48,862)</u></u>

#### CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

At August 31, 2021, the District had \$911,462 invested in capital assets net of depreciation, an increase of \$139,103, 18.01%. Capital assets include land, construction in progress, buildings and improvements, textbooks, equipment, and vehicles. The largest change is a direct result of the ongoing construction projects funded by the 2014 and 2018 Bond authorizations.

	<u>2020</u>	<u>2021</u>	<u>Difference</u>	<u>% Change</u>
Land	\$ 57,568	61,791	4,223	7.34%
Construction in progress	81,033	254,811	173,778	214.45%
Buildings and improvements	1,179,049	1,198,913	19,864	1.68%
Furniture, equipment, textbooks and art	149,252	149,326	74	0.05%
Computers and software	96,920	118,579	21,659	22.35%
Vehicles	<u>21,820</u>	<u>22,739</u>	<u>919</u>	<u>4.21%</u>
	1,585,642	1,806,159	220,517	13.91%
Less: accumulated depreciation	<u>(813,283)</u>	<u>(894,697)</u>	<u>(81,414)</u>	<u>10.01%</u>
Total capital assets, net of depreciation	\$ <u><u>772,359</u></u>	<u><u>911,462</u></u>	<u><u>139,103</u></u>	<u><u>18.01%</u></u>

## Douglas County School District #0001

### Management's Discussion and Analysis (Thousands of Dollars)

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Long-term debt obligations of the District at August 31, 2021 are as follows:

General Obligation Bonds	\$	800,985
Build America Bonds		15,810
Qualified School Construction Bonds		36,295
Capital Lease Obligations		1,340
Unamortized Premium		
Series 2012 Refunding Bonds		3,208
Series 2015 General Obligation Bonds		9,583
Series 2016 General Obligation Bonds		11,444
Series 2017 General Obligation Bonds		6,844
Series 2018 General Obligation Bonds		1,221
Series 2020 General Obligation Bonds		10,221
Series 2020 Refunding Bonds		3,815
Series 2021 General Obligation Bonds		15,254
Unamortized Deferred Amount on Refunding		
Series 2012 Refunding		(1,792)
Series 2020 Refunding		<u>(1,111)</u>
Total Long Term Debt Obligations	\$	<u>913,117</u>

The District issued \$140,000 in General Obligation Bonds primarily for the construction of two new high schools, one new middle school, and two new elementary schools.

#### **CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

All school districts in the state operate under a \$1.05 per one hundred dollars of taxable value property tax levy limit. The districts also receive state aid based upon the Tax Equalization and Educational Opportunity Support Act (TEEOSA).

Property tax relief and school funding reform continue to be significant topics in the Nebraska Legislature. LB 1107 was passed in August 2020 and creates a refundable income tax credit based on the amount of school district property taxes paid during the prior year. LB 1107 does not directly impact the calculation of state aid, but the significant appropriation of State General Funds to the income tax credit could have an indirect impact on the amount of future appropriations for state aid. The District will continue to monitor legislative initiatives in these areas and engage with Legislators and other stakeholders to advocate for access to adequate financial resources for the District.

In May 2018, the voters of the Omaha Public School District approved \$409,900 of General Obligation Bonds to pay the costs of land acquisition, building and equipping two high schools, one middle school, and two elementary schools. It also includes capital improvements, additions, renovations, safety improvements, air quality, energy improvements and upgrades for existing school buildings, and other capital projects. The District expects to issue a fourth series of General Obligation Bonds from the May 2018 bond authorization of up to \$64,900 in the spring of 2022.

## Douglas County School District #0001

### Management's Discussion and Analysis (Thousands of Dollars)

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#### REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the Omaha Public School District's accountability for the money it receives. Additional details, questions or comments can be requested from the following individuals.

Respectfully submitted by:

Shane T. Rhian  
Controller  
Accounting & Finance  
Department of General Finance  
Omaha Public School District  
3215 Cuming Street  
Omaha, NE 68131-2024  
Voice: 531-299-9430  
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Email: [Shane.Rhian@ops.org](mailto:Shane.Rhian@ops.org)

Please visit the District's website at <http://www.ops.org> for additional financial and other information.

Omaha Public Schools does not discriminate on the basis of race, color, national origin, religion, sex, marital status, sexual orientation, disability, age, genetic information, citizenship status, or economic status in its programs, activities and employment and provides equal access to the Boy Scouts and other designated youth groups. The following individual has been designated to address inquiries regarding the non-discrimination policies: Superintendent of Schools, 3215 Cuming Street, Omaha, NE 68131 (531-299-9822).

# Douglas County School District #0001

## Statement of Net Position August 31, 2021 (Thousands of Dollars)

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 443,693	10,628	454,321
Investments	21,485	35,624	57,109
Property taxes receivable, net	49,731	--	49,731
Internal balances	2	(2)	--
Accounts and other receivables, net	44,240	6,292	50,532
Promise to give donations in the future	--	125	125
Inventories and prepaid expenses	18,801	101	18,902
Capital assets, net	891,582	19,880	911,462
Total assets	<u>1,469,534</u>	<u>72,648</u>	<u>1,542,182</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	2,903	--	2,903
Pension related deferred outflows	158,431	128	158,559
OPEB related deferred outflows	4,432	--	4,432
Total deferred outflows of resources	<u>165,766</u>	<u>128</u>	<u>165,894</u>
Total assets and deferred outflows of resources	<u>\$ 1,635,300</u>	<u>72,776</u>	<u>1,708,076</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 22,486	279	22,765
Accrued payroll liabilities	69,745	263	70,008
Contract retention	13,720	--	13,720
Accrued interest	7,302	--	7,302
Other liabilities	--	951	951
Long-term liabilities			
Due within one year	17,271	859	18,130
Due in more than one year	1,762,172	20,259	1,782,431
Total liabilities	<u>1,892,696</u>	<u>22,611</u>	<u>1,915,307</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	10,812	--	10,812
Pension related deferred inflows	14,994	425	15,419
Total deferred inflows of resources	<u>25,806</u>	<u>425</u>	<u>26,231</u>
Total liabilities and deferred inflows of resources	<u>1,918,502</u>	<u>23,036</u>	<u>1,941,538</u>
<b>NET POSITION</b>			
Net investment in capital assets	127,630	567	128,197
Restricted for			
Debt service	45,048	--	45,048
Capital projects	133,157	--	133,157
Scholarships	--	19,163	19,163
Other purposes	30,932	10,670	41,602
Unrestricted	<u>(619,969)</u>	<u>19,340</u>	<u>(600,629)</u>
Total net position	<u>(283,202)</u>	<u>49,740</u>	<u>(233,462)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,635,300</u>	<u>72,776</u>	<u>1,708,076</u>

See notes to basic financial statements

# Douglas County School District #0001

## Statement of Activities For the Year Ended August 31, 2021 (Thousands of Dollars)

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business- Type Activities	
<b>Government activities</b>						
Basic instruction	\$ 331,833	--	29,855	(301,978)	--	(301,978)
Special education	82,860	--	48,916	(33,944)	--	(33,944)
Student services	79,284	1,122	25,730	(52,432)	--	(52,432)
Staff support services	34,702	662	2,052	(31,988)	--	(31,988)
General administration and board of education	21,318	--	1,921	(19,397)	--	(19,397)
School administration	42,306	--	--	(42,306)	--	(42,306)
Business support services	57,971	4	2,667	(55,300)	--	(55,300)
Building and grounds	62,605	--	--	(62,605)	--	(62,605)
Building, construction, renovation	57,652	--	5,693	(51,959)	--	(51,959)
Student transportation	34,439	6,765	--	(27,674)	--	(27,674)
Community use of facilities and regular preschool education	27,457	19	12,546	(14,892)	--	(14,892)
Early childhood special education	14,261	--	10,624	(3,637)	--	(3,637)
Summer school	13,476	--	--	(13,476)	--	(13,476)
Adult education	727	--	460	(267)	--	(267)
Debt service interest	26,402	--	--	(26,402)	--	(26,402)
Property tax recapture	1,002	--	--	(1,002)	--	(1,002)
<b>Total governmental activities</b>	<b>888,295</b>	<b>8,572</b>	<b>140,464</b>	<b>(739,259)</b>	<b>--</b>	<b>(739,259)</b>
<b>Business-type activities</b>						
Foundation	4,519	1,301	--	--	(3,218)	(3,218)
Other	31,154	17,584	3,299	--	(10,271)	(10,271)
<b>Total business-type activities</b>	<b>35,673</b>	<b>18,885</b>	<b>3,299</b>	<b>--</b>	<b>(13,489)</b>	<b>(13,489)</b>
<b>Total primary government</b>	<b>\$ 923,968</b>	<b>27,457</b>	<b>143,763</b>	<b>(739,259)</b>	<b>(13,489)</b>	<b>(752,748)</b>
<b>General revenues</b>						
Taxes				\$ 317,744	--	317,744
Interest on investments				490	5,812	6,302
State funding				339,360	12	339,372
Federal funding				2,023	--	2,023
Fines and licenses				2,325	--	2,325
Other revenue				6,660	22,921	29,581
<b>Total general revenues</b>				<b>668,602</b>	<b>28,745</b>	<b>697,347</b>
<b>Change in net position</b>				<b>(70,657)</b>	<b>15,256</b>	<b>(55,401)</b>
<b>Net position, beginning of year</b>				<b>(213,242)</b>	<b>29,407</b>	<b>(183,835)</b>
Prior period adjustment				697	5,077	5,774
<b>Net position, beginning of year, as restated</b>				<b>(212,545)</b>	<b>34,484</b>	<b>(178,061)</b>
<b>Net position, end of year</b>				<b>\$ (283,202)</b>	<b>49,740</b>	<b>(233,462)</b>

See notes to basic financial statements

# Douglas County School District #0001

## Balance Sheet – Governmental Funds August 31, 2021 (Thousands of Dollars)

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 138,570	152,705	553	38,171	20,066	350,065
Investments	--	--	--	--	18,365	18,365
Property taxes receivable, net	40,569	1,142	--	6,877	1,143	49,731
Accounts receivable, net	554	2	42,758	--	127	43,441
Due from other funds	28,436	--	28,730	--	--	57,166
Inventories	4,838	--	--	--	307	5,145
Prepaid expenses	8,737	132	573	--	1,163	10,605
Total assets	<u>\$ 221,704</u>	<u>153,981</u>	<u>72,614</u>	<u>45,048</u>	<u>41,171</u>	<u>534,518</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable	\$ 4,963	14,061	1,117	--	603	20,744
Payroll liabilities	40,148	18	3,348	--	1,134	44,648
Due to other funds	565	14,355	42,239	--	5	57,164
Contract retention	--	13,270	450	--	--	13,720
Total liabilities	<u>45,676</u>	<u>41,704</u>	<u>47,154</u>	<u>--</u>	<u>1,742</u>	<u>136,276</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	--	25	10,766	--	21	10,812
<b>FUND BALANCES</b>						
Nonspendable	13,575	132	573	--	1,470	15,750
Restricted	--	112,120	14,121	45,048	22,685	193,974
Committed	45,190	--	--	--	882	46,072
Assigned	1,070	--	--	--	14,371	15,441
Unassigned	116,193	--	--	--	--	116,193
Total fund balances	<u>176,028</u>	<u>112,252</u>	<u>14,694</u>	<u>45,048</u>	<u>39,408</u>	<u>387,430</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 221,704</u>	<u>153,981</u>	<u>72,614</u>	<u>45,048</u>	<u>41,171</u>	
<b>RECONCILIATION</b>						
Amounts reported in the governmental funds in the district-wide statement of assets, liabilities, and fund balance and other credits - regulatory basis are different because:						
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.						887,063
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund.						(920,420)
Some liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.						(885,432)
Some assets and deferred outflows of resources are not due and receivable in the current period and therefore are not reported in the funds.						160,352
Internal service funds are used by management to charge the costs of certain activities, such as, insurance and vehicles to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.						87,805
Net position - governmental activities						<u>\$ (283,202)</u>

See notes to basic financial statements

# Douglas County School District #0001

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended August 31, 2021 (Thousands of Dollars)

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 264,079	7,103	--	40,086	6,476	317,744
Interest on investments	28	52	1	3	406	490
State funding	345,118	582	1,635	4,016	3,604	354,955
Federal funding	517	--	97,674	--	1,328	99,519
Fines and licenses	2,325	--	--	--	--	2,325
Other revenue	11,340	391	12	--	26,333	38,076
Total revenues	<u>623,407</u>	<u>8,128</u>	<u>99,322</u>	<u>44,105</u>	<u>38,147</u>	<u>813,109</u>
<b>EXPENDITURES</b>						
Current						
Basic instruction	275,015	--	34,051	--	798	309,864
Special education	68,883	--	4,580	--	--	73,463
Student services	42,647	--	9,471	--	3,679	55,797
Staff supported services	17,993	--	3,425	--	9,479	30,897
General administration and board of education	10,465	51	2,325	(101)	13	12,753
School administration	36,677	--	--	--	--	36,677
Business support services	72,131	96	10,624	214	8,301	91,366
Building and grounds	60,642	--	49	--	--	60,691
Building, construction, renovation	--	173,810	5,974	--	--	179,784
Student transportation	34,565	--	--	--	--	34,565
Community use of facilities and regular preschool education	11,960	--	14,445	--	--	26,405
Early childhood special education	619	--	12,501	--	--	13,120
Summer school	12,422	--	--	--	--	12,422
Adult education	157	--	544	--	--	701
Debt service						
Debt service interest	--	--	--	27,087	2,468	29,555
Debt service principal	--	--	--	16,530	1,634	18,164
Property tax recapture	954	20	--	--	28	1,002
Total expenditures	<u>645,130</u>	<u>173,977</u>	<u>97,989</u>	<u>43,730</u>	<u>26,400</u>	<u>987,226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,723)	(165,849)	1,333	375	11,747	(174,117)
OTHER FINANCING SOURCES						
Bond proceeds	--	155,535	--	--	--	155,535
CHANGE IN FUND BALANCE	<u>(21,723)</u>	<u>(10,314)</u>	<u>1,333</u>	<u>375</u>	<u>11,747</u>	<u>(18,582)</u>
FUND BALANCES, BEGINNING OF YEAR	199,558	122,566	11,554	44,673	27,661	406,012
PRIOR PERIOD ADJUSTMENTS	(1,807)	--	1,807	--	--	--
FUND BALANCES, BEGINNING OF YEAR, as restated	<u>197,751</u>	<u>122,566</u>	<u>13,361</u>	<u>44,673</u>	<u>27,661</u>	<u>406,012</u>
FUND BALANCES, END OF YEAR	\$ <u>176,028</u>	<u>112,252</u>	<u>14,694</u>	<u>45,048</u>	<u>39,408</u>	<u>387,430</u>
<b>RECONCILIATION</b>						
Net change in fund balances - total governmental funds						\$ (18,582)
Internal service funds are used by management to change the cost of certain activities to individual funds. The change in net position is reported with governmental activities.						26,914
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense.						118,552
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position.						(155,535)
Repayment of bond principal is an expenditures in the governmental funds, but the repayment reduced long term liabilities in the statement of net position.						18,164
Revenues in the statement of activities that do not provide a current financial resources are not reported as revenue in the governmental funds.						14,656
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds						(74,826)
						\$ <u>(70,657)</u>

See notes to basic financial statements

# Douglas County School District #0001

## Statement of Net Position – Proprietary Funds August 31, 2021 (Thousands of Dollars)

	Business-type Activities			Governmental
	Enterprise Funds			Internal
	Foundation	Other	Total	Service Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,194	9,434	10,628	93,628
Investments	35,624	--	35,624	3,120
Accounts receivable	80	6,212	6,292	1,415
Promise to give	125	--	125	--
Prepaid expenses	9	92	101	370
Inventories	--	--	--	2,681
Total current assets	<u>37,032</u>	<u>15,738</u>	<u>52,770</u>	<u>101,214</u>
Noncurrent assets				
Capital assets, net	<u>55</u>	<u>19,825</u>	<u>19,880</u>	<u>4,519</u>
Total assets	<u>37,087</u>	<u>35,563</u>	<u>72,650</u>	<u>105,733</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflows	<u>--</u>	<u>128</u>	<u>128</u>	<u>2,829</u>
Total assets and deferred outflows of resources	<u>\$ 37,087</u>	<u>35,691</u>	<u>72,778</u>	<u>108,562</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 40	239	279	1,742
Payroll liabilities	199	64	263	4,036
Other liabilities	151	800	951	--
Due to other funds	--	2	2	--
Current portion of notes payable	<u>537</u>	<u>322</u>	<u>859</u>	<u>--</u>
Total current liabilities	<u>927</u>	<u>1,427</u>	<u>2,354</u>	<u>5,778</u>
Noncurrent liabilities				
Notes payable	--	19,587	19,587	--
Net pension liability	<u>--</u>	<u>672</u>	<u>672</u>	<u>14,872</u>
Total noncurrent liabilities	<u>--</u>	<u>20,259</u>	<u>20,259</u>	<u>14,872</u>
Total liabilities	<u>927</u>	<u>21,686</u>	<u>22,613</u>	<u>20,650</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	<u>--</u>	<u>425</u>	<u>425</u>	<u>107</u>
Total liabilities and deferred inflows of resources	<u>927</u>	<u>22,111</u>	<u>23,038</u>	<u>20,757</u>
<b>NET POSITION</b>				
Net investment in capital assets	55	512	567	4,519
Restricted for				
Other purposes	2,865	7,805	10,670	--
Scholarships	19,163	--	19,163	--
Unrestricted	<u>14,077</u>	<u>5,263</u>	<u>19,340</u>	<u>83,286</u>
Total net position	<u>36,160</u>	<u>13,580</u>	<u>49,740</u>	<u>87,805</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 37,087</u>	<u>35,691</u>	<u>72,778</u>	<u>108,562</u>

See notes to basic financial statements

# Douglas County School District #0001

## Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds For the Year Ended August 31, 2021 (Thousands of Dollars)

	Business-type Activities			Governmental
	Enterprise Funds			Internal
	Foundation	Other	Totals	Service Funds
OPERATING REVENUES				
School lunch charges	\$ --	--	--	151
Other operating revenues	6,619	35,187	41,806	35,471
Total operating revenues	<u>6,619</u>	<u>35,187</u>	<u>41,806</u>	<u>35,622</u>
OPERATING EXPENSES				
Salaries	1,253	10,246	11,499	8,702
Employee benefits	130	2,512	2,642	8,407
Purchased services	427	13,959	14,386	3,426
Supplies and materials	153	1,082	1,235	8,850
Capital outlay	18	444	462	647
Other expenditures	2,452	2,911	5,363	3,831
Commodities expense	86	--	86	--
Total operating expenses	<u>4,519</u>	<u>31,154</u>	<u>35,673</u>	<u>33,863</u>
OPERATING INCOME	<u>2,100</u>	<u>4,033</u>	<u>6,133</u>	<u>1,759</u>
NON-OPERATING REVENUES				
Employer contribution	--	--	--	5,312
Interest and investment income	646	--	646	3
State subsidies	--	67	67	457
Federal subsidies	--	3,244	3,244	19,383
Unrealized/realized gain	5,166	--	5,166	--
Total non-operating revenues, net	<u>5,812</u>	<u>3,311</u>	<u>9,123</u>	<u>25,155</u>
CHANGE IN NET POSITION	<u>7,912</u>	<u>7,344</u>	<u>15,256</u>	<u>26,914</u>
NET POSITION, BEGINNING OF YEAR	28,248	1,159	29,407	60,194
PRIOR PERIOD ADJUSTMENT	--	5,077	5,077	697
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>28,248</u>	<u>6,236</u>	<u>34,484</u>	<u>60,891</u>
NET POSITION, END OF YEAR	<u>\$ 36,160</u>	<u>13,580</u>	<u>49,740</u>	<u>87,805</u>

See notes to basic financial statements

# Douglas County School District #0001

## Statement of Cash Flows – Proprietary Funds For the Year Ended August 31, 2021 (Thousands of Dollars)

				Governmental
	Foundation	Other	Total	Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from user charges	\$ --	13,395	13,395	151
Received from nonrevenue sources	--	--	--	50,345
Received from contributions	4,690	7,242	11,932	--
Received from other operating receipts	1,264	7,321	8,585	--
Payments to employees	(1,242)	(10,248)	(11,490)	(8,721)
Payments of employee benefits	--	(2,674)	(2,674)	(7,250)
Payments to suppliers for goods and services	(1,047)	(2,562)	(3,609)	(10,671)
Payments for scholarships	(355)	(12,412)	(12,767)	--
Payments for grants	(1,734)	--	(1,734)	--
Payments for other expenditures	--	(2,948)	(2,948)	(3,868)
Payments to affiliates	--	--	--	--
Net cash provided by (used in) operating activities	<u>1,576</u>	<u>(2,886)</u>	<u>(1,310)</u>	<u>19,986</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Federal and state subsidies	--	3,311	3,311	19,840
Employer contributions	--	--	--	5,312
Cash received upon merger	--	6,230	6,230	--
Proceeds from Paycheck Protection Program loan	537	596	1,133	--
Net cash provided by noncapital financing activities	<u>537</u>	<u>10,137</u>	<u>10,674</u>	<u>25,152</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Payments for capital assets	--	--	--	(840)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment activity, net	<u>(1,827)</u>	<u>--</u>	<u>(1,827)</u>	<u>(398)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>286</u>	<u>7,251</u>	<u>7,537</u>	<u>43,900</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	908	2,183	3,091	49,031
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>697</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR, AS RESTATED</b>	<u>908</u>	<u>2,183</u>	<u>3,091</u>	<u>49,728</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,194</u>	<u>9,434</u>	<u>10,628</u>	<u>93,628</u>

Reconciliation of operating income to net cash provided (used) by operating activities:

Operating income	\$ 2,100	4,033	6,133	1,759
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	18	484	502	1,106
Construction payments paid directly by donors	--	(2,464)	(2,464)	--
Paycheck Protection Program loan forgiveness	(503)	--	(503)	--
(Increase) decrease in accounts receivable	(38)	(4,856)	(4,894)	14,869
(Increase) decrease in promises to give	(125)	90	(35)	--
(Increase) decrease in inventory and prepaid expenses	2	(77)	(75)	404
Decrease in deferred outflows of resources	--	132	132	1,501
Increase (decrease) in accounts payable	(7)	26	19	708
Increase (decrease) in payroll liabilities	142	(5)	137	392
Increase (decrease) in other liabilities	(13)	42	29	--
Decrease in net pension liability	--	(261)	(261)	(649)
Decrease in deferred inflows of resources	--	(30)	(30)	(104)
Net cash provided by (used in) operating activities	<u>\$ 1,576</u>	<u>(2,886)</u>	<u>(1,310)</u>	<u>19,986</u>

See notes to the basic financial statements

**Douglas County School District #0001**

**Statement of Fiduciary Net Position – Fiduciary Funds**  
**August 31, 2021 (Thousands of Dollars)**

	Employee Retirement Plan	Private- Purpose Trusts	Custodial Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,353	186	128
Investments	1,637,670	--	--
Accounts receivable	55,617	--	--
Contributions receivable	5,618	--	--
Prepaid expenses	--	3	--
Capital assets, net	--	2	4
Total assets	<u>1,713,258</u>	<u>191</u>	<u>132</u>
<b>LIABILITIES</b>			
Accounts payable	67,889	--	--
Payroll liabilities	11,628	--	--
Total liabilities	<u>79,517</u>	<u>--</u>	<u>--</u>
<b>NET POSITION</b>			
Restricted for			
Pension benefits	1,633,741	--	--
Individuals, organizations and other governments	--	191	132
Total net position	<u>\$ 1,633,741</u>	<u>191</u>	<u>132</u>

*See notes to basic financial statements*

## Douglas County School District #0001

### Statement of Changes in Fiduciary Net Position – Fiduciary Funds For the Year Ended August 31, 2021 (Thousands of Dollars)

	Employee Retirement Plan	Private- Purpose Trusts	Custodial Funds
<b>ADDITIONS</b>			
Contributions			
Plan member contributions	\$ 36,891	--	--
Employer contributions	61,411	--	--
State contributions	9,288	--	--
Total contributions	<u>107,590</u>	<u>--</u>	<u>--</u>
Investment income			
Interest and dividends	14,166	--	--
Net appreciation in fair value of investments	278,434	--	--
Total investment income	<u>292,600</u>	<u>--</u>	<u>--</u>
Less investment expense	(1,629)	--	--
Net investment income	<u>290,971</u>	<u>--</u>	<u>--</u>
Purchase of service	291	--	--
Other	--	152	5
Total additions	<u>398,852</u>	<u>152</u>	<u>5</u>
<b>DEDUCTIONS</b>			
Retirement annuities	135,389	--	--
Refunds to employees, including interest	7,157	--	--
Administrative expenses			
Personnel costs	500	--	--
Professional fees	372	62	--
Other	80	45	5
Total deductions	<u>143,498</u>	<u>107</u>	<u>5</u>
CHANGE IN NET POSITION	<u>255,354</u>	<u>45</u>	<u>--</u>
NET POSITION, BEGINNING OF YEAR	1,378,387	843	--
PRIOR PERIOD ADJUSTMENTS	--	(697)	132
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>1,378,387</u>	<u>146</u>	<u>132</u>
NET POSITION, END OF YEAR	<u>\$ 1,633,741</u>	<u>191</u>	<u>132</u>

See notes to basic financial statements

# Douglas County School District #0001

## Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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### (1) Summary of Significant Accounting Policies

Douglas County School District #0001, more commonly known as Omaha Public Schools, is a tax-exempt political subdivision and a Class V school district of the State of Nebraska. The District is governed by a nine member Board of Education whose members are elected on a non-partisan basis.

The following is a summary of the significant accounting policies of Douglas County School District #0001 (the District). These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### A. *Reporting Entity*

The governmental reporting entity consists of the District (Primary Government) and its component units. Component units are legally separate organizations for which the District is financially accountable or other organizations whose nature and significant relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the District's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the District.

The basic financial statements include blended component units as defined by the Governmental Accounting Standards Board (GASB). The blended component units, although legally separate entities are, in substance, part of the District's operations and so data from these units are combined with data of the primary government.

For financial reporting purposes, the District's basic financial statements include all financial activities that are controlled by or are dependent upon the actions taken by the District. The financial statements of the individual component units may be obtained from the District, the Omaha Schools Foundation, Educational Service Unit No. 19, Educare of Omaha, Inc., or Omaha School Employees' Retirement System.

#### *Educational Service Unit No. 19 (Blended Component Unit within Other Governmental Funds)*

On June 19, 1972, the Board of Education of the District, through official resolution and under powers from LB 928 passed by the Nebraska State Legislature, established Educational Service Unit No. 19 (ESU No. 19). ESU No. 19 was originally designed to provide educational data processing to the District and, on a cost reimbursable basis, to other districts throughout the State of Nebraska. Currently, its core services include, but are not limited to: staff development, technology, and audio-visual services. The Governing Board of ESU No. 19 maintains a posture of cooperating with other school districts. However, ESU No. 19's first responsibility is to the students and patrons of the District. ESU No. 19 has an August 31 fiscal year end and the information included herein is as of and for the year ended August 31, 2021.

#### *Friends of KIOS (Blended Component Unit within Other Governmental Funds)*

Friends of KIOS was created as a fund raising entity for KIOS-FM, the radio station of the District. The amounts raised are to be exclusively used to benefit the Omaha Public Schools radio station, KIOS-FM. For IRS purposes, this entity is classified as a 501(c)(3) organization. Friends of KIOS has an August 31 fiscal year end and the information included herein is as of and for the year ended August 31, 2021.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### Omaha Public Schools Foundation (Blended Component Unit within Enterprise Funds)

The Omaha Public Schools Foundation (the Foundation), is a not-for-profit entity classified as a 501(c)(3) organization by the IRS. The Foundation was organized to solicit and receive contributions, gifts, grants, devises, or bequests of real or personal property or both and to use the income and principal exclusively for the benefit of the public schools operated by the District. The Foundation also administers programs beneficial to the education of pre-kindergarten or school age children.

The Board of Directors manages the business and affairs of the Foundation. The number of Directors of the Board shall not be less than nine or more than eighteen; one of which shall at all times be a member of the Board of Education of the District; one shall be the President of the Omaha Education Association; and one of which shall be the President of the Omaha Council PTA/PTSA, or designee. The members-at-large are appointed by the Board of Education of the District in consultation with the Superintendent. The Secretary of the Board of Education of the District also serves as a member of the Board of Directors, in the office of the Treasurer. The Foundation has an August 31 fiscal year end and the information included herein is as of and for the year ended August 31, 2021.

#### Omaha Education Services Agency (Blended Component Unit within Enterprise Funds)

On November 21, 2005, the Omaha Education Services Agency was created as a governmental agency pursuant to the Interlocal Cooperation Act of Nebraska as defined in State Statute Sections 13-801 to 13-827 of R.R.S. Neb. 1997.

The Board of Directors shall consist of the President of the Board of Education of the District (serving as the agency's president), the Vice-President of the Board of ESU No. 19 (serving as the agency's vice-president), the Superintendent of the District (serving as the agency's secretary/treasurer) and the Assistant Superintendent of the District (serving as the agency's assistant secretary/treasurer).

The Omaha Education Services Agency will support the educational missions of the member organizations by providing or contracting for the acquisition, finance, operation and maintenance of equipment, software, services and real estate. The Omaha Education Services Agency has an August 31 fiscal year end and the information included herein is as of and for the year ended August 31, 2021.

#### Educare of Omaha, Inc. (Blended Component Unit within Enterprise Funds)

On March 31, 2002, Educare of Omaha, Inc. (Educare) was formed as a 501(c)(3) organization to provide educational and developmental programs to pre-kindergarten children meeting designated criteria, including but not limited to Legislative Bill (LB) 759, within the Omaha metropolitan area.

The Board of Directors of Educare is comprised of not less than five or more than thirteen members. Five of the Director positions must be comprised by two co-chairpersons of the Educare Parent Policy Committee; two representatives from the Buffett Early Childhood Fund (a Nebraska not-for-profit corporation); and one representative from the District. Educare has a December 31 year end and the information included herein is as of and for the year ended December 31, 2020.

Effective January 1, 2020, Educare entered into Articles of Merger with Omaha Early Learning Centers, Inc. (OELC), a Nebraska not-for-profit organization, through which Educare became the surviving entity. In connection with the merger, which became effective January 1, 2020. The separate existence of OELC ceased and Educare assumed all assets, liabilities, and rights and obligations of OELC, including its supporting organization, QALICB, in accordance with the terms of the Supporting Organization Agreement. The surviving entity, established on January 1, 2020, the beginning of the reporting period, carried forth all assets and liabilities of both Educare and OELC. See Note 15 for the impact on the District beginning net position in the proprietary funds.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### Omaha School Employees' Retirement System (Blended Component Unit within Fiduciary Funds)

In 1909, 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, Omaha School Employees' Retirement System (OSERS), is a defined-benefit 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.

During 2021, the Nebraska 107th Legislature enacted Legislative Bill (LB) 147. LB 147 contained instituted governance changes to the administration of the OSERS plan. Effective July 1, 2021, the management oversight was invested in the Omaha Public Schools (OPS) Board of Education giving the OPS Board of Education the authority to appoint seven members to the OSERS Transition Board. The OSERS Transition Board is now a seven-member board consisting of the OPS Superintendent, two business community members, two representatives of the OPS Board of Education, and two members of the OSERS plan.

Additionally, LB 147 mandated the transition of the administration of OSERS to the Nebraska Public Employees' Retirement Board, effective September 1, 2024. The OSERS Transition Board and the OPS Board of Education are charged with ensuring the transition of administration by September 1, 2024.

OSERS is included as a pension trust fiduciary fund of the District. The financial information included in the fiduciary fund financial statements is as of and for the fiscal year ending August 31, 2021.

#### **B. Basis of Presentation**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds).

#### *Government-Wide Financial Statements*

The government-wide financial statements include the Statement of Net Position and the Statement of Activities, which display information about the primary government as a whole. These statements categorize activities as governmental or business-type and exclude any fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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- Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) fees and charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

#### *Fund Financial Statements*

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis in fund financial statements is on the major funds in either the governmental, proprietary or fiduciary activity categories. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds by category are summarized into a single column as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for elsewhere.

The Special Building Fund is used to account for (1) resources accumulated from tax levies and spent for Board of Education authorized facility renovation and construction and (2) for revenues and expenditures for Board of Education authorized facility renovation and construction associated with the issuance of General Obligation Bonds.

The Debt Service Fund is used to account for resources accumulated from tax levies and spent for Board of Education authorized General Obligation Bond debt and interest payments.

The Grant Fund is used to account for all revenues and Board of Education authorized expenditures for programs that have Federal, State, or private funding.

The District reports the following major proprietary fund:

The Foundation records the activities of a 501(c)(3) not-for-profit organization that receives donations on behalf of the District and administers programs that are beneficial to the education of pre-kindergarten and school age children.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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The Internal Service Funds are used to account for financing of goods or services provided by an activity to other departments, funds, or component units of the District. They are also used to account for self-insurance funds to accommodate risk financing. The District's Internal Service Funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial activity of the Internal Service Funds is included in the governmental activities column when presented in the government-wide financial statements.

The Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support the District's programs. Since by definition these assets are being held for the benefit of a third party, these funds are not incorporated into the government-wide financial statements.

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

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recognized when a liability is incurred, as under the accrual basis of accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and pension and other postemployment benefit (OPEB) obligations are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for services and contributions for program purposes. Operating expenses for proprietary funds include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### *D. Budget Process*

The District prepares the operating budgets for the various funds. The basis of accounting for budgetary purposes is the same as that used for regulatory reporting purposes permitted by the Nebraska Commissioner of Education, which is a comprehensive basis of accounting other than GAAP. The operating budget includes disbursements and their financing means. Public hearings are conducted to obtain taxpayer comments. The budget is legally adopted by the Board of Education through passage of a resolution in accordance with state statutes. Total disbursements cannot legally exceed the adopted budget. Any revisions to the adopted budget must be approved by the Board of Education following a hearing to obtain taxpayer comments.

#### *E. Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### *F. Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

#### *G. Investments and Pooled Investments*

Investments are reported at fair value, except for investments in the Nebraska Liquid Asset Fund (NLAF), which are valued at amortized cost, and investments in certificates of deposit, which are stated at cost. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

#### *H. Receivables*

All receivables, including property taxes receivable, are shown net of an allowance for uncollectible amounts, if applicable.

Property taxes are assessed, levied, due and payable on a calendar year basis as of December 31, based on an assessed valuation as of each January 1, and are payable in two equal installments on or before March 31 and July 31. Property taxes become delinquent April 1 and August 1. Property taxes receivable represents the amount of tax levied for the current year, which is uncollected as of August 31.

#### *I. Inventories and Prepaid Expenses*

Inventories in governmental funds consist of expendable supplies held for consumption. They are reported at weighted average cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund and similar component unit inventories are recorded at cost on a first-in, first-out basis.

Prepaid expenses are payments to vendors that benefit future reporting periods reported on the consumption basis. Both inventories and prepaid expenses are similarly reported in government-wide and fund financial statements.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### J. *Capital Assets, Net*

The District's capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with cost of \$5 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated over their estimated useful lives using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation/amortization are removed from the respective accounts, and the resulting gain or loss is recognized.

Estimated useful lives for depreciable assets are as follows:

Buildings and improvements	10 – 30 years
Furniture and equipment, computers and software, art, textbooks and library books, and vehicles	3 – 10 years

The District has policy to recognize works of art at cost upon acquisition or fair market value if donated at time of acquisition.

#### K. *Deferred Outflows of Resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unamortized deferred amounts on advance refunding of debt, unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and contributions from the employer after the measurement date, but before the end of the employer's reporting period.

#### L. *Compensated Absences*

Full time 12-month employees accrue vacation on a bi-weekly or monthly basis, depending on the applicable pay period. All unused days from prior years are carried over, however, the maximum accumulated vacation days can never exceed the current year authorization plus five days, except for the superintendent as specified per their negotiated contract. Days can be used, or paid to the employee if the employee terminates employment or transfers to a position, which no longer qualifies for vacation. Payment is the number of days remaining at the employee's daily rate of pay.

All full time employees are eligible for sick leave benefit days. Days are accrued for sick leave on a semi-monthly or monthly basis depending on the applicable pay period. All unused days from prior years are carried over. Ten-month employees earn 10 days annually and twelve-month employees earn 12 days annually. Employees can carry up to a maximum balance dependent on their number of annual duty days worked and as specified per negotiated contracts.

If an employee retires, through normal or early retirement, and has more than 10 sick days accrued, they are eligible to participate in the accumulated sick leave conversion program (Note 9). Accumulated days are converted to a health reimbursement account or tax sheltered annuity 403(b) on the employee's behalf at 50% of their pay rate. Employees that have a balance of 10 days or less are paid the value of their day as per the calculation above. Certificated employees that have at least 18 years of creditable service and classified employees that have at least 20 years of creditable service are eligible for the sick leave conversion program. The calculation is the same as above.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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Total obligations as of August 31, 2021 for compensated absences amounted to \$25,808 for the governmental activities, \$1 for the business-type activities and \$58 for the fiduciary activities, included in accrued payroll liabilities in the statement of net position.

*M. Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OSERS and additions to/deductions from OSERS' fiduciary net position have been determined on the same basis as they are reported by OSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*N. Total OPEB Liability*

For purposes of measuring the total OPEB liability and deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

*O. Deferred Inflows of Resources*

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time.

Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized to be used to pay liabilities of the current year or expected to be collected soon enough thereafter to be used to pay liabilities of current year.

In the statements of net position, deferred inflows of resources consist of unrecognized items not yet charged to pension expense.

*P. Interfund Transactions*

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Transactions among District funds that would be treated as revenue and expenditures or expenses if they involved organizations external to the District are accounted for as revenue and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

*Q. Fund Balance*

Fund balance of the District's governmental funds is classified in the financial statements as follows:

- *Nonspendable fund balance* consists of amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be kept intact.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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- Restricted fund balance consists of amounts that are restricted for specific purposes. These restrictions are either 1) externally imposed by creditors, grantors, contributors, or by laws or regulations of other governments or 2) imposed through constitutional provisions or enabling legislation.
- Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions of the government's highest level of decision making authority. These amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it used to commit those amounts. The Board of Education is the District's highest level of authority. All actions concerning approving, eliminating, or modifying of minimal fund balances will be accomplished through resolution.
- Assigned fund balance consists of amounts that are constrained by the government intended to be used for specific purposes, but are neither restricted nor committed. The authority for making an assignment is not required to be the government's highest decision making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regard to committed fund balances. The District management staff will have the overall responsibilities for monitoring these balances.
- Unassigned fund balance is the residual classification for the general fund. The general fund is the only fund to report a positive unassigned fund balance.

The District considers that all incurred and spent restricted, committed, and assigned amounts have been utilized first before unassigned amounts are utilized.

#### *Minimum Fund Balance Policy*

As defined by GASB Statement No. 54, the unassigned fund balance is equal to the amount of fund balance which is not classified as nonspendable, restricted, committed or assigned. The unassigned fund balance for the general fund shall be maintained at a level between 10% and 20% of the prior year's expenditures of the general fund. In any instance, unassigned fund balance shall be maintained at a level which is compliant with Nebraska Revised Statute §79-1027. The purpose of the unassigned fund balance is to maintain sufficient cash flow, maintain investment grade bond ratings, offset revenue shortfalls and provide funds for unforeseen expenditures related to emergencies.

Fund balance calculations shall be made on an annual basis and reported in the District's financial statements. Should the unassigned general fund balance as reported in the financial statements fall below the minimum 10%, the District will budget to replenish the shortfall through reducing recurring expenditures or increasing revenues within the next three year budget cycles. Should the unassigned general fund balance as reported in the financial statements exceed the maximum 20% for two consecutive years the District will consider such fund balance surplus for one-time expenditures that are nonrecurring in nature in the next available budget cycle plans. The unassigned fund balance may be expended below the minimum 10% for an extraordinary circumstance or nonrecurring emergency that the District's Board of Education authorizes. Administrative staff recommendations related to the fund balance shall occur throughout the budget development process. The annual fund balance plan is approved by the Board of Education with the annual approval of the District's budget.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### R. *Income Taxes*

The Foundation, Educare and Friends of KIOS are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and have received determination letters stating that they are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. The Internal Revenue Service has established standards to be met to maintain tax exempt status.

The Foundation, Educare and Friends of KIOS are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation, Educare and Friends of KIOS are subject to federal income tax on any unrelated business taxable income.

#### S. *Recent Accounting Pronouncements*

In June 2017, GASB issued Statement No. 87, *Leases*. The standard implements a single approach to accounting for leases. Lessees will be required to recognize a lease liability, measured at the present value of expected payments net of incentives, and an intangible right-to-use asset for all leases with terms of greater than 12 months. As payments are made, lessees will reduce the liability and recognize interest expense. Lease terms will include options to extend or terminate leases if it is reasonably certain that those options will be exercised. In May 2020, GASB issued Statement No. 95, *Postponed Effective Dates of Certain Authoritative Guidance*. The standard postpones the effective date of GASB Statement No. 87 for 18 months to reporting periods beginning after June 15, 2021. The District is currently evaluating the effect the new standard will have on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The statement provides guidance on the accounting and financial reporting for SBITA for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The standard will be effective for reporting periods beginning after June 15, 2022. The District is currently evaluating the effect the new standard will have on the financial statements.

#### T. *Subsequent Events*

The District considered events occurring through November 16, 2021 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) **Deposits and Investments**

#### A. *Douglas County School District #0001*

Nebraska Revised Statute §79-1043 provides that the District may, by and with the consent of the Board of Education of the District, invest the funds of the District in securities, including repurchase agreements, the nature of which individuals of prudence, discretion and intelligence acquire or retain in dealing with the property of another.

Collateral is required for any demand deposits, savings accounts, and certificates of deposit at 102% of all amounts not covered by federal deposit insurance. Obligations that may be pledged are as follows:

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

- U.S. Treasury Bills, Treasury Notes, and Treasury Bonds or other United States securities guaranteed by or for which the credit of the United States is pledged for the payment of principal and interest or dividends.
- Bonds, debentures or other obligations issued by the Federal National Mortgage Association, the Federal Home Loan Corporation, or Government National Mortgage Association or any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States government pursuant to authority granted by Congress of the United States whose timely payment is unconditionally guaranteed by the United States of America.

As of August 31, 2021, the District's deposits and certificates of deposit were fully insured or collateralized.

#### Credit Risk

Credit Quality Distribution of Securities with Credit Exposures as a Percentage of Each Bond Fund are listed below:

	Credit Quality Distribution of Securities with Credit Exposures as a Percentage of Each Bond Fund					
	US Bank Sinking QSCB '09	US Bank Sinking QSCB '10	US Bank Bond Proceeds GOB Series '15	US Bank Bond Proceeds GOB Series '18	US Bank Bond Proceeds GOB Series '20	US Bank Bond Proceeds GOB Series '21
Percentage US Treasury Obligations	--	--	--	--	--	65%
Percentage of Nebraska Liquid Asset Fund	--	--	100%	100%	100%	35%
Percentage of State and Local Gov't Securities	99%	99%	--	--	--	--
Percentage of cash and cash equivalents	1%	1%	--	--	--	--

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses that may result from increasing interest rates.

Maturity (Years)	As a Percentage of Market Value
0 to 5	100.00%

#### Interest Rate Risk

The District's funds at August 31, 2021 contained no individual highly sensitive debt investments with exposure to interest rate changes.

#### Foreign Currency Risk

There is no foreign currency risk in any of the District's investments.

#### Fair Value Measurement

The District 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.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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The District has investments in the Nebraska Liquid Asset Fund (NLAF) reported as cash and cash equivalents, which are valued at amortized cost, and investments in certificates of deposit, which are stated at cost. The remaining amount of the District's investments, including unspent bond proceeds, had the following fair value measurements at August 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by fair value level:</b>				
Cash and money market funds	\$ 203	203	--	--
International equities	6	6	--	--
Interest earning investment contracts	3,120	--	3,120	--
U.S. Government and Treasury obligations	<u>18,017</u>	<u>--</u>	<u>18,017</u>	<u>--</u>
Total investments by fair value level	21,346	<u>209</u>	<u>21,138</u>	<u>--</u>
<b>Investments - other:</b>				
Certificates of deposit	<u>28</u>			
Total investments	<u>\$ 21,374</u>			

#### *B. Omaha Public Schools Foundation*

##### Legal and Contractual Provisions

The Board of Directors of the Foundation has established the investment policy of the Foundation. The investment policy emphasizes a balance of both income and growth of the principal. The Foundation can invest in equity and fixed income securities. The portfolio may consist of corporate notes, corporate bonds, mortgaged backed bonds, preferred stock, collateralized mortgage obligations, corporate debt securities, money market accounts, fixed income common trust funds, equity mutual funds, common stocks and common trust funds.

##### Deposit Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation does not have a deposit policy for custodial credit risk. At August 31, 2021, the Foundation had credit risk arising from cash deposits in excess of federally insured limits. The Foundation has not incurred any loss resulting from these excess cash balances during the period under audit.

##### Investment Credit Risk

It is the Foundation's policy to minimize investment credit risk and to avoid extreme fluctuations in both the market value and the income from bond investments. The Foundation's investments are limited to municipal bonds, U.S. Government Agency securities and corporate bonds with a credit rating of "A" or better.

##### Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

##### Fair Value Measurement

The Foundation 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.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

The Foundation had the following recurring fair value measurements at August 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by fair value level:</b>				
Money market funds	\$ 2,064	2,064	--	--
Mutual funds	16,026	16,026	--	--
Common stocks	10,915	10,915	--	--
Municipal bonds	2,610	--	2,610	--
Corporate bonds	2,571	--	2,571	--
U.S. Government obligations	411	--	411	--
Real estate investment trusts	118	--	118	--
Other investments	909	--	909	--
Total investments by fair value level	<u>\$ 35,624</u>	<u>29,005</u>	<u>6,619</u>	<u>--</u>

#### C. *Omaha School Employees' Retirement System (OSERS)*

##### 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' 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.

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:

<u>Asset Class</u>	<u>Policy Target Allocation</u>
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%

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### 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. 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, 2021, 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.

#### **Credit Quality Distribution of Securities with Credit Exposures**

AAA	\$	10,844	4.72%
AA		5,353	2.33%
A		20,864	9.07%
BBB		54,654	23.77%
BB		9,713	4.22%
B		2,646	1.15%
CCC		946	0.41%
CC		457	0.20%
D		474	0.21%
NR		<u>124,022</u>	<u>53.92%</u>
Total Value	\$	<u>229,973</u>	<u>100.00%</u>

#### 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:

<b>Maturity (Years)</b>	<b>Portfolio Amount</b>
0 to 4	\$ 67,761
5 to 10	50,444
Over 10	111,768

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### 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.

<u>Currency</u>	<u>Market Value</u>	<u>Percentage of Portfolio</u>
Australian Dollar	\$ 292	0.02%
Brazilian Real	3,077	0.19%
Canadian Dollar	13,952	0.85%
Danish Krone	703	0.04%
Euro	50,482	3.08%
Hong Kong Dollar	2,142	0.13%
Japanese Yen	19,984	1.22%
Mexican Peso	479	0.03%
New Israeli Sheqel	496	0.03%
New Zealand Dollar	1	0.00%
Norwegian Krone	167	0.01%
Pound Sterling	34,223	2.09%
South Korean Won	1,483	0.09%
Swedish Krona	2,711	0.17%
Swiss Franc	13,680	0.84%
Turkish Lira	342	0.02%
Other	3,144	0.19%
US Dollar	1,490,312	91.00%
Total	\$ <u>1,637,670</u>	<u>100.00%</u>

#### 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.

# Douglas County School District #0001

## Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

OSERS has the following recurring fair value measurements at August 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by fair value level:</b>				
ADR/GDR	\$ 16,708	16,708	--	--
Asset backed securities	11,927	--	11,927	--
Cash equivalents	31,767	31,767	--	--
Commingled funds	806,118	25,565	780,521	32
Corporate bonds	86,523	--	86,523	--
Equity securities	268,738	268,738	--	--
Government securities	62,970	--	62,970	--
Mortgages	65,689	--	65,689	--
Municipal bonds and other	2,864	2,319	545	--
	<u>1,353,304</u>	<u>345,097</u>	<u>1,008,175</u>	<u>32</u>
<b>Total investments by fair value level</b>				
<b>Investments measured at net asset value (NAV):</b>				
Limited partnerships	<u>284,366</u>			
	<u>\$ 1,637,670</u>			
<b>Total investments measured at fair value</b>				

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. Securities classified in Level 3 are valued using unobservable inputs, such as reviews, recommendations and adjustments made by portfolio management, or the use of internal data to develop unobservable inputs if there is no objective information available without incurring undue cost and effort.

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.

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, 2021:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Limited Partnerships	\$ <u>284,366</u>	<u>39,574</u>	Daily	3 - 6 months

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### D. *Friends of KIOS*

##### Legal and Contractual

The Board of Directors has established the investment philosophy of the Friends of KIOS. The investment philosophy emphasizes a balance of both income and growth. While the Friends of KIOS can invest in any type of investment available in the market, they have chosen to primarily follow the investment practices of the District.

##### Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to it. The Friends of KIOS does not have a deposit policy for custodial credit risk. All deposits of Friends of KIOS were insured and collateralized.

##### Interest Rate Risk

It is the practice of Friends of KIOS to minimize credit risk and to avoid extreme fluctuations in both the market value and the income from investments. The Friends of KIOS currently has an investment in the Weitz Value fund. The cash composite of the fund was 3.6% of the fund balance as of August 31, 2021. The market value of the fund held by Friends of KIOS and the concentration of cash and equity securities on the fund are as follows:

	<u>Equity Securities</u>	<u>Cash</u>	<u>Market Value</u>
Weitz Fund	\$ 107	4	111

##### Fair Value Measurement

The Friends of KIOS uses the fair value hierarchy established by GAAP based on the valuation used to ensure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the Weitz Fund was determined using the quoted price in active markets (Level 1 inputs).

The Friends of KIOS had no other investments meeting the disclosure requirements of GASB Statement No. 72.

#### E. *Educare of Omaha, Inc.*

##### Legal and Contractual

Educare of Omaha, Inc. (Educare) currently does not have sufficient cash flow to allow for investment opportunities to maximize income for the organization. At such time as adequate funding is available for investing, the Board of Directors will adopt an investment policy.

**Douglas County School District #0001**

**Notes to Basic Financial Statements  
August 31, 2021 (Thousands of Dollars)**

Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to it. Educare does not have a deposit policy for custodial credit risk. Educare maintains its cash balances at two financial institutions located in Omaha, Nebraska. Educare, at times, maintains balances in excess of Federal Deposit Insurance Corporation limits. Management believes the risk relating to these deposits is minimal.

Fair Value Measurement

Educare had no investments meeting the disclosure requirements of GASB Statement No. 72.

**(3) Due From/Due To Other Funds**

The detail of interfund receivables and payables at August 31, 2021 is as follows:

<b>Governmental Activities:</b>		
		Amount
<u>Due from other funds:</u>		
General	Other Governmental	\$ 5
General	Special Building	14,355
General	Grant	14,074
General	Cooperative	2
Grant	General	565
Grant	Grant	28,165
	Total:	57,166
 <u>Due to other funds:</u>		
General	Grant	565
Special Building	General	14,355
Grant	General	14,074
Grant	Grant	28,165
Other Governmental	General	5
	Total:	57,164
		\$ 2
<b>Business-Type Activities:</b>		
		Amount
<u>Due to other funds:</u>		
Cooperative	General	2
		\$ (2)

Interfund receivable and payable balances consist of amounts related to revenue and expenditure transactions during fiscal year 2021 which will be repaid during fiscal year 2022.

# Douglas County School District #0001

## Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

### (4) Capital Assets, Net

Capital asset activity for the year ended August 31, 2021 is as follows:

	<b>Governmental Activities</b>				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Nondepreciable capital assets:					
Land	\$ 57,568	4,295	--	(72)	61,791
Construction in process	81,033	188,671	(14,892)	(1)	254,811
Total nondepreciable capital assets	<u>138,601</u>	<u>192,966</u>	<u>(14,892)</u>	<u>--</u>	<u>316,602</u>
Depreciable capital assets:					
Buildings and improvements	1,178,766	--	14,892	(15,953)	1,177,705
Furniture	33	--	--	(1)	32
Equipment	25,668	6,547	--	(3,238)	28,977
Computers	59,173	27,689	--	(6,279)	80,583
Software	37,569	253	--	(4)	37,818
Art	4,070	--	--	--	4,070
Textbooks and library books	119,307	--	--	(3,282)	116,025
Vehicles	20,009	4,040	--	(3,121)	20,928
Total depreciable capital assets	<u>1,444,595</u>	<u>38,529</u>	<u>14,892</u>	<u>(31,878)</u>	<u>1,466,138</u>
Less accumulated depreciation/amortization	<u>810,933</u>	<u>101,822</u>	<u>--</u>	<u>(21,597)</u>	<u>891,158</u>
Net depreciable capital assets	<u>633,662</u>	<u>(63,293)</u>	<u>14,892</u>	<u>(10,281)</u>	<u>574,980</u>
Net capital assets	<u>\$ 772,263</u>	<u>129,673</u>	<u>--</u>	<u>(10,281)</u>	<u>891,582</u>
<b>Business-Type Activities</b>					
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Depreciable capital assets:					
Buildings and improvements	\$ 283	20,943	--	(18)	21,208
Furniture	92	48	--	--	140
Equipment	48	--	--	--	48
Computers	178	--	--	--	178
Art	12	--	--	--	12
Textbooks and library books	22	--	--	--	22
Vehicles	1,811	--	--	--	1,811
Total depreciable capital assets	<u>2,446</u>	<u>20,991</u>	<u>--</u>	<u>(18)</u>	<u>23,419</u>
Less accumulated depreciation/amortization	<u>2,350</u>	<u>1,189</u>	<u>--</u>	<u>--</u>	<u>3,539</u>
Net depreciable capital assets	<u>96</u>	<u>19,802</u>	<u>--</u>	<u>(18)</u>	<u>19,880</u>
Net capital assets	<u>\$ 96</u>	<u>19,802</u>	<u>--</u>	<u>(18)</u>	<u>19,880</u>

**Douglas County School District #0001**

**Notes to Basic Financial Statements  
August 31, 2021 (Thousands of Dollars)**

	<b>Fiduciary Activities</b>				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Depreciable capital assets:					
Equipment	\$ 18	--	--	--	18
Computers	4	--	--	(3)	1
Textbooks	12	--	--	(2)	10
	<u>34</u>	<u>--</u>	<u>--</u>	<u>(5)</u>	<u>29</u>
Total depreciable capital assets	34	--	--	(5)	29
Less accumulated depreciation/amortization	25	2	--	(3)	24
	<u>9</u>	<u>(2)</u>	<u>--</u>	<u>(2)</u>	<u>5</u>
Net capital assets	\$ 9	(2)	--	(2)	5

The following schedule shows the amount of depreciation charged to each governmental function on the government-wide statement of activities:

Functions/Programs	Depreciation Expense
Governmental activities	
Basic instruction	\$ 12,895
Special education	83
Student services	453
Staff support services	848
General administration and board of education	2,877
School administration	36
Business support services	15,498
Building and grounds	386
Building, construction, renovation	67,450
Student transportation	276
Community use of facilities and regular preschool education	986
Early childhood special education	12
Adult basic education	22
	<u>101,822</u>
Total governmental activities	\$ <u>101,822</u>

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

#### (5) Long-Term Liabilities

Long-term liabilities of the District as of August 31, 2021 are summarized as follows:

	Bond Issue Date	Interest Rates	Balance August 31, 2020	Increases	Decreases	Balance August 31, 2021	Due Within One Year
(A)	12/07/2009	0.99 - 6.07%	\$ 16,545	--	735	15,810	775
(B)	12/08/2009	1.875%	17,375	--	--	17,375	--
(C)	12/09/2010	6.00%	18,920	--	--	18,920	--
(D)	12/09/2010	1.12 - 4.53%	590	--	590	--	--
(E)	05/01/2012	1.00 - 5.00%	37,435	--	7,635	29,800	7,800
(E)	05/01/2012		4,083	--	875	3,208	--
(F)	04/08/2015	3.00 - 5.00%	141,000	--	--	141,000	--
(F)	04/08/2015		10,099	--	516	9,583	--
(G)	12/30/2016	3.00 - 5.00%	141,000	--	--	141,000	--
(G)	12/30/2016		12,068	--	624	11,444	--
(H)	11/14/2017	3.00 - 5.00%	105,470	--	--	105,470	--
(H)	11/14/2017		7,219	--	375	6,844	--
(I)	11/15/2018	3.125 - 5.00%	80,000	--	--	80,000	--
(I)	11/15/2018		1,276	--	55	1,221	--
(J)	01/21/2020	3.00 - 5.00%	125,000	--	--	125,000	--
(J)	01/21/2020		10,677	--	456	10,221	--
(K)	05/06/2020	5.00%	47,610	--	8,895	38,715	8,325
(K)	05/06/2020		4,832	--	1,017	3,815	--
(L)	3/10/2021	5.00%	--	140,000	--	140,000	--
(L)	3/10/2021		--	15,535	281	15,254	--
Bond obligations, including unamortized premium			781,199	155,535	22,054	914,680	16,900
(M)	Notes payable - Educare		--	19,313	--	19,313	--
(N)	PPP Loan - Educare		--	596	--	596	322
(O)	PPP Loan - Foundation		--	537	--	537	537
(P)	Capital lease obligations		1,515	134	309	1,340	371
	Special termination benefits		4,178	--	1,944	2,234	--
	OPEB liability		24,055	4,420	--	28,475	--
	Net pension liability		848,152	--	14,766	833,386	--
			<u>\$ 1,659,099</u>	<u>180,535</u>	<u>39,073</u>	<u>1,800,561</u>	<u>18,130</u>

#### Debt Obligations

A summary of the debt obligations of the District at August 31, 2021 is as follows:

#### (A) American Recovery and Reinvestment Act - Build America Bonds 2009

On December 7, 2009, the District authorized the issuance of Build America Bonds authorized under the American Recovery and Reinvestment Act (ARRA) of 2009 in the amount of \$22,620. Interest payments are made semi-annually with the interest rate increasing from 0.99% to 6.07%, net of an interest subsidy from the United States Treasury equal to 32% of the interest due on each of the payments. Principal payments are made annually. Final payment is due December 15, 2034. As of August 31, 2021, the unmatured balance was \$15,810.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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(B) American Recovery and Reinvestment Act - Qualified School Construction Bonds (Tax Credit Bonds) 2009

On December 8, 2009, the District authorized the issuance of Qualified School Construction Tax Credit Bonds authorized under the American Recovery and Reinvestment Act (ARRA) of 2009 in the amount of \$17,375. Interest payments are made quarterly with the interest rate of 1.875%. Annual deposits are made into a sinking fund for the future retirement of the bonds. Maturity date of the bonds is December 15, 2025. As of August 31, 2021, the sinking fund established to pay for the bonds at maturity has a market value of \$12,217. As of August 31, 2021, the unmatured balance was \$17,375.

(C) American Recovery and Reinvestment Act - Qualified School Construction Bonds (Tax Credit Bonds) 2010

On December 9, 2010, the District authorized the issuance of Qualified School Construction Tax Credit Bonds authorized under the American Recovery and Reinvestment Act (ARRA) of 2009 in the amount of \$18,920. Interest payments are made quarterly with the interest rate of 6.00%, net of an interest subsidy from the United States Treasury equal to 95% of the interest due on each of the payments. Annual deposits will be made into a sinking fund for the future retirement of the bonds. The funding requirements of the sinking fund are included in the bond requirements in the table below. Maturity date of the bonds is December 9, 2027. As of August 31, 2021, the sinking fund established to pay for the bonds at maturity has a market value of \$6,004. As of August 31, 2021, the unmatured balance was \$18,920.

(D) American Recovery and Reinvestment Act - Build America Bonds 2010

On December 9, 2010, the District authorized the issuance of Build America Bonds authorized under the American Recovery and Reinvestment Act (ARRA) of 2009 in the amount of \$5,080. Interest payments are made semi-annually with the interest rate increasing from 1.12% to 4.53%, net of an interest subsidy from the United States Treasury equal to 32% of the interest due on each of the payments. Principal payments are made annually. Final payment was due December 1, 2020. The bonds were paid in full during the year ended August 31, 2021.

(E) General Obligation Refunding Bonds - Series 2012

On May 1, 2012, the District issued \$84,175 in General Obligation Refunding Bonds to advance refund \$88,060 of outstanding Series 2003A Bonds. Principal and interest payments are made semi-annually with the interest rate increasing from 1.00% to 5.00%. Final payment is due in June 2025. As of August 31, 2021, the unmatured balance was \$29,800.

The issuance of this resulted in a premium of \$11,374. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2021, the unamortized balance was \$3,208.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,039. This difference, reported in the accompanying financial statements as a deferred amount on refunding, is being charged to operations through the year 2025 using the straight-line method. Amortization on the deferred amount was \$448 for the year ended August 31, 2021. The unamortized balance at August 31, 2021 amounted to \$1,792.

(F) General Obligation Bonds - Series 2015

On April 8, 2015, the District issued \$141,000 in new General Obligation Bonds. Principal and interest payments are made semi-annually with the interest rate increasing from 3.00% to 5.00%. Final payment is due in June 2040. As of August 31, 2021, the unmatured balance was \$141,000.

The issuance of this resulted in a premium of \$12,893. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2021, the unamortized balance was \$9,583.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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(G) General Obligation Bonds - Series 2016

On December 30, 2016, the District issued \$141,000 in new General Obligation Bonds. Principal and interest payments are made semi-annually with the interest rate increasing from 3.00% to 5.00%. Final payment is due in December 2040. As of August 31, 2021, the unmatured balance was \$141,000.

The issuance of this resulted in a premium of \$14,356. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2021, the unamortized balance was \$11,444.

(H) General Obligation Bonds – Series 2017

On November 14, 2017, the District issued \$105,470 in new General Obligation Bonds. Principal and interest payments are made semi-annually with the interest rate increasing from 3.00% to 5.00%. Final interest payment is due in December 2040. As of August 31, 2021, the unmatured balance was \$105,470.

The issuance of this resulted in a premium of \$8,251. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2021, the unamortized balance was \$6,844.

(I) General Obligation Bonds – Series 2018

On November 15, 2018, the District issued \$80,000 in new General Obligation Bonds. Principal and interest payments are made semi-annually with the interest rate increasing from 3.125% to 5.00%. Final interest payment is due in December 15, 2043. As of August 31, 2021, the unmatured balance was \$80,000.

The issuance of this resulted in a premium of \$1,367. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2021, the unamortized balance was \$1,221.

(J) General Obligation Bonds – Series 2020

On January 21, 2020, the District issued \$125,000 in new General Obligation Bonds. Principal and interest payments are made semi-annually with the interest rates ranging from 3.00% to 5.00%. Final interest payment is due December 15, 2043. As of August 31, 2021, the unmatured balance was \$125,000.

The issuance of this resulted in a premium of \$10,943. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2021, the unamortized balance was \$10,221.

(K) General Obligation Bonds – Series 2020B

On May 6, 2020, the District issued \$47,610 in new General Obligation Refunding Bonds to refund the outstanding Series 2010 General Obligation Bonds. Principal and interest payments are made semi-annually with an interest rate of 5.00%. Final interest payment is due in December 15, 2024. As of August 31, 2021, the unmatured balance was \$38,715.

The issuance of this resulted in a premium of \$5,086. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2021, the unamortized balance was \$3,815.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,482. This difference, reported in the accompanying financial statements as a deferred amount on refunding, is being charged to operations using the straight-line method. Amortization on the deferred amount was \$296 for the year ended August 31, 2021. The unamortized balance at August 31, 2021 was \$1,111.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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(L) General Obligations Bonds – Series 2021

On March 10, 2021, the District issued \$140,000 in new General Obligation Bonds. Principal and interest payments are made semi-annually with the interest rates ranging from 1.75% to 5.00%. Final interest payment is due December 15, 2043. As of August 31, 2021, the unmatured balance was \$140,000.

The issuance of this resulted in a premium of \$15,535. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2021, the unamortized balance was \$15,254.

(M) Notes Payable – Educare

Educare has federal and state qualified low-income community investment (QLICI) loans amounting to \$9,881 and \$10,463, respectively, under the federal and state new market tax credit laws, net of unamortized debt issuance costs of \$1,031. The proceeds were used to finance the development and construction of early learning center facilities at Gateway and Kennedy elementary schools and are collateralized through facility license agreements. The loans consist of interest only payments at 2.008449% through June 1, 2022 and at 1.011042% through September 1, 2025. The loans are due May 5, 2045 and September 23, 2048. At December 31, 2020, the unmatured balance was \$19,313.

(N) PPP Loan – Educare

In April 2020, Educare was granted a \$596 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. Educare is eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements. Educare has initially recognized the PPP loan as a note payable and will recognize the forgiveness upon being legally released from the loan obligation by the SBA. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. Educare will be required to repay any remaining balance, plus interest accrued at 1%, in monthly installments commencing upon the notification of loan forgiveness or partial forgiveness.

(O) PPP Loan – Foundation

In February 2021, the Foundation was granted a \$537 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation is eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements. The Foundation has initially recognized the PPP loan as a note payable and will recognize the forgiveness upon being legally released from the loan obligation by the SBA. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. The Foundation will be required to repay any remaining balance, plus interest accrued at 1%, in monthly installments commencing upon the notification of loan forgiveness or partial forgiveness.

(P) Capital Lease Obligations

The District enters into capital lease obligations for printing equipment. The total cost of the equipment was \$1,649, net of accumulated amortization of \$309.

Sequestration

The “Budget Control Act of 2011” requires, among other things, mandatory across-the-board reductions in Federal spending, also known as sequestration. On March 1, 2013, the interest subsidies for the ARRA Build America Bonds 2009, ARRA Build America Bonds 2010 and ARRA Qualified School Construction Bonds (Tax Credit Bonds) 2010 were reduced by 8.2%. Effective October 1, 2020, the sequestration rate was reduced to 5.9%

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

Principal and interest requirements for bond obligations outstanding as of August 31, 2021 are as follows:

<u>Year Ending August 31</u>	<u>Bond Requirements</u>	<u>Interest Requirements</u>	<u>Interest Subsidy, Net of Sequestration</u>	<u>Total</u>
2022	\$ 16,900	33,725	(1,347)	49,278
2023	17,515	32,070	(1,331)	48,254
2024	24,270	31,231	(1,315)	54,186
2025	31,550	29,997	(1,298)	60,249
2026	34,520	28,399	(1,279)	61,640
2027-2031	180,565	116,123	(3,516)	293,172
2032-2036	200,340	75,216	(273)	275,283
2037-2041	198,490	39,951	--	238,441
2042-2044	148,940	6,854	--	155,794
	<u>853,090</u>	<u>393,566</u>	<u>(10,359)</u>	<u>1,236,297</u>
Unamortized premium	<u>61,590</u>			
	<u>\$ 914,680</u>			

Principal and interest requirements for notes payable and PPP loans outstanding as of August 31, 2021 are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 859	313	1,172
2022	496	304	800
2023	346	297	643
2024	353	290	643
2025	488	283	771
2026-2030	3,995	1,245	5,240
2031-2035	4,305	935	5,240
2036-2040	4,641	598	5,239
2041-2045	4,602	235	4,837
2046-2049	1,391	21	1,412
Total	<u>\$ 21,476</u>	<u>4,521</u>	<u>25,997</u>

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

The District is required to make the following remaining payments under the capital lease obligations as follows:

Year Ending August 31,	Leasing Obligations	Interest Obligations	Total
2022	\$ 371	47	418
2023	384	32	416
2024	379	17	396
2025	206	3	209
Total	\$ 1,340	99	1,439

#### (6) Fund Balance

A summary of governmental fund balances as of August 31, 2021 is as follows:

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total
Fund balances:						
Nonspendable -						
Inventories	\$ 4,838	--	--	--	307	5,145
Prepaid expenses	8,737	132	573	--	1,163	10,605
Restricted -						
Debt service	--	--	--	45,048	--	45,048
Capital projects	--	112,120	--	--	--	112,120
Grants	--	--	14,121	--	--	14,121
Qualified purpose	--	--	--	--	20,905	20,905
ESU No. 19	--	--	--	--	1,780	1,780
Committed to -						
KIOS	--	--	--	--	882	882
2020/2021 School Year	45,190	--	--	--	--	45,190
Assigned to -						
School activity	--	--	--	--	2,129	2,129
Student fees	--	--	--	--	120	120
ERP Replacement	--	--	--	--	12,122	12,122
Central office and school support	1,070	--	--	--	--	1,070
Unassigned	116,193	--	--	--	--	116,193
Total fund balance	\$ 176,028	112,252	14,694	45,048	39,408	387,430

The fund balance percentage for the General Fund is as follows:

Fiscal Year	Financial Statements Unassigned Fund Balance as of Percentage of Total General Fund Expenditures	Regulatory Fund Balance as a Percentage of Total General Fund Expenditures
2021	18.01%	15.25%
2020	20.35%	12.73%
2019	27.26%	17.55%

# Douglas County School District #0001

## Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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### (7) Retirement System

#### Plan Description

The employees of the District are covered by Omaha School Employees' Retirement System (OSERS). OSERS is a single-employer defined benefit retirement plan.

OSERS issues a publicly available financial report that includes financial statements and required supplementary information for OSERS. That report may be obtained by contacting the Omaha School Employees' Retirement System by e-mail at [osers@ops.org](mailto:osers@ops.org), by phone at 531-299-0329, or by mail at 3215 Cuming Street, Omaha, NE 68131-2024.

#### Membership Information

Membership consisted of the following as of January 1, 2020, the valuation date used to measure the total pension liability at August 31, 2020:

Retirees and beneficiaries receiving benefits	4,980
Inactive members entitled to but not yet receiving benefits	1,163
Inactive nonvested members entitled to refund of contributions	709
Active plan members	<u>7,366</u>
Total	<u><u>14,218</u></u>

#### Contributions

Employees of the District 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 shall be the greater of 101% of employee contributions, or 9.8778% of member salaries, or the actuarial determined contribution rate to maintain the solvency of OSERS.

For the year ended August 31, 2021, the actuarial determined contribution resulted in an additional required contribution of \$22,200. Total additional contributions made by the District during the year ended August 31, 2021 amounted to \$24,145. The State of Nebraska also contributes 2% of employees' compensation.

For the fiscal year ending August 31, 2021, total contributions by the District to OSERS, including the additional amounts to maintain solvency, amounted to \$61,411. Total contributions from the State of Nebraska amounted to \$7,288.

#### 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

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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interest. For members hired prior to July 1, 2013, retirement benefits are increased by an annual, automatic cost of living adjustment 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 cost of living adjustment 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. No state service annuity or medical COLA is provided for members hired on or after July 1, 2016.

Retirement eligibility rules for OSERS members are based on the member's date of hire in accordance with Neb. Rev. Stat. §72-978 (Supp. 2018) through 79-9,118 (Supp. 2016) known and cited as the Class V School Employees Retirement Act.

#### Actuarial Methods and Assumptions

The total pension liability was measured as of August 31, 2020 and was determined by an actuarial valuation performed as of January 1, 2020, using standard actuarial formulae and using the following key actuarial assumptions:

#### Actuarial Assumptions:

Price Inflation .....	2.75%
Wage Inflation .....	3.25%
Long-term Rate of Return .....	7.50%
Municipal Bond Index Rate .....	2.11%
Single Equivalent Interest Rate.....	7.50%
Salary Increases .....	3.75% to 6.25%
Cost of Living Adjustments .....	1.5% members hired before July 1, 2013 1.0% members hired after July 1, 2013 Medical COLA of \$10/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 January 1, 2020 valuation were based on the results of the most recent actuarial experience study dated April 5, 2017, which covered the five year period ending August 31, 2016.

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, 2020 was 7.50%. There was no change in the discount rate since the prior measurement date.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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**Projected cash flows:** The projection of cash flows used to determine the discount rate assumed that plan contributions from 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 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 OSERS' members. Therefore, the long-term expected rate of return of 7.5% 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. 68. As such, the fiduciary net position projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan 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 2.11% on the measurement date.

**Periods of projected benefit payments:** Projected future benefit payments for all current OSERS members were projected through 2119.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (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 The Nebraska Investment Counsel's consultant for the last experience study, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

**Sensitivity analysis:** The following presents the net pension liability, calculated using the discount rate of 7.5%, as well as the 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:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net pension liability	\$ <u>1,228,580</u>	<u>936,166</u>	<u>693,216</u>

#### Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Omaha School Employees' Retirement System financial report.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

#### Net Pension Liability and Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>(a)</u> <b>Total Pension Liability</b>	<u>(b)</u> <b>Fiduciary Net Position</b>	<u>(c)</u> <b>Net Pension Liability</b>
Balance, August 31, 2019	\$ 2,240,698	1,295,462	945,236
Changes for the year -			
Service cost at end of year	43,490	--	43,490
Interest on total pension liability	163,027	--	163,027
Differences between expected and actual experience	2,015	--	2,015
Contributions - employer	--	57,033	(57,033)
Contributions - State	--	7,302	(7,302)
Contributions - member	--	35,295	(35,295)
Net investment income (loss)	--	118,829	(118,829)
Benefit payments, including member refunds	(136,485)	(136,485)	--
Administrative expense	--	(890)	890
Other	1,808	1,841	(33)
Net changes	<u>73,855</u>	<u>82,925</u>	<u>(9,070)</u>
Balance, August 31, 2020	<u>\$ 2,314,553</u>	<u>1,378,387</u>	<u>936,166</u>

OSERS has a special funding situation, in which, by statute, the State of Nebraska contributes 2.0% of members' compensation to fund the benefits provided by OSERS. At August 31, 2021, the District reported a liability of \$833,386 for its proportionate share of the net pension liability. The net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2020. A 30 year projection of contributions discounted back to the measurement date using the current year measurement period discount rate was utilized to determine the ratio of the present value of future contributions. This was used as the basis for determining the employer proportionate share of the collective pension amount as it represents the long term contribution effort to OSERS. At the August 31, 2020 measurement date, the District's proportionate share was 89.021205%, a decrease of 0.707882%.

The State of Nebraska's proportionate share of the collective net pension liability amounted to \$102,780. At the August 31, 2020 measurement date, the State's proportionate share was 10.978795%. The District recognized revenue in the amount of \$14,938 for the support provided by the State of Nebraska.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended August 31, 2021, the District recognized pension expense of \$79,635. At August 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 22,989	--
Changes of assumptions	40,810	--
Differences between expected and actual experience	19,268	10,761
Changes in proportion and differences between contributions and proportionate share of contributions	14,087	4,658
District contributions subsequent to the measurement date	<u>61,405</u>	<u>--</u>
	<u>\$ 158,559</u>	<u>15,419</u>

Deferred outflows of resources related to pensions included \$61,405 resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended August 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31:	<u>Amount</u>
2022	\$ 43,944
2023	36,981
2024	7,760
2025	(5,971)
2026	<u>(979)</u>
	<u>\$ 81,735</u>

#### Payable to the Pension Plan

At August 31, 2021, the District reported a payable of \$2,843 for the outstanding amount of legally required District contributions for August 2021 and \$2,871 for legally required employee contributions withheld from employee wages which had not yet been remitted to OSERS.

# Douglas County School District #0001

## Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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### (8) Postemployment Benefits Other than Pensions (OPEB)

#### Plan Description

The District is a member of the Educator's Health Alliance, the largest insurance pool in the state of Nebraska. Under the pool, the District participates in a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Each employer in the pool is funded through a separate insurance contract. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

#### OPEB Benefits

Individuals who are employed by the District and have participated in the group health plan for at least five years prior to retirement are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the District's established premiums for the elected medical and prescription drug benefits coverage. The District does not provide any rate subsidies for the retirees electing coverage as the premiums for retirees is slightly different than premiums for active employees, however, the health insurance coverage terms are the same as coverage for active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At August 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or retirees currently participating in the OPEB plan	289
Active employees	<u>7,219</u>
Total	<u><u>7,508</u></u>

Total OPEB Liability – The District's total OPEB liability of \$28,475 was measured as of August 31, 2021, and was determined by an actuarial valuation as of August 31, 2021.

Actuarial Assumptions – The total OPEB liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal level percent of pay cost method, applied to all periods included in the measurement.

Rate of Inflation	2.25% per annum.
Salary increases	3.25%, average, including inflation.
Discount rate	2.14% per annum.
Healthcare cost trend rate	5.00% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.14% based on the yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, which reflects the High Quality 20 Year Tax-Exempt G.O. Bond Rate as of the measurement date.

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 August 31, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

#### Changes in the Total OPEB Liability

Total OPEB liability, beginning of year	\$ 24,055
Changes during the year:	
Service cost	1,188
Interest cost	823
Differences between expected and actual experience	2,583
Changes in assumptions	2,219
Changes of benefit terms	(1,313)
Benefit payments	<u>(1,080)</u>
Net changes	<u>4,420</u>
Total OPEB liability, end of year	\$ <u><u>28,475</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.14%) or 1% higher (3.14%) than the current discount rate.

	<u>1% Decrease</u> <u>(1.14%)</u>	<u>Discount Rate</u> <u>(2.14%)</u>	<u>1% Increase</u> <u>(3.14%)</u>
Total OPEB liability	\$ 30,788	28,475	26,280

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.0%) or 1% higher (5.0%) than the current healthcare cost trend rates.

	<u>1% Decrease</u> <u>(4.0%)</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rate</u> <u>(5.0%)</u>	<u>1% Increase</u> <u>(6.0%)</u>
Total OPEB liability	\$ 24,803	28,475	32,906

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB – For the year ended August 31, 2021, the District recognized OPEB expense of \$1,068. At August 31, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

Differences between expected and actual experience	\$ 2,384
Changes in assumptions	<u>2,048</u>
	\$ <u><u>4,432</u></u>

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:		
2022	\$	370
2023		370
2024		370
2025		370
2026		370
Thereafter		2,582

#### (9) Termination Benefits

##### Accumulated Sick Leave

The District has a mandatory plan for conversion of accumulated sick leave benefits into a supplemental retirement income benefit and/or post-retirement medical expense reimbursement program upon an employee's retirement from the District. These benefits will be funded by the District on a pay-as-you-go basis at the time of each employee's retirement. The amount of this benefit is equal to one-half of the employee's unused accumulated sick leave at the time of his/her retirement and is solely funded by the District. The District will make a determination based upon an interview with each employee prior to his or her retirement date as to which benefit will be most beneficial for the employee – (1) a tax sheltered annuity 403(b); or (2) health reimbursement account.

The District is the Plan Administrator for this program and may choose to contract with a third party administrator to manage the day-to-day activity associated with these benefits. At August 31, 2021, the obligation under the termination benefit amounted to \$22,318, included in accrued payroll liabilities in governmental activities. The obligation is funded through employer contributions on an ongoing basis.

##### Special Termination Benefits

In March 2006, the District approved a voluntary early retirement plan for employees. Eligible employees must have completed at least 18 credible years service as a full-time employee to the District, must have reached the age of 55 as of the separation date, and must be a certificated employee. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits will be equal to the lesser of the monthly Social Security retirement benefit that will be payable to the certificated employee at age 62 (as determined by the District as of the employee's August 31 separation date) or 25% of the certificated employee's scheduled monthly salary in the certificated employee's last full year of employment.

The policy requires early retirement benefits be paid on a monthly basis. Benefit payments will begin in the month following the employee's separation date and will continue until the employee reaches age 62 at which time they will be qualified to receive social security benefits.

At August 31, 2021 the District has obligations to 95 participants with a total liability of \$2,234. This amount represents the discounted present value of the gross benefits due to participants each year until they reach age 62. The discount rate used by the District is 4%. Actual early retirement expenditures for the year ended August 31, 2021 amounted to \$1,574.

The special termination benefits under the early retirement plan was discontinued effective for the 2018-2019 school year.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### (10) Deficit Net Position

The District had a deficit net position of \$233,462 at August 31, 2021 primarily due to recognizing the net pension liability.

#### (11) Tax Abatements

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

Property tax revenues of the District were reduced by the following amounts for the year ended August 31, 2021 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Omaha	Tax Increment Financing	\$ 20,621
City of Bellevue	Tax Increment Financing	129

#### (12) Commitments and Contingencies

##### Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District carries commercial insurance for risks of loss including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The District contracts with reputable carriers for various insurance coverages and has purchased an excess liability coverage insurance policy covering individual claims in excess of \$1,000,000 and retains the risk of loss for individual claims below \$1,000,000. The District has established four separate funds to address the payment of claims that are less than the deductible amounts. Actual claims paid from these funds did not exceed the District's expectations during the fiscal year ended August 31, 2021.

##### Construction Commitments

In connection with the \$421,000 bond initiative passed in 2014 and the \$409,900 bond initiative passed in 2018, and the issuance of the Series 2015, Series 2016, Series 2017, Series 2018, Series 2020 and Series 2021 General Obligation Bonds, the District has entered into various ongoing construction contracts amounting to approximately \$309,480 for the construction of new school facilities and renovation and improvement to existing facilities. The District has commitments of approximately \$115,278 remaining on various ongoing construction contracts at August 31, 2021.

##### Litigation

From time to time, the District is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without any further material adverse affect on the District's future financial position or changes in financial position.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

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#### (13) Coronavirus Pandemic

On March 10, 2020, the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law that provides \$30 billion for an Education Stabilization Fund (ESF) to award relief funds to schools and institutes of higher education in response to the coronavirus. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act was signed into law that added \$81 billion to the ESF established under the CARES Act. In March 2021, the American Rescue Plan Act was signed into law that added \$170 billion to the ESF. The Elementary and Secondary School Emergency Relief (ESSER) Fund administered through the ESF is to be used to assist the District to continue to provide educational services to students through, but not limited to, such activities as the purchase of personal protective equipment, cleaning and sanitizing materials, planning for and coordinating during long term closures, and educational technology supplies and services that will support remote learning. The District was awarded \$23,207 of ESSER I relief funds and \$86,421 of ESSER II relief funds, of which \$15,603 was expended during the year ending August 31, 2021, with a portion that remains unobligated as of August 31, 2021 and is not included in the accompanying financial statements. The District was also awarded \$194,224 of ESSER III relief funds that remained unobligated as of August 31, 2021. The District has the ability to commit, or obligate, the ESSER I relief funds through September 30, 2022, the ESSER II relief funds through September 30, 2023, and the ESSER III relief funds through September 30, 2024.

#### (14) Prior Period Adjustments

##### Accounting Principles Adopted

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Custodial Funds</u>
Net position, beginning of year, as previously reported	\$ --
Change to implement GASB Statement No. 84	<u>132</u>
Net position, beginning of year, as restated	<u>\$ 132</u>

##### Educare of Omaha – Merger with Omaha Early Learning Centers, Inc.

Effective January 1, 2020, the Board of Directors of Educare adopted a resolution to enter into Articles of Merger with Omaha Early Learning Centers, Inc (OELC), through which Educare became the surviving entity. Educare assumed all assets liabilities, rights and obligations Of OELC as of January 1, 2020 and the surviving entity, Educare, carried forth all assets and liabilities of both Organizations.

## Douglas County School District #0001

### Notes to Basic Financial Statements August 31, 2021 (Thousands of Dollars)

The Business Type Activities of the District are being restated to reflect the value of the assets and liabilities assumed by Educare.

	<b>Business Type Activities</b>
Net position, beginning of year, as previously reported	\$ 29,407
Assumption of assets and liabilities upon merger	<u>5,077</u>
Net position, beginning of year, as restated	<u>\$ 34,484</u>

#### Prior Period Adjustment – Correction of Error – Governmental Funds

Fund balance at September 1, 2020 has been restated in the general fund and the grant fund to reallocate funds that were determined not to be an allowable expense under the District's Individuals with Disabilities Education Act (IDEA) grant program. This determination was made based upon incorrect coding used for certain staff as special education positions in the annual financial report submitted to the Nebraska Department of Education (NDE). The annual financial report was amended to have the expenditures for these staff members funded through the general fund. The financial statements are being restated to be consistent with the amended annual financial report submitted to NDE. Previously issued financial statements have not been restated to reflect the correction of this error.

	<b>General Fund</b>	<b>Grant Fund</b>
Fund balance, beginning of year, as previously reported	\$ 199,558	11,554
Restatement to correct payroll funding	<u>(1,807)</u>	<u>1,807</u>
Fund balance, beginning of year, as restated	<u>\$ 197,751</u>	<u>13,361</u>

#### Prior Period Adjustment – Fund Classification Change for Self Insurance

With the deployment of electronic devices to all students of the District for purposes of connectivity for remote learning, optional device protection fees collected from students and held for repairs or damages to electronic devices was moved to an Internal Service Fund from Private Purpose Trust funds. This fund now serves as a self insurance fund for the electronic devices, consistent with the District's other internal service funds. Previously issued financial statements have not been restated for this change.

	<b>Internal Service Funds</b>	<b>Private Purpose Trusts</b>
Net position, beginning of year, as previously reported	\$ 60,194	843
Restatement for self-insurance fund	<u>697</u>	<u>(697)</u>
Net position, beginning of year, as restated	<u>\$ 60,891</u>	<u>146</u>

# Douglas County School District #0001

## Required Supplementary Information Budgetary Comparison Schedule – General Fund (with legally adopted budgets) For the Year Ended August 31, 2021 (Thousands of Dollars)

Function	General Fund					
	Final Adopted Budget	Transfers In/Out	Revised Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)	
FUND BALANCE, beginning of year	\$ 218,354	--	218,354	218,354	--	
Prior Period Adjustment	(1,807)	--	(1,807)	(1,807)	--	
FUND BALANCE, beginning of year, as restated	216,547	--	216,547	216,547	--	
RECEIPTS						
Local sources						
Taxes						
1110	Property taxes - general purpose	261,912	--	261,912	217,738	(44,174)
1111	Property taxes - learning community	--	--	--	56	56
1115	Carline tax	90	--	90	85	(5)
1120	Public power district sales tax	7,000	--	7,000	8,863	1,863
1125	Motor vehicle taxes	25,350	--	25,350	27,119	1,769
1410	Interest	1,800	--	1,800	28	(1,772)
1610	Local license fees and fines	--	--	--	3	3
1620	Police court fines	929	--	929	838	(91)
1910	Rental of school facilities	300	--	300	349	49
	Total local sources	297,381	--	297,381	255,079	(42,302)
County sources						
2110	County fines and license fees	1,500	--	1,500	1,484	(16)
State sources						
3110	State aid	284,584	--	284,584	284,584	--
3120	Special education	25,000	--	25,000	22,158	(2,842)
3125	Special education transportation	7,600	--	7,600	6,765	(835)
3130	Homestead exemption	--	--	--	8,290	8,290
3131	Property tax credit	--	--	--	15,006	15,006
3132	Personal property tax credit	--	--	--	2	2
3135	High-ability learners	--	--	--	(35)	(35)
3180	Pro-rate motor vehicle	400	--	400	585	185
3200	State apportionment	8,755	--	8,755	7,600	(1,155)
3990	Other state receipts	--	--	--	165	165
	Total state sources	326,339	--	326,339	345,120	18,781
Federal sources						
4450	Medicaid in public schools	300	--	300	158	(142)
4850	Universal service fund	--	--	--	1,547	1,547
4990	Other federal categorical receipts	480	--	480	517	37
	Total federal sources	780	--	780	2,222	1,442
Nonrevenue receipts						
5400	Sale of property	20	--	20	286	266
5690	Other nonrevenue receipts	3,280	--	3,280	8,654	5,374
	Total nonrevenue receipts	3,300	--	3,300	8,940	5,640
	Total receipts	629,300	--	629,300	612,845	(16,455)
DISBURSEMENTS						
1100	Regular instruction	316,766	(8,785)	307,981	285,948	22,033
1200	Special education	77,419	55	77,474	68,803	8,671
Support services						
2100	Pupils	37,187	3,079	40,266	43,619	(3,353)
2200	Staff	20,019	46	20,065	17,746	2,319
2520	Vehicle acquisition and maintenance	251	--	251	2,595	(2,344)
2600	Maintenance and operation of bldg/plant	60,938	7,357	68,295	64,728	3,567
2750	Regular pupil transportation	26,078	2,841	28,919	15,112	13,807
2760	Special education pupil transportation	16,755	(1,248)	15,507	15,524	(17)
General and administrative						
2310	Board of education	3,575	--	3,575	1,695	1,880
2320	Executive administration	10,872	311	11,183	10,007	1,176
2400	Office of the principal	38,022	240	38,262	36,655	1,607
2510	Business services	41,884	(3,235)	38,649	72,909	(34,260)
3000	State programs	4,588	(210)	4,378	11,957	(7,579)
4000	Federal programs	1,580	(481)	1,099	636	463
6000	Summer school	9,083	30	9,113	12,660	(3,547)
7000	Adult education	179	--	179	159	20
5000	Debt service	803	--	803	954	(151)
	Total disbursements	665,999	--	665,999	661,707	4,292
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS						
		(36,699)	--	(36,699)	(48,862)	(12,163)
FUND BALANCE, end of year	\$ 179,848	--	179,848	167,685	(12,163)	
ANALYSIS OF FUND BALANCE						
	Cash and cash equivalents			\$ 138,350		
	Receivables			26,903		
	Prepays			72		
	Inventory			4,621		
	Payables			(2,261)		
				\$ 167,685		

See accompanying independent auditor's report

# Douglas County School District #0001

## Required Supplementary Information Budgetary Comparison Schedule – Grant Fund (with legally adopted budgets) For the Year Ended August 31, 2021 (Thousands of Dollars)

Function	Grant Fund		
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
FUND BALANCE, beginning of year	\$ (9,937)	(9,937)	--
Prior Period Adjustment	1,807	1,807	--
FUND BALANCE, beginning of year, as restated	<u>(8,130)</u>	<u>(8,130)</u>	<u>--</u>
<b>RECEIPTS</b>			
Local sources			
1410 Interest	--	1	1
1925 Categorical grants from corporations	24,329	12,416	(11,913)
Total local sources	<u>24,329</u>	<u>12,417</u>	<u>(11,912)</u>
State sources			
3135 High-ability learners	335	337	2
3155 Textbook loan	287	97	(190)
3540 State early childhood	581	1,201	620
Total state sources	<u>1,203</u>	<u>1,635</u>	<u>432</u>
Federal sources			
4200 Title I	32,001	28,752	(3,249)
4300 Title II	2,501	1,259	(1,242)
4400 IDEA	13,548	14,071	523
4450 Medicaid in public schools	--	1,370	1,370
4455 Medicaid administrative activities	4,500	2,448	(2,052)
4700 Federal Vocation & Applied Technology Ed	850	94	(756)
4910 Indian Education	240	190	(50)
4915 Title I, Part C	2,192	1,111	(1,081)
4925 Title III, Part A	1,553	1,001	(552)
4940 Head Start	7,500	8,004	504
4990 Other federal categorical receipts	25,333	22,388	(2,945)
Total federal sources	<u>90,218</u>	<u>80,688</u>	<u>(9,530)</u>
Nonrevenue receipts			
5690 Other nonrevenue receipts	--	12	12
Total receipts	<u>115,750</u>	<u>94,752</u>	<u>(20,998)</u>
<b>DISBURSEMENTS</b>			
1100 Regular instruction	71,176	34,340	36,836
1200 Special Education	3,041	4,655	(1,614)
Support services			
2100 Pupils	12,750	9,900	2,850
2200 Staff	850	3,673	(2,823)
2591 Building and sites	--	5,587	(5,587)
2600 Maintenance and operation of bldg/plant	--	49	(49)
General and administrative			
2320 Executive administration	4,708	2,338	2,370
2510 Business services	--	10,600	(10,600)
3000 State programs	11,700	14,480	(2,780)
4000 Federal programs	10,959	12,457	(1,498)
7000 Adult education	566	547	19
Total disbursements	<u>115,750</u>	<u>98,626</u>	<u>17,124</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	<u>--</u>	<u>(3,874)</u>	<u>(3,874)</u>
FUND BALANCE, end of year	\$ <u>(8,130)</u>	<u>(12,004)</u>	<u>(3,874)</u>
<b>ANALYSIS OF FUND BALANCE</b>			
Cash and cash equivalents	\$	553	
Receivables		28,580	
Payables		<u>(41,137)</u>	
	\$	<u>(12,004)</u>	

See accompanying independent auditor's report

## Douglas County School District #0001

### Required Supplementary Information Budgetary Comparison Schedule – General and Grant Funds (with legally adopted budgets) For the Year Ended August 31, 2021 (Thousands of Dollars)

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#### Budget to GAAP Reporting Reconciliation – Governmental Funds

The accompanying schedule of receipts, expenditures and change in fund balance budget to actual, presents comparison of legally adopted budget as described in Note 1D with actual data on the cash basis of accounting. Because accounting principles applied for the purpose of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of the resultant basis, timing, perspective, and entity deficiencies in revenue or expenses for the year ended August 31, 2021 are presented below.

<u>General Fund</u>	
Deficiency of receipts over disbursements (budgetary basis)	\$ (48,862)
Adjustments:	
Record change in receivables	9,679
Record change in inventories	(931)
Record change in prepaids	6,846
Record change in payables	11,545
	<hr/>
Change in fund balance (GAAP basis)	\$ <u><u>(21,723)</u></u>
<u>Grant Fund</u>	
Deficiency of receipts over disbursements (budgetary basis)	\$ (3,874)
Adjustments:	
Record change in receivables	(2,473)
Record change in prepaids	289
Record change in payables	349
Record change in unavailable revenue	7,042
	<hr/>
Change in fund balance (GAAP basis)	\$ <u><u>1,333</u></u>

# Douglas County School District #0001

## Required Supplementary Information Schedule of Changes in the Net Pension Liability For the Year Ended August 31, 2021 (Thousands of Dollars)

	Omaha School Employees' Retirement System For the Last Seven Fiscal Years*						
	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>							
Service cost	\$ 43,490	42,354	37,704	37,821	39,451	38,242	36,090
Interest	163,027	159,150	152,896	144,648	138,933	133,950	128,868
Differences between expected and actual experience	2,015	(17,657)	19,474	26,757	7,104	(2,960)	--
Changes of assumptions	--	--	--	141,348	--	--	--
Other	1,808	1,992	1,832	2,088	1,946	2,920	2,276
Benefit payments, including refunds of employee contributions	(136,485)	(131,896)	(125,272)	(118,997)	(113,106)	(106,735)	(100,810)
<b>Net change in total pension liability</b>	<b>73,855</b>	<b>53,943</b>	<b>86,634</b>	<b>233,665</b>	<b>74,328</b>	<b>65,417</b>	<b>66,424</b>
<b>Total pension liability - beginning</b>	<b>2,240,698</b>	<b>2,186,755</b>	<b>2,100,121</b>	<b>1,866,456</b>	<b>1,792,128</b>	<b>1,726,711</b>	<b>1,660,287</b>
<b>Total pension liability - ending (a)</b>	<b>2,314,553</b>	<b>2,240,698</b>	<b>2,186,755</b>	<b>2,100,121</b>	<b>1,866,456</b>	<b>1,792,128</b>	<b>1,726,711</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	57,033	57,267	55,564	47,981	33,903	33,109	31,913
Contributions - state	7,302	7,420	7,111	6,897	6,661	6,453	6,285
Contributions - member	35,295	35,614	36,327	34,883	33,764	32,584	31,597
Net investment income	118,829	32,447	85,795	73,217	15,375	(51,214)	153,982
Benefit payments, including refunds of employee contributions	(136,485)	(131,896)	(125,272)	(118,997)	(113,106)	(106,735)	(100,810)
Administrative expense	(890)	(1,087)	(867)	(1,384)	(1,290)	(814)	(897)
Other	1,841	2,012	1,844	2,090	2,082	3,002	2,305
<b>Net change in plan fiduciary net position</b>	<b>82,925</b>	<b>1,777</b>	<b>60,502</b>	<b>44,687</b>	<b>(22,611)</b>	<b>(83,615)</b>	<b>124,375</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,295,462</b>	<b>1,293,685</b>	<b>1,233,183</b>	<b>1,188,496</b>	<b>1,211,107</b>	<b>1,294,722</b>	<b>1,170,347</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>1,378,387</b>	<b>1,295,462</b>	<b>1,293,685</b>	<b>1,233,183</b>	<b>1,188,496</b>	<b>1,211,107</b>	<b>1,294,722</b>
<b>Net pension liability (a-b)</b>	<b>\$ 936,166</b>	<b>945,236</b>	<b>893,070</b>	<b>866,938</b>	<b>677,960</b>	<b>581,021</b>	<b>431,989</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>59.55%</b>	<b>57.82%</b>	<b>59.16%</b>	<b>58.72%</b>	<b>63.68%</b>	<b>67.58%</b>	<b>74.98%</b>
<b>Covered payroll</b>	<b>\$ 360,891</b>	<b>364,154</b>	<b>371,440</b>	<b>356,676</b>	<b>345,231</b>	<b>333,166</b>	<b>323,074</b>
<b>Employers' net pension liability as a percentage of covered payroll</b>	<b>259.40%</b>	<b>259.57%</b>	<b>240.43%</b>	<b>243.06%</b>	<b>196.38%</b>	<b>174.39%</b>	<b>133.71%</b>

See accompanying independent auditor's report

\* Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the District will present information for those years for which information is available.

**Douglas County School District #0001**

**Required Supplementary Information  
Schedule of Employer Contributions  
For the Year Ended August 31, 2021 (Thousands of Dollars)**

		Omaha School Employees' Retirement System For the Last 10 Fiscal Years*									
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined employer contribution	\$	59,466	55,501	54,211	55,526	50,777	31,245	28,161	27,940	30,990	29,040
Actual contributions -											
Employer statutory		37,266	35,676	35,967	36,664	35,231	33,903	33,109	31,913	29,581	28,861
Employer additional		24,145	21,357	21,300	18,900	12,750	--	--	--	--	4,330
Total actual contributions		61,411	57,033	57,267	55,564	47,981	33,903	33,109	31,913	29,581	33,191
Annual contribution deficiency (excess)	\$	(1,945)	(1,532)	(3,056)	(38)	2,796	(2,658)	(4,948)	(3,973)	1,409	(4,151)
Covered payroll	\$	377,207	360,891	364,154	371,440	356,676	345,231	333,166	323,074	313,946	307,258
Actual contributions as a percentage of covered payroll		16.28%	15.80%	15.73%	14.96%	13.45%	9.82%	9.94%	9.88%	9.42%	10.80%

*See accompanying independent auditor's report*

## Douglas County School District #0001

### Required Supplementary Information Notes to Required Supplementary Information For the Year Ended August 31, 2021

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#### Notes to the Schedules:

**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 (LB415), 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, 2016.

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.

#### Changes in actuarial assumptions:

1/1/2021 valuation:

- Valuation salaries are imputed using each member's contribution amount during the prior year. For members who did not work a full year, their salaries are annualized using current salary rates.

1/1/2019 valuation:

- The amortization of the Unfunded Actuarial Accrued Liability (UAAL) was changed to reset the legacy UAAL over a 30 year period beginning January 9, 2019. New layers of UAAL that occur in the future are also amortized over a new 30-year periods 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%.

## Douglas County School District #0001

### Required Supplementary Information Notes to Required Supplementary Information For the Year Ended August 31, 2021

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- 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%.

#### **Method and assumptions used in calculations of Actuarially Determined Contributions:**

OSERS is funded by statutory contribution rates for members, the District and the State of Nebraska. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of 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, 2020 (based on the January 1, 2020 actuarial valuation).

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Layered basis with the Legacy base amortized over a closed 30-year period beginning January 1, 2019. All subsequent bases are amortized over a closed 30-year period beginning on the valuation date.
Asset valuation method	Market related smoothed value
Price inflation	2.75%
Salary increases, including wage inflation	3.75% to 6.25%
Long-term rate of return, net of investment expense, and including 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/month for each year retired (max \$250/month), if hired before July 1, 2016

## Douglas County School District #0001

### Required Supplementary Information Schedule of Changes in Total OPEB Liability, Related Ratios and Notes For the Year Ended August 31, 2021 (Thousands of Dollars)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total OPEB liability</b>			
Service cost	\$ 1,188	1,202	1,254
Interest cost	823	839	796
Difference between expected and actual experience	2,583	--	--
Changes in assumptions	2,219	--	--
Changes of benefit terms	(1,313)	--	--
Benefit payments	<u>(1,080)</u>	<u>(742)</u>	<u>(785)</u>
Net changes in total OPEB liability	4,420	1,299	1,265
Total OPEB liability, beginning of year	<u>24,055</u>	<u>22,756</u>	<u>21,491</u>
Total OPEB liability, end of year	<u>\$ 28,475</u>	<u>24,055</u>	<u>22,756</u>
<b>Plan fiduciary net position</b>			
Employer contributions	\$ 1,080	742	785
Benefit payments	<u>(1,080)</u>	<u>(742)</u>	<u>(785)</u>
Net changes in plan fiduciary net position	--	--	--
Plan fiduciary net position, beginning of year	<u>--</u>	<u>--</u>	<u>--</u>
Plan fiduciary net position, end of year	<u>\$ --</u>	<u>--</u>	<u>--</u>
District's net OPEB liability, end of year	<u>\$ 28,475</u>	<u>24,055</u>	<u>22,756</u>
Covered payroll	\$ 393,199	381,090	382,977
Total OPEB liability as a percentage of covered payroll	7.24%	6.31%	5.94%

#### Notes to the Schedule of Changes in the District's Total OPEB Liability and Related Ratios

##### *Changes in benefit terms:*

- There were no significant changes in benefit terms.

##### *Changes in assumptions:*

- Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended August 31, 2021	2.14%
Year ended August 31, 2020	3.50%
Year ended August 31, 2019	3.50%

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
Budgetary Comparison Schedule – Special Building Fund  
For the Year Ended August 31, 2021 (Thousands of Dollars)**

Function	Special Building Fund			
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)	
FUND BALANCE, beginning of year	\$ 136,933	136,933	--	
<b>RECEIPTS</b>				
Local sources				
Taxes				
1110	Property taxes - general purpose	7,100	5,647	(1,453)
1115	Carlisle tax	5	2	(3)
1410	Interest	2,452	36	(2,416)
1990	Other local receipts	230	239	9
3990	Other state receipts	10	582	572
5100	Sale of bonds	40,000	155,535	115,535
5690	Other nonrevenue receipts	380	425	45
	Total receipts	<u>50,177</u>	<u>162,466</u>	<u>112,289</u>
<b>DISBURSEMENTS</b>				
2515-300	Purchased services	4,040	12,601	(8,561)
2515-500	Capital outlay	500	134	366
2515-510	Site acquisition and improvements	3,270	4,474	(1,204)
2515-520	Building acquisition and improvements	166,386	155,366	11,020
2515-600	Other expenses	150	992	(842)
5000-607	Repayment of taxes paid	50	20	30
	Total disbursements	<u>174,396</u>	<u>173,587</u>	<u>809</u>
<b>DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS</b>				
		<u>(124,219)</u>	<u>(11,121)</u>	<u>113,098</u>
FUND BALANCE, end of year	\$ <u>12,714</u>	<u>125,812</u>	<u>113,098</u>	
<b>ANALYSIS OF FUND BALANCE</b>				
	Cash and cash equivalents	\$ 152,705		
	Receivables	(25)		
	Payables	<u>(26,868)</u>		
		\$ <u>125,812</u>		

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
Budgetary Comparison Schedule – Debt Service Fund  
For the Year Ended August 31, 2021 (Thousands of Dollars)**

Function	Debt Service Fund			
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)	
FUND BALANCE, beginning of year	\$ 39,562	39,562	--	
RECEIPTS				
Taxes				
1110	Property taxes	44,398	39,071	(5,327)
1115	Carline tax	17	14	(3)
3130	Homestead exemption	--	1,400	1,400
3180	Pro-rate motor vehicle	403	95	(308)
1410	Interest	673	3	(670)
1990	Other local receipts	2,017	1,617	(400)
3990	Other state receipts	76	26	(50)
5100	Sale of bonds	40,000	--	(40,000)
	Total receipts	87,584	42,226	(45,358)
DISBURSEMENTS				
5000-607	Repayment of taxes paid	200	--	200
5000-610	Redemption of principal	16,530	16,530	--
5000-620	Debt service interest	27,087	27,087	--
5000-690	Other miscellaneous expense	40,000	--	40,000
	Total disbursements	83,817	43,617	40,200
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
		3,767	(1,391)	(5,158)
FUND BALANCE, end of year	\$ 43,329	38,171	(5,158)	
ANALYSIS OF FUND BALANCE				
	Cash and cash equivalents	\$ 38,171		
		\$ 38,171		

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
Budgetary Comparison Schedule – Other Governmental Funds  
For the Year Ended August 31, 2021 (Thousands of Dollars)**

Function	Qualified Capital Purpose Funds			
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)	
FUND BALANCE, beginning of year	\$ 2,615	2,615	--	
RECEIPTS				
Taxes				
1110	Property taxes	3,630	3,069	(561)
1115	Carline tax	5	1	(4)
3130	Homestead exemption	--	108	108
3180	Motor vehicle taxes	21	8	(13)
1410	Interest	2	--	(2)
1990	Other local receipts	600	116	(484)
3990	Other state receipts	--	2	2
	Total receipts	4,258	3,304	(954)
DISBURSEMENTS				
5000-607	Repayment of taxes paid	72	18	54
5000-610	Redemption of principal	3,036	2,648	388
5000-620	Debt service interest	2,415	1,087	1,328
	Total disbursements	5,523	3,753	1,770
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS				
		(1,265)	(449)	816
FUND BALANCE, end of year	\$ 1,350	2,166	816	
ANALYSIS OF FUND BALANCE				
	Cash and cash equivalents	\$ 2,166		
		\$ 2,166		

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
 Budgetary Comparison Schedule – Other Governmental Funds (Continued)  
 For the Year Ended August 31, 2021 (Thousands of Dollars)**

<u>Function</u>	<u>Student Fee Funds</u>		
	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 119	119	--
RECEIPTS			
1741 Extracurricular activity fees	781	775	(6)
DISBURSEMENTS			
2100-600 Other expenses	900	775	125
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	(119)	--	119
FUND BALANCE, end of year	\$ --	119	119
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 119	
		\$ 119	

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
Budgetary Comparison Schedule – Other Governmental Funds (Continued)  
For the Year Ended August 31, 2021 (Thousands of Dollars)**

Function	Activity Funds		
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
FUND BALANCE, beginning of year	\$ 1,739	1,739	--
RECEIPTS			
1410 Interest	--	1	1
1710 Activities receipts	--	546	546
1990 Other local receipts	--	522	522
5690 Other nonrevenue receipts	5,626	2,501	(3,125)
Total receipts	5,626	3,570	(2,056)
DISBURSEMENTS			
2515-300 Purchased services	--	351	(351)
2515-400 Supplies and materials	--	519	(519)
2515-500 Capital outlay	--	5	(5)
2515-600 Other expenses	6,500	2,283	4,217
Total disbursements	6,500	3,158	3,342
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(874)	412	1,286
FUND BALANCE, end of year	\$ 865	2,151	1,286
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 2,148	
Investments		6	
Receivables		14	
Payables		(17)	
		\$ 2,151	

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
 Budgetary Comparison Schedule – Other Governmental Funds (Continued)  
 For the Year Ended August 31, 2021 (Thousands of Dollars)**

<u>Function</u>	ESU No. 19 Fund		
	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 5,411	5,411	--
<b>RECEIPTS</b>			
1000 Local receipts	13,489	11,940	(1,549)
3000 State receipts	2,923	3,279	356
5000 Nonrevenue receipts	2,838	12,158	9,320
Total receipts	<u>19,250</u>	<u>27,377</u>	<u>8,127</u>
<b>DISBURSEMENTS</b>			
1100 General education instructional	23	23	--
2100 Student non-instructional support services	3,350	2,953	397
2200 Support services - staff	601	532	69
2300 Board of control and general administration	13	12	1
2900 Materials and equipment services	1,444	1,377	67
3550 Core services & technology infrastructure	13,771	12,758	1,013
5000 Debt services	48	11	37
Total disbursements	<u>19,250</u>	<u>17,666</u>	<u>1,584</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>--</u>	<u>9,711</u>	<u>9,711</u>
FUND BALANCE, end of year	\$ <u>5,411</u>	<u>15,122</u>	<u>9,711</u>
<b>ANALYSIS OF FUND BALANCE</b>			
Cash and cash equivalents		\$ 14,912	
Inventory		<u>210</u>	
		\$ <u>15,122</u>	

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
 Budgetary Comparison Schedule – Other Governmental Funds (Continued)  
 For the Year Ended August 31, 2021 (Thousands of Dollars)**

<u>Function</u>	KIOS - Funds 911 & 915		
	Final Adopted Budget	Current Fiscal Year Actual	Variance Favorable (Unfavorable)
FUND BALANCE, beginning of year	\$ 1,100	1,100	--
RECEIPTS			
Local sources			
Taxes			
1410 Interest	--	32	32
1925 Categorical grants from corporations	1,250	--	(1,250)
1990 Other local receipts	--	985	985
Total local sources	<u>1,250</u>	<u>1,017</u>	<u>(233)</u>
Nonrevenue receipts			
5690 Other nonrevenue receipts	--	57	57
Total receipts	<u>1,250</u>	<u>1,074</u>	<u>(176)</u>
DISBURSEMENTS			
2200 Staff	<u>1,250</u>	<u>1,035</u>	<u>215</u>
Total disbursements	<u>1,250</u>	<u>1,035</u>	<u>215</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>    --</u>	<u>    39</u>	<u>    (39)</u>
FUND BALANCE, end of year	\$ <u><u>1,100</u></u>	<u><u>1,139</u></u>	<u><u>39</u></u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 750	
Investments		104	
Receivables		<u>285</u>	
		<u>\$ 1,139</u>	

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
 Budgetary Comparison Schedule – Internal Service Funds  
 For the Year Ended August 31, 2021 (Thousands of Dollars)**

<u>Function</u>	<u>Depreciation Funds</u>		
	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 9,751	9,751	--
RECEIPTS			
1410 Interest	--	1	1
5500 Transfers from the general fund	3,316	29,800	26,484
Total receipts	<u>3,316</u>	<u>29,801</u>	<u>26,485</u>
DISBURSEMENTS			
2500-500 Capital outlay	8,000	51	7,949
Total disbursements	<u>8,000</u>	<u>51</u>	<u>7,949</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,684)</u>	<u>29,750</u>	<u>34,434</u>
FUND BALANCE, end of year	\$ <u>5,067</u>	<u>39,501</u>	<u>34,434</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ <u>39,501</u>	
		\$ <u>39,501</u>	

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
Budgetary Comparison Schedule – Internal Service Funds (Continued)  
For the Year Ended August 31, 2021 (Thousands of Dollars)**

<u>Function</u>	<u>Employee Benefit Funds</u>		
	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 13,311	13,311	--
RECEIPTS			
1410 Interest	--	(4)	(4)
5500 Transfers from the general fund	--	5,392	5,392
5690 Other nonrevenue receipts	612	2,606	1,994
Total receipts	<u>612</u>	<u>7,994</u>	<u>7,382</u>
DISBURSEMENTS			
2500-200 Employee benefits	<u>12,600</u>	<u>6,363</u>	<u>6,237</u>
Total disbursements	<u>12,600</u>	<u>6,363</u>	<u>6,237</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(11,988)</u>	<u>1,631</u>	<u>13,619</u>
FUND BALANCE, end of year	\$ <u>1,323</u>	<u>14,942</u>	<u>13,619</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 14,398	
Investments		3,120	
Receivables		350	
Payables		<u>(2,926)</u>	
		\$ <u>14,942</u>	

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
Budgetary Comparison Schedule – Internal Service Funds (Continued)  
For the Year Ended August 31, 2021 (Thousands of Dollars)**

Function	Contingency Fund		
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
FUND BALANCE, beginning of year	\$ 20,071	20,071	--
Prior Period Adjustment	697	697	--
FUND BALANCE, beginning of year, as restated	<u>20,768</u>	<u>20,768</u>	<u>--</u>
RECEIPTS			
1410 Interest	--	3	3
5500 Transfers from the general fund	807	2,907	2,100
Total receipts	<u>807</u>	<u>2,910</u>	<u>2,103</u>
DISBURSEMENTS			
2310-643 Judgements/settlements	18,500	2,187	16,313
Total disbursements	<u>18,500</u>	<u>2,187</u>	<u>16,313</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(17,693)</u>	<u>723</u>	<u>18,416</u>
FUND BALANCE, end of year	\$ <u>3,075</u>	<u>21,491</u>	<u>18,416</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 21,481	
Receivables		11	
Payables		<u>(1)</u>	
		\$ <u>21,491</u>	

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information  
Budgetary Comparison Schedule – Internal Service Funds (Continued)  
For the Year Ended August 31, 2021 (Thousands of Dollars)**

Function	School Lunch Funds		
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
FUND BALANCE, beginning of year	\$ 23,841	23,841	--
<b>RECEIPTS</b>			
1410 Interest	1	3	2
1720 Sale of lunches/milk	1,718	100	(1,618)
1990 Other local receipts	--	55	55
3150 State reimbursement	121	190	69
4800 Federal reimbursement	8,813	19,017	10,204
4945 Child and adult care food program	650	366	(284)
5690 Other nonrevenue receipts	--	4	4
Total receipts	<u>11,303</u>	<u>19,735</u>	<u>8,432</u>
<b>DISBURSEMENTS</b>			
2100-100 Salaries	12,227	8,693	3,534
2100-200 Employee benefits	3,873	3,993	(120)
2100-300 Purchased services	2,857	2,175	682
2100-400 Supplies and materials (excluding food)	2,627	1,079	1,548
2100-470 Food	17,067	6,824	10,243
2100-500 Capital outlay	403	310	93
2100-600 Other expenses	19	3	16
Total disbursements	<u>39,073</u>	<u>23,077</u>	<u>15,996</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	<u>(27,770)</u>	<u>(3,342)</u>	<u>24,428</u>
FUND BALANCE, end of year	\$ <u>(3,929)</u>	<u>20,499</u>	<u>24,428</u>
<b>ANALYSIS OF FUND BALANCE</b>			
Cash and cash equivalents		\$ 18,248	
Receivables		56	
Inventory		2,199	
Payables		(4)	
		<u>\$ 20,499</u>	

*See accompanying independent auditor's report*

**Douglas County School District #0001**

**Other Supplementary Information**

**Budgetary Comparison Schedule – Proprietary Funds (with legally adopted budgets)**

**For the Year Ended August 31, 2021 (Thousands of Dollars)**

<u>Function</u>	<u>Cooperative Fund</u>		
	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ (265)	(265)	--
<b>RECEIPTS</b>			
1990 Other local receipts	2,995	983	(2,012)
5690 Other nonrevenue receipts	33,706	12,412	(21,294)
Total receipts	<u>36,701</u>	<u>13,395</u>	<u>(23,306)</u>
<b>DISBURSEMENTS</b>			
1160-110 Salary - Teachers	1,500	469	1,031
1160-120 Salary - Substitutes	--	--	--
1160-140 Salary - Clerical and paraprofessional staff	--	36	(36)
1160-200 Employee benefits	250	178	72
1160-300 Purchased services	500	20	480
1160-400 Supplies and materials	500	19	481
1160-600 Other expenses	250	--	250
2100 Support services - pupils	--	12,413	(12,413)
2510 General administration - business services	33,706	--	33,706
4990 Other federal categorical expenditures	--	2	(2)
Total disbursements	<u>36,706</u>	<u>13,137</u>	<u>23,569</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(5)</u>	<u>258</u>	<u>263</u>
FUND BALANCE, end of year	\$ <u><u>(270)</u></u>	<u><u>(7)</u></u>	<u><u>263</u></u>
<b>ANALYSIS OF FUND BALANCE</b>			
Cash and cash equivalents		\$ 5	
Payables		<u>(12)</u>	
		<u><u>\$ (7)</u></u>	

*See accompanying independent auditor's report*

# Douglas County School District #0001

## Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Financial Assistance Listing	Passed Through to Subrecipients	Expenditures of Federal Awards
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Direct Programs				
Indian Education	S060A190926	84.060A		\$ 217,306
Total Direct Programs				<u>217,306</u>
Passed through the Nebraska Department of Education				
Special Education (IDEA) Cluster				
IDEA - Base, Enrollment/Poverty, CEIS and NonPublic	21-(6408, 6411, 6412)-00-19-028-0001	84.027		13,956,459
IDEA - Preschool	21-6406-00-19-028-0001	84.173		667,665
IDEA - PEAK	21-28-0001-4415-P-133	84.027		200,685
Total Special Education (IDEA) Cluster				<u>14,824,809</u>
Title I Grants to Local Educational Agencies				
Title I - Improving the Academic Achievement of the Disadvantaged	21-6200-00-19-028-0001	84.010A		27,314,143
Title I - Support for Improvement	21-6212-XX-19-028-0001	84.010		2,899,699
Total Title I Grants to Local Educational Agencies				<u>30,213,842</u>
Elementary and Secondary School Emergency Relief Fund (ESSER)				
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER)	20-6996-00-19-028-0001	84.425D		14,357,835
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	21-6997-00-19-028-0001	84.425D		1,245,002
Total Elementary and Secondary School Emergency Relief Fund (ESSER)				<u>15,602,837</u>
Title I - Part D, Neglected and Delinquent				
Perkins Secondary	21-6230-00-19-028-0001	84.013A		357,972
SPED Planning Region Team (PRT) Grant	21-6700-00-19-028-0001	84.048		760,735
SIG (School Improvement Grant)	21-6416-00-19-028-0001	84.181		25,620
Title II - Part A - Teacher Quality	2020-19-028-0001-185-SIG	84.377		8,196
Title I - Part C - Education of Migratory Children	21-6310-00-19-028-0001	84.367A		1,642,761
McKinney-Vento Homeless Education Assistance	21-6915-00-19-028-0001	84.011		1,148,910
Title III - English Language Acquisition	21-6991-00-19-028-0001	84.196		94,429
Title IV - Part A - Student Support and Academic Enrichment	21-6925-00-19-028-0001	84.365A		1,213,651
	21-6969-00-19-028-0001	84.424A		2,024,319
Total passed through the Nebraska Department of Education				<u>67,918,081</u>
Total U.S. DEPARTMENT OF EDUCATION				<u>68,135,387</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Child Nutrition Cluster				
Passed through the Nebraska Department of Education				
Summer Food Service Program for Children (SFSP)	13898414	10.559		18,115,346
Passed through the Nebraska Department of Health and Human Services				
NSLP Food Commodities Received - Non Cash Award	47600262900	10.555		1,335,953
Total Child Nutrition Cluster				<u>19,451,299</u>
Passed through the Nebraska Department of Education				
Child and Adult Care Food Program	13898414	10.558		366,053
Fruit/Vegetable Program	13897314	10.582		901,789
Total passed through the Nebraska Department of Education				<u>1,267,842</u>
Total U.S. DEPARTMENT OF AGRICULTURE				<u>20,719,141</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Programs				
Head Start Cluster				
Head Start	07CH011832-01-00	93.600	\$ 3,519,935	7,727,675
COVID-19 Head Start	07CH010261-05-02	93.600		570,827
COVID-19 Head Start	07HE000546-01-00	93.600		50,136
Total Head Start Cluster				<u>8,348,638</u>
Passed through the Nebraska Department of Health and Human Services				
Refugee School Impact Grant	0G2001NERSOC / 0G2101NERSSS	93.566		124,982
Medicaid Cluster				
Medical Assistance Program (Medicaid; Title XIX)	052105NE5ADM	93.778		2,448,196
Total passed through the Nebraska Department of Health and Human Services				<u>2,573,178</u>
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>10,921,816</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>				
Direct Program				
ROTC	0812.18JROTC	12.357		516,638
Total expenditures of Federal awards			\$ 3,519,935	<u>100,292,982</u>

The accompanying notes are an integral part of this schedule

## **Douglas County School District #0001**

### **Notes to Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2021**

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#### **Note 1 Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the District.

#### **Note 2 Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the same basis of accounting (cash basis) in accordance with the accounting procedures and reporting requirements permitted by the Nebraska Commissioner of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3 Indirect Cost Rate**

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**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 Education  
Douglas County School District #0001:

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Douglas County School District #0001 (the District), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2021. Our report includes a reference to other auditors who audited the financial statements of the Omaha Public Schools Foundation, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 16, 2021.

**Report on Compliance For Each Major Federal Program; Report  
on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

To the Board of Education  
Douglas County School District #0001

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

We have audited Douglas County School District #0001's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The District's basic financial statements include the operations of Educare of Omaha, Inc., which expended \$3,244,232 in federal awards which are not included in the schedule of expenditures of federal awards of the District during the year ended August 31, 2021. Our audit, described below, did not include the operations of Educare of Omaha, Inc. because the component unit engaged auditors to perform a separate audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Seim Johnson, LLP*

Omaha, Nebraska.  
November 16, 2021.

**Douglas County School District #0001**

**Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2021**

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**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ x No
- Significant deficiency(ies) identified? \_\_\_\_\_ x Yes \_\_\_\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ x No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ x No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes \_\_\_\_\_ x None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes \_\_\_\_\_ x No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.425D	Elementary and Secondary School Emergency Relief Fund (ESSER)
	<u>Medicaid Cluster</u>
93.778	Medical Assistance Program (Medicaid; Title XIX)

Dollar threshold used to distinguish between type A and type B programs \_\_\_\_\_ \$3,008,789 \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ x No

## Douglas County School District #0001

### Schedule of Findings and Questioned Costs For the Year Ended August 31, 2021

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#### II. FINANCIAL STATEMENT FINDINGS

##### 2021-001 SIGNIFICANT DEFICIENCY

Criteria:	The design and operation of the District's internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in the District's financial statements on a timely basis.
Condition:	We identified misstatements in the financial statements during the audit related to revenue recognition that were not initially identified by the District's internal controls.
Context:	The District prepares its interim financial statements throughout the fiscal year on the cash basis of accounting and performs a conversion of the statements to the modified accrual and full accrual basis, as applicable, for financial reporting purposes at the end of its fiscal year. This is a significant undertaking, and a very complex process. After management provided its initial financial statements, we noted errors in amounts recognized as revenue related to property taxes and certain grant awards.
Cause:	Due to errors in computing revenue earned during the year as part of the year end closing process, as well as time constraints related to the period between the end of the District's fiscal year and the audit reporting deadline imposed by the Nebraska Department of Education, management was unable to complete a thorough review of its GAAP basis financial statements for accuracy and completeness prior to the audit commencing. This resulted in errors in the revenue recognition process to be undetected in the financial reporting process.
Effect:	Several audit adjustments and reclassifications were required to correct misstatements in the financial statements to accurately recognize revenue for the year ended August 31, 2021.
Recommendation:	We recommend management review its year end process for recording accruals for revenue recognition and related receivables and the reversals of prior year accruals to ensure revenue is accurately recognized in the financial statements for amounts earned during the year.
Views of Responsible Officials:	Management is aware of this deficiency in internal control over financial reporting. See the attached Corrective Action Plan for management's planned corrective action.

#### III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal award findings or questioned costs reported.



## Douglas County School District #0001

### Corrective Action Plan For the Year Ended August 31, 2021

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#### **Finding No. 2021-001**

Criteria:	The design and operation of the District's internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in the District's financial statements on a timely basis.
Condition:	We identified misstatements in the financial statements during the audit related to revenue recognition that were not initially identified by the District's internal controls.
Planned Corrective Action:	<p>Management will implement the following corrective actions to strengthen internal controls over financial reporting for revenue recognition. This review will focus on the proper recording of cash receipts throughout the year and year-end accrual entries for financial reporting.</p> <ul style="list-style-type: none"><li>• Implement quarterly reviews of the classification of cash receipts received during the year.</li><li>• Review calculation of revenue accruals for financial statements at year end, including property tax revenue receivable and reversal of prior year accruals.</li><li>• Ensure reviews of quarterly cash receipts and year-end accruals are documented by both the Accounting Manager and the Controller.</li></ul>

Management expects this finding to be resolved by August 31, 2022.

Respectfully submitted by:

Shane T. Rhian  
Controller  
Douglas County School District #0001



## Douglas County School District #0001

### Summary Schedule of Prior Audit Findings For the Year Ended August 31, 2021

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#### Finding No. 2020-001

Condition: We identified misstatements in the financial statements during the audit related to appropriate capitalization of assets and the recognition of depreciation expense that were not initially identified by the District's internal controls.

Previous Response for Finding:

Management will implement the following corrective actions to strengthen internal controls and financial reporting for capital assets:

- Recruit and train an experienced accountant to oversee the capital assets area.
  - This position has seen significant turnover during the past 16 months and has been vacant since late August of this year.
  - This accountant will report directly to the District's new Accounting Manager that joined the District in August 2020. The Accounting Manager will meet regularly with the Capital Asset Accountant to monitor activities related to accounting for capital assets.
  - Onboarding processes and materials for this position will be reviewed and updated to ensure that this individual is trained properly and able to address the issues in this finding.
- Continue to identify and resolve system deficiencies in the capital assets module of the accounting system, engaging outside consultants if needed.
- Review and revise where necessary all procedures for processing capital assets in the accounting system module to ensure all capital assets are properly recorded, depreciated, and disposed.
- Reconcile the capital assets module to the general ledger on a quarterly basis and document a review of these reconciliations by the Accounting Manager.

Management expects this finding to be resolved by August 31, 2021.

Corrective Action:

Management has completed the following actions to address and remediate this finding:

- Successfully recruited and onboarded a new Asset Accountant.
- Engaged an outside consultant from the firm that assisted with the most recent upgrade of the accounting system. The consultant worked closely with the Accounting Manager, Asset Accountant, and IMS staff to review the implementation, configuration, and updates to the Assets Module. The Asset Module is now fully functional and operating as designed and intended.



## Douglas County School District #0001

### Summary Schedule of Prior Audit Findings For the Year Ended August 31, 2021

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- Reviewed all processes related to processing capital assets in the Assets Module, identifying and updating processes that were not compatible with the system's functionality.
- The assets ledger was fully reconciled to the general ledger at August 31, 2021 and will continue to be reconciled on a monthly basis going forward.

Status: Finding cleared

#### **Finding No. 2020-002**

Condition: The preparation of financial statements requires tremendous detail. The financial statements prepared by management for audit required several adjusting entries, including some identified by management, in order to fairly state the District's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Previous Response for Finding: Management will review and revise where necessary the processes for preparing financial statements. This review will focus on areas that inhibit the timely and accurate preparation of the District's financial statements and will include:

- Increased use of analytics to review activity in key accounts on at least a quarterly basis. The District hired a new Financial Planning and Analysis Manager in June as part of the implementation of its new strategic plan and this individual will greatly improve existing processes.
- Documented reviews of quarterly reconciliations of key accounts by the new Accounting Manager that joined the District in August 2020.

There were also several issues that caused adjustments to the normal course of preparing the District's financial statements:

- There were a significant number of vacancies leading up to the financial statement preparation process that required existing staff to assume new and unfamiliar duties while still completing their own regular responsibilities.
  - Two Lead Accountants retired on July 31, 2020 and new staff did not assume these roles until September 1, 2020.
  - There were six other open staff positions in July and August. Four of these positions have been filled and the remaining two are in the recruitment process and expect to be filled by January 1, 2021.
- There were two significant issues related to our ability to process transactions in the accounting system during late September. It took the accounting and IMS teams two weeks to resolve these issues, which delayed the financial statement preparation process.

Management expects this finding to be resolved by August 31, 2021.



**Douglas County School District #0001**

**Summary Schedule of Prior Audit Findings  
For the Year Ended August 31, 2021**

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Corrective Action: Management has worked diligently to address the staffing and system issues that contributed to this finding and to improve processes for reconciliations and analytics.

- All vacancies in the Accounting & Finance Department were filled by January 1, 2021.
- Individual staff responsibilities were reviewed, and several duties were reassigned to better distribute workload for financial statement preparation.
- Major financial statement preparation processes were reviewed and training, retraining, and cross-training provided to staff to ensure successful completion of processes.
- Documented reconciliations of key accounts on a monthly or quarterly basis depending on significance.
- System processes that impacted 2019-20 financial statement preparation were reviewed and an additional staff member was assigned to these processes to ensure sufficient capacity to complete them timely.
- Processes using analytics to review activity have been updated and will be completed monthly to help identify possible errors on an ongoing basis.

Status: Finding cleared

**Finding No. 2020-003**

Condition: Expenditures for the year ended August 31, 2020 exceeded the amounts budgeted in the Debt Service Fund.

Previous Response for Finding Overall the District was under budget based upon total expenditures incurred across all funds during the year. The District will incorporate procedures to ensure a budget amendment is prepared for any future refinancing of debt to ensure actual expenditures do not exceed amounts budgeted in the Debt Service Fund.

Corrective Action: Management has reviewed and updated budgeting and planning processes to ensure that adequate budgets are prepared, and amendments prepared when necessary to ensure that existing budgets are not exceeded. These revised processes identified a need for additional budget authority in the Special Building Fund for the current year due to accelerated construction progress on four new schools, and an amendment was approved with sufficient authority for the remainder of the year.

District expenditures did not exceed budget for the year ended August 31, 2021.

Status: Finding cleared