

Douglas County School District #0001
Omaha, Nebraska

**Financial Statements and
Supplementary Information
August 31, 2022**

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 Audit of the Financial Statements

Qualified and Unmodified Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on the Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the aggregate remaining fund information section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the District, as of August 31, 2022, and the 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.

Unmodified Opinions on the Governmental Activities, Business-Type Activities, and Each Major Fund

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of August 31, 2022, 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.

We did not audit the financial statements of the Omaha Public Schools Foundation, a blended component unit, which is a major fund and represents 52.29 percent, 75.58 percent and 28.45 percent, respectively, of the assets, net position, and revenues of the business-type activities of the District as of August 31, 2022 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. 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 report of the other auditors.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on the Aggregate Remaining Fund Information

The financial statements of the Employee Retirement Plan fund, Omaha School Employees' Retirement System, a fiduciary component unit, have not been audited, and we were not engaged to audit Omaha School Employees Retirement System's financial statements as part of our audit of the District's basic financial statements. Omaha School Employees' Retirement System financial activities are included in the District's basic financial statements and represent 87.20 percent, 72.28 percent, and 50.58 percent of the assets, net position, and revenues, respectively, of the District's aggregate remaining fund information.

Emphasis of Matter

As discussed in Note 1(U) to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, *Leases*, for the year ended August 31, 2022. Accordingly, a restatement has been made to the governmental activities net position as of September 1, 2021, to restate the beginning net position. Our opinions are not modified with respect to this matter.

Other Matter

The financial statements of Educare of Omaha, Inc., a blended component unit, as of and for the year ended December 31, 2021, were audited by Seim Johnson, LLP, who joined Eide Bailly LLP on July 25, 2022 and whose report dated May 13, 2022 contained an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison schedule – general and grant funds (with legally adopted budgets) on pages 58 through 60, the schedule of changes in the net pension liability on page 61, the schedule of employer contributions on page 62, the related notes to the required supplementary information on pages 63 through 64, and the schedule of changes in total OPEB liability related ratios and notes on page 65 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 66 through 77 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 78 through 79 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 February 3, 2023 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.



Omaha, Nebraska,
February 3, 2023.



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 the Omaha Public School District's (the District) 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, 2022, 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 (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 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, 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)

Business-type Activities: The District charges fees to customers to cover the costs of certain services it provides. The Omaha Public Schools Foundation, Educare of Omaha, 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 of 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.

- **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.

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Management's Discussion and Analysis (Thousands of Dollars)

- **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. Required supplementary information also includes schedules related to net pension and OPEB liabilities as required by the Governmental Accounting Standards Board.
- **Other Supplementary Information** – This section includes 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 decreased by \$2,372, 0.15%. Capital assets are 61.27% of the District's total assets and increased \$31,934, 3.50%. The increase in capital assets is due to completion of construction of four new schools from bonds authorized 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 2021 to 2022

	SUMMARY OF NET POSITION (in thousands)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	(not restated)				(not restated)	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 577,952	548,609	52,768	47,805	630,720	596,414
Capital assets, net	891,582	924,017	19,880	19,379	911,462	943,396
Total assets	1,469,534	1,472,626	72,648	67,184	1,542,182	1,539,810
Deferred outflows of resources	165,766	147,024	128	99	165,894	147,123
Current and other liabilities	113,253	161,645	1,493	1,610	114,746	163,255
Long-term liabilities	1,779,443	1,671,744	21,118	19,852	1,800,561	1,691,596
Total liabilities	1,892,696	1,833,389	22,611	21,462	1,915,307	1,854,851
Deferred inflows of resources	25,806	141,291	425	408	26,231	141,699
Net position:						
Net investment in capital assets	127,630	60,519	567	27	128,197	60,546
Restricted net position	209,137	145,128	29,833	25,484	238,970	170,612
Unrestricted net position	(619,969)	(560,677)	19,340	19,902	(600,629)	(540,775)
Total net position	\$ (283,202)	(355,030)	49,740	45,413	(233,462)	(309,617)

Total liabilities decreased \$60,456, 3.16%, primarily due to a \$123,735, 14.85%, decrease in the District's share of the net pension liability and the issuance of \$35,925 in General Obligation bonds to complete the construction of two new high schools, one new middle school, and two new elementary schools

Approximately \$170,612 of the District's net position represents resources that are subject to external restrictions. The \$68,358, 28.61%, reduction in restricted net position is primarily due to activity related to the construction of five new schools, four of which were completed during the year. Approximately \$60,546 of the District's net position represents investment in capital assets, net of related debt.

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Management's Discussion and Analysis (Thousands of Dollars)

The remaining unrestricted net position balance of (\$540,775) 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.

Business-Type Activities current and other assets decreased \$4,963, 9.41%, due to a \$3,935 reduction in the balance of investments held by the Omaha Public Schools Foundation.

At August 31, 2022, the District reported an increased overall negative net position of \$309,617 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 \$123,735, 14.85%, to \$709,651, and the overall net OPEB liability decreased \$1,816, 6.38%, to \$26,659.

The District's combined changes in net position, including both the governmental activities and business-type activities, changed from a year ago and decreased by \$75,999, 32.55%. The following table reflects the condensed Statement of Activities.

STATEMENT OF ACTIVITIES (in thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	(not restated)				(not restated)	
	2021	2022	2021	2022	2021	2022
Revenue:						
General revenue						
Taxes	\$ 317,744	338,083	--	--	317,744	338,083
Investment income	490	1,764	5,812	(4,442)	6,302	(2,678)
State funding	339,360	306,801	12	--	339,372	306,801
Federal funding	2,023	5,353	--	--	2,023	5,353
Other	8,985	21,842	22,921	20,112	31,906	41,954
Total general revenue	<u>668,602</u>	<u>673,843</u>	<u>28,745</u>	<u>15,670</u>	<u>697,347</u>	<u>689,513</u>
Program Expenses, Net:						
Functions/Programs						
Governmental activities						
Instruction and student support	(391,991)	(403,284)	--	--	(391,991)	(403,284)
General administration and board of education	(19,397)	(12,700)	--	--	(19,397)	(12,700)
School administration and staff support	(74,294)	(85,169)	--	--	(74,294)	(85,169)
Business support services	(55,300)	(30,785)	--	--	(55,300)	(30,785)
Building and grounds	(62,605)	(70,941)	--	--	(62,605)	(70,941)
Building, construction, renovation	(51,959)	(68,109)	--	--	(51,959)	(68,109)
Student transportation	(27,674)	(27,536)	--	--	(27,674)	(27,536)
Community use of facilities and regular preschool education	(14,892)	(4,008)	--	--	(14,892)	(4,008)
Summer school	(13,476)	(12,345)	--	--	(13,476)	(12,345)
Adult basic education	(267)	161	--	--	(267)	161
Debt service	(26,402)	(29,102)	--	--	(26,402)	(29,102)
Property tax recapture	(1,002)	(1,697)	--	--	(1,002)	(1,697)
Total governmental activities	<u>(739,259)</u>	<u>(745,515)</u>	<u>--</u>	<u>--</u>	<u>(739,259)</u>	<u>(745,515)</u>
Business-type activities						
Foundation	--	--	(3,218)	(5,699)	(3,218)	(5,699)
Educare	--	--	(10,593)	(13,611)	(10,593)	(13,611)
Other	--	--	322	(687)	322	(687)
Total business-type activities	<u>--</u>	<u>--</u>	<u>(13,489)</u>	<u>(19,997)</u>	<u>(13,489)</u>	<u>(19,997)</u>
Total primary government	<u>(739,259)</u>	<u>(745,515)</u>	<u>(13,489)</u>	<u>(19,997)</u>	<u>(752,748)</u>	<u>(765,512)</u>
Change in net position	<u>(70,657)</u>	<u>(71,672)</u>	<u>15,256</u>	<u>(4,327)</u>	<u>(55,401)</u>	<u>(75,999)</u>
Net position, beginning of year	(213,242)	(283,202)	29,407	49,740	(183,835)	(233,462)
Prior period adjustment	697	(156)	5,077	--	5,774	(156)
Net position, beginning of year, as restated	<u>(212,545)</u>	<u>(283,358)</u>	<u>34,484</u>	<u>49,740</u>	<u>(178,061)</u>	<u>(233,618)</u>
Net position, end of year	<u>\$ (283,202)</u>	<u>(355,030)</u>	<u>49,740</u>	<u>45,413</u>	<u>(233,462)</u>	<u>(309,617)</u>

Douglas County School District #0001

Management's Discussion and Analysis (Thousands of Dollars)

Total governmental general revenue decreased by \$7,834, 1.12%. This decrease was primarily due to decreases in state funding, \$32,571, 9.59%, and investment income, \$8,980, 142.49%, offset by increases in taxes of \$20,339, 6.40%. State funding primarily decreased due to a \$16,226 reduction in state aid and investment income decreased primarily due to the investment activity in the Foundation component unit. Taxes increased due to higher property valuations within the District.

Total governmental expenses increased \$6,256, 0.85% with significant increases in Instructional and Student Support, \$11,293, 2.88%, and School administration and staff support, 10,875, 14.64%, as the District returned to full in-person attendance for the 2021-22 school year. Building, construction, renovation also increased \$16,150, 31.08%, with the completion of construction of four of five new school buildings. These increases were offset by a \$24,515, 44.33% decrease in business support services, primarily due to decreases in transfers to the District's Internal Service Funds.

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, 2022, the governmental funds had a total fund balance of \$302,332, a decrease of \$85,098, 21.97%, from the prior year. This was the result of decreases of \$18,824, 10.69%, in the General Fund and \$66,623, 59.35%, in the Special Building Fund. These decreases were primarily due to increased accounts payable for a curriculum adoption in the General Fund and decreased cash and cash equivalents due to completion of construction of four new school buildings in the Special Building Fund.

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 \$45,414 on August 31, 2022, a decrease of \$4,327, or 8.70%. This was due to a decrease in the balance of investments held by the Foundation.

The District's internal services 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 services fund was \$100,998, an increase of \$13,193, 15.03%. This increase is primarily due to additional federal subsidies received in the Nutrition Services Fund.

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 total fund balance on August 31, 2022 was \$157,204, a decrease of \$18,824, 10.69%. 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)					
	2021	2022	2022	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			of Total		(Decrease)
Taxes	\$ 264,079	279,860	44.82%	15,781	5.98%
Fees	--	27	0.00%	27	100.00%
Investment income	28	610	0.10%	582	2078.57%
State funding	345,118	330,143	52.89%	(14,975)	-4.34%
Federal funding	517	2,465	0.39%	1,948	376.79%
Fines and licenses	2,325	2,276	0.36%	(49)	-2.11%
Other revenue	11,340	9,021	1.44%	(2,319)	-20.45%
Total revenue	\$ 623,407	624,402	100.00%	995	0.16%

General Fund Expenditures (thousands of dollars)					
	2021	2022	2022	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			of Total		(Decrease)
Basic instruction	\$ 275,015	312,160	48.54%	37,145	13.51%
Special education	68,883	69,158	10.75%	275	0.40%
Student services	42,647	40,673	6.32%	(1,974)	-4.63%
Staff support services	17,993	18,444	2.87%	451	2.51%
General administration and board of education	10,465	13,875	2.16%	3,410	32.58%
School administration	36,677	41,671	6.48%	4,994	13.62%
Business support services	72,131	29,148	4.53%	(42,983)	-59.59%
Building and grounds	60,642	68,903	10.71%	8,261	13.62%
Student transportation	34,565	34,925	5.43%	360	1.04%
Community use of facilities and regular preschool education	11,960	4,629	0.72%	(7,331)	-61.30%
Early childhood special education	619	1,121	0.17%	502	81.10%
Summer school	12,422	5,924	0.92%	(6,498)	-52.31%
Adult basic education	157	200	0.03%	43	27.39%
Debt service	954	2,395	0.37%	1,441	151.05%
Total expenditures	\$ 645,130	643,226	100.00%	(1,904)	-0.30%

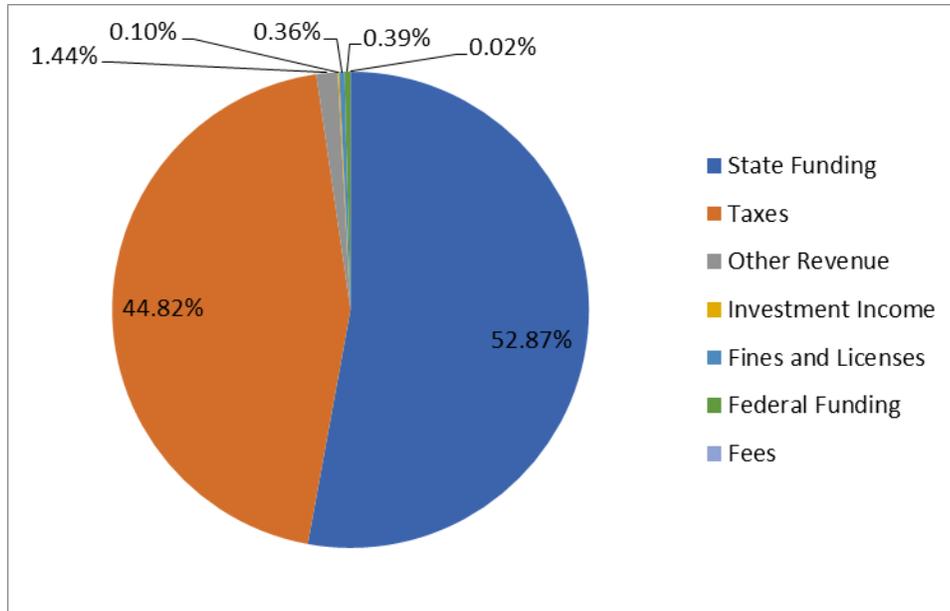
General Fund receipts increased \$995, 0.16% due to increases in taxes, \$15,781, 5.98%, offset by a decrease in state funding, \$14,975, 4.34%. The state funding decrease was primarily due to a decrease of 16,226, 5.70%, in state aid to schools as calculated by the Nebraska Department of Education. Tax revenue increased due to increases in property tax valuations.

Investment income increased by \$582, 2078.57%, because of increasing interest rates during the fiscal year.

Douglas County School District #0001

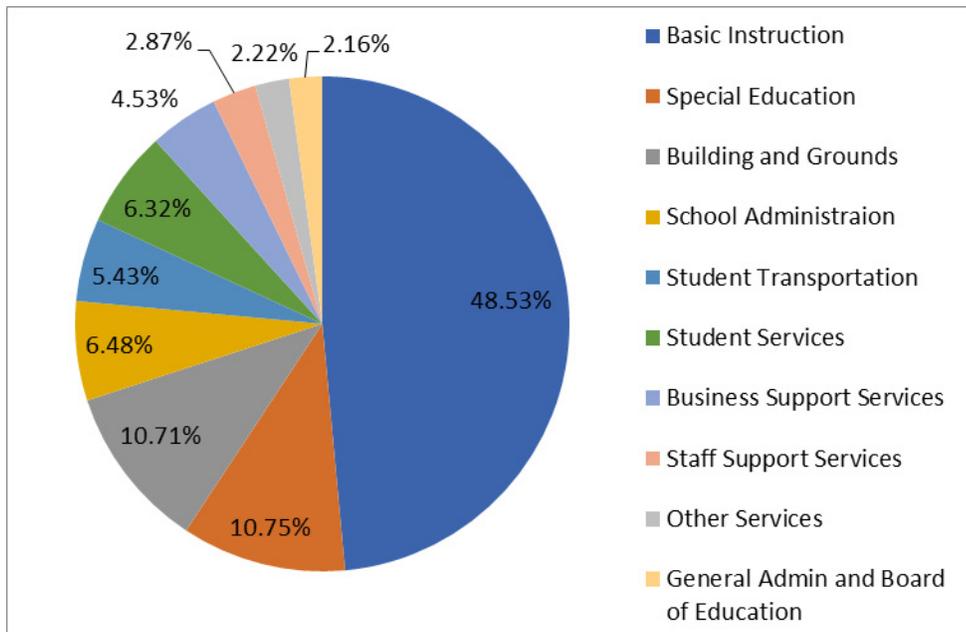
Management’s Discussion and Analysis (Thousands of Dollars)

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



General Fund expenditures decreased \$1,904, 0.30%. Basic instruction increased \$37,145, 13.51% due to increased compensation for staff and curriculum adoptions, and business support services decreased \$42,983, 59.59% due to reduced contributions to internal service funds for future obligations and investments in 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. The 2021-2022 budget included \$45,190 for one-time projects including curriculum adoptions and fixtures, furniture, and equipment for new school buildings under construction. The General Fund balance increased because of savings in compensation due to a reduced number of staff and reductions in student transportation expenditures.

General Fund Budgetary Analysis (in thousands) For the Year Ended August 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenue:			
Local	\$ 313,406	313,406	298,147
County and ESU receipts	1,500	1,500	1,330
State receipts	309,086	309,086	330,143
Federal receipts	700	700	3,127
Other local	<u>5,330</u>	<u>5,330</u>	<u>7,482</u>
Total	630,022	630,022	640,229
Expenditures and transfers	<u>690,001</u>	<u>690,001</u>	<u>617,957</u>
Changes in fund balance	\$ <u>(59,979)</u>	<u>(59,979)</u>	<u>22,272</u>

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

At August 31, 2022, the District had \$943,396 invested in capital assets, net of depreciation, an increase of \$32,629, 3.58%. Capital assets include land, construction in progress, buildings and improvements, textbooks, equipment, and vehicles. The largest changes are related to the completion of construction of four new school buildings in 2022 from the 2018 Bond authorization.

	<u>2021</u>	<u>2022</u>	<u>Difference</u>	<u>% Change</u>
Land	\$ 61,791	61,791	--	0.00%
Construction in progress	254,811	85,320	(169,491)	-66.52%
Buildings and improvements	1,198,913	1,482,527	283,614	23.66%
Furniture, equipment, textbooks and art	148,162	157,598	9,436	6.37%
Computers and software	118,579	119,750	1,171	0.99%
Vehicles	<u>22,739</u>	<u>23,569</u>	<u>830</u>	<u>3.65%</u>
	1,804,995	1,930,555	125,560	6.96%
Less: accumulated depreciation	<u>(894,228)</u>	<u>(987,159)</u>	<u>(92,931)</u>	<u>10.39%</u>
Total capital assets, net of depreciation	\$ <u>910,767</u>	<u>943,396</u>	<u>32,629</u>	<u>3.58%</u>

Douglas County School District #0001

Management's Discussion and Analysis (Thousands of Dollars)

Long-term debt obligations of the District at August 31, 2022 are as follows:

General Obligation Bonds	\$	820,785
Build America Bonds		15,035
Qualified School Construction Bonds		36,295
Leases		2,863
Unamortized Premium		
Series 2012 Refunding Bonds		2,333
Series 2015 General Obligation Bonds		9,067
Series 2016 General Obligation Bonds		10,820
Series 2017 General Obligation Bonds		6,469
Series 2018 General Obligation Bonds		1,166
Series 2020 General Obligation Bonds		9,765
Series 2020 Refunding Bonds		2,798
Series 2021 General Obligation Bonds		14,579
Series 2022 General Obligation Bonds		3,020
Unamortized Deferred Amount on Refunding		
Series 2012 Refunding		(1,344)
Series 2020 Refunding		<u>(815)</u>
Total Long Term Debt Obligations	\$	<u><u>932,836</u></u>

The District issued \$35,925 in General Obligation bonds to complete the construction of two new high schools, one new middle school, and two new elementary schools. This is the fourth and final tranche of the \$409,900 of bonds authorized to be issued in 2018.

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, with new legislation proposed annually. While no major changes to school funding have been passed recently by the Nebraska Legislature, 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.

The Omaha School Employees' Retirement System (OSERS) is included in the Fiduciary Fund Financial Statements as a fiduciary component unit of the District. The Nebraska Legislature passed LB 147 in 2021 making several significant changes to OSERS. These changes include making the Board of Education responsible for the general administration of OSERS until September 1, 2024, when that responsibility will transfer to the Nebraska Public Employees' Retirement Board, and statutorily changing the audit period for OSERS from a fiscal year ending on August 31st to a calendar year basis beginning on January 1, 2022. Because this required statutory change of audit period does not correspond to the statutory fiscal year of OSERS, the audited financial statements for OSERS for calendar year 2021 are not permitted to be included in the District's financial statements by generally accepted auditing standards. Management has chosen to include unaudited financial statements for OSERS in the District's financial statements at this time. The audited calendar year financial statements for OSERS are available upon request from the District.

Douglas County School District #0001

Management's Discussion and Analysis (Thousands of Dollars)

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
Chief Financial Officer
Department of General Finance
Omaha Public School District
3215 Cuming Street
Omaha, NE 68131-2024
Voice: 531-299-9430
Email: 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, 2022 (Thousands of Dollars)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 395,959	12,452	408,411
Investments	49,254	31,689	80,943
Property taxes receivable, net	30,936	--	30,936
Internal balances	50	(50)	--
Accrued interest receivable	99	--	99
Accounts and other receivables, net	56,901	2,245	59,146
Leases receivable	1,001	--	1,001
Promise to give donations in the future	--	1,402	1,402
Inventories and prepaid expenses	11,715	67	11,782
Right-to-use lease assets, net	2,694	--	2,694
Capital assets, net	924,017	19,379	943,396
Total assets	<u>1,472,626</u>	<u>67,184</u>	<u>1,539,810</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	2,159	--	2,159
Pension related deferred outflows	140,802	99	140,901
OPEB related deferred outflows	4,063	--	4,063
Total deferred outflows of resources	<u>147,024</u>	<u>99</u>	<u>147,123</u>
Total assets and deferred outflows of resources	<u>\$ 1,619,650</u>	<u>67,283</u>	<u>1,686,933</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 43,307	537	43,844
Accrued payroll liabilities	84,839	215	85,054
Contract retention	13,099	--	13,099
Accrued interest	7,181	--	7,181
Other liabilities	--	849	849
Unearned revenue	13,219	9	13,228
Long-term liabilities			
Due within one year	18,570	255	18,825
Due in more than one year	1,653,174	19,597	1,672,771
Total liabilities	<u>1,833,389</u>	<u>21,462</u>	<u>1,854,851</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	1,001	--	1,001
Pension related deferred inflows	137,264	408	137,672
OPEB deferred inflows	3,026	--	3,026
Total deferred inflows of resources	<u>141,291</u>	<u>408</u>	<u>141,699</u>
Total liabilities and deferred inflows of resources	<u>1,974,680</u>	<u>21,870</u>	<u>1,996,550</u>
NET POSITION			
Net investment in capital assets	60,519	27	60,546
Restricted for			
Debt service	43,317	--	43,317
Capital projects	68,710	--	68,710
Scholarships	--	16,556	16,556
Other purposes	33,101	8,928	42,029
Unrestricted	(560,677)	19,902	(540,775)
Total net position	<u>(355,030)</u>	<u>45,413</u>	<u>(309,617)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,619,650</u>	<u>67,283</u>	<u>1,686,933</u>

See notes to basic financial statements

Douglas County School District #0001

Statement of Activities For the Year Ended August 31, 2022 (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		
				Governmental Activities	Business- Type Activities	Total
Government activities						
Basic instruction	\$ 368,004	--	42,459	(325,545)	--	(325,545)
Special education	79,937	--	28,752	(51,185)	--	(51,185)
Student services	78,058	2,613	48,178	(27,267)	--	(27,267)
Staff support services	46,456	538	4,205	(41,713)	--	(41,713)
General administration and board of education	18,824	--	6,124	(12,700)	--	(12,700)
School administration	43,456	--	--	(43,456)	--	(43,456)
Business support services	45,231	3	14,443	(30,785)	--	(30,785)
Building and grounds	70,941	--	--	(70,941)	--	(70,941)
Building, construction, renovation	68,772	--	663	(68,109)	--	(68,109)
Student transportation	34,956	7,420	--	(27,536)	--	(27,536)
Community use of facilities and regular preschool education	19,931	44	15,879	(4,008)	--	(4,008)
Early childhood special education	13,635	--	14,348	713	--	713
Regular summer school	13,011	--	666	(12,345)	--	(12,345)
Adult basic education	629	--	790	161	--	161
Debt service interest	29,102	--	--	(29,102)	--	(29,102)
Property tax recapture	1,697	--	--	(1,697)	--	(1,697)
Total government activities	<u>932,640</u>	<u>10,618</u>	<u>176,507</u>	<u>(745,515)</u>	<u>--</u>	<u>(745,515)</u>
Business type activities						
Educare	19,208	--	5,597	--	(13,611)	(13,611)
Foundation	8,755	3,056	--	--	(5,699)	(5,699)
Other	687	--	--	--	(687)	(687)
Total business activities	<u>28,650</u>	<u>3,056</u>	<u>5,597</u>	<u>--</u>	<u>(19,997)</u>	<u>(19,997)</u>
Total primary government	<u>\$ 961,290</u>	<u>13,674</u>	<u>182,104</u>	<u>(745,515)</u>	<u>(19,997)</u>	<u>(765,512)</u>
General revenues						
Taxes				\$ 338,083	--	338,083
Investment activity, net				1,764	(4,442)	(2,678)
State funding				306,801	--	306,801
Federal funding				5,353	--	5,353
Fines and licenses				2,276	--	2,276
Other revenue				19,566	20,112	39,678
Total general revenues				<u>673,843</u>	<u>15,670</u>	<u>689,513</u>
Change in net position				<u>(71,672)</u>	<u>(4,327)</u>	<u>(75,999)</u>
Net position, beginning of year				(283,202)	49,740	(233,462)
Prior period adjustment				(156)	--	(156)
Net position, beginning of year, restated				<u>(283,358)</u>	<u>49,740</u>	<u>(233,618)</u>
Net position, end of year				<u>\$ (355,030)</u>	<u>45,413</u>	<u>(309,617)</u>

See notes to basic financial statements

Douglas County School District #0001

Balance Sheet – Governmental Funds August 31, 2022 (Thousands of Dollars)

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 177,080	72,623	4,216	13,380	20,323	287,622
Investments	--	--	--	25,748	20,508	46,256
Property taxes receivable, net	25,211	936	--	4,090	699	30,936
Accounts receivable, net	715	--	55,251	--	141	56,107
Leases receivable	--	1,001	--	--	--	1,001
Accrued interest	--	--	--	99	--	99
Due from other funds	18,419	--	30,748	--	--	49,167
Inventories	5,252	--	--	--	412	5,664
Prepaid expenses	2,141	228	338	--	783	3,490
Total assets	\$ 228,818	74,788	90,553	43,317	42,866	480,342
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 29,098	9,980	2,434	--	609	42,121
Payroll liabilities	42,183	--	15,959	--	1,307	59,449
Other payables	3	--	1	--	--	4
Due to other funds	330	5,529	43,248	--	10	49,117
Unearned revenue	--	--	13,191	--	28	13,219
Contract retention	--	12,649	450	--	--	13,099
Total liabilities	71,614	28,158	75,283	--	1,954	177,009
DEFERRED INFLOWS OF RESOURCES						
Leases	--	1,001	--	--	--	1,001
Total liabilities and deferred inflows of resources	71,614	29,159	75,283	--	1,954	178,010
FUND BALANCES						
Nonspendable	7,393	228	338	--	1,195	9,154
Restricted	--	45,401	14,932	43,317	24,429	128,079
Committed	46,254	--	--	--	706	46,960
Assigned	1,159	--	--	--	14,582	15,741
Unassigned	102,398	--	--	--	--	102,398
Total fund balances	157,204	45,629	15,270	43,317	40,912	302,332
Total liabilities, deferred inflows of resources and fund balances	\$ 228,818	74,788	90,553	43,317	42,866	
RECONCILIATION						
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 and right to use assets used in governmental activities are not financial resources and, therefore are not reported in the funds.						922,624
Long-term liabilities, including bonds payable and lease obligations, are not due and payable in the current period and therefore are not reported in the fund.						(939,313)
Some liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.						(886,582)
Some assets and deferred outflows of resources are not due and receivable in the current period and therefore are not reported in the funds.						144,911
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.						100,998
Net position - governmental activities						\$ (355,030)

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, 2022 (Thousands of Dollars)

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 279,860	9,358	--	41,907	6,958	338,083
Fees	27	--	--	--	--	27
Interest on investments	610	245	83	109	443	1,490
State funding	330,143	849	1,967	3,831	3,421	340,211
Federal funding	2,465	--	110,763	--	1,311	114,539
Fines and licenses	2,276	--	--	--	--	2,276
Other revenue	9,021	721	3	--	18,081	27,826
Total revenues	<u>624,402</u>	<u>11,173</u>	<u>112,816</u>	<u>45,847</u>	<u>30,214</u>	<u>824,452</u>
EXPENDITURES						
Current						
Basic instruction	312,160	--	42,583	--	713	355,456
Special education	69,158	--	7,678	--	--	76,836
Student services	40,673	--	4,761	--	4,777	50,211
Staff supported services	18,444	--	15,694	--	11,249	45,387
General administration and board of education	13,875	8	4,084	--	12	17,979
School administration	41,671	--	--	--	--	41,671
Business support services	29,148	554	469	--	8,683	38,854
Building and grounds	68,903	--	1,627	--	--	70,530
Building, construction, renovation	--	116,136	1,905	--	--	118,041
Student transportation	34,925	--	--	--	--	34,925
Community use of facilities and regular preschool education	4,629	--	14,129	--	--	18,758
Early childhood special education	1,121	--	12,163	--	--	13,284
Summer school	5,924	--	6,738	--	--	12,662
Adult education	200	--	409	--	--	609
Debt service						
Debt service interest	103	1	--	31,363	2,396	33,863
Debt service principal	736	55	--	16,125	1,063	17,979
Property tax recapture	1,556	33	--	90	17	1,696
Total expenditures	<u>643,226</u>	<u>116,787</u>	<u>112,240</u>	<u>47,578</u>	<u>28,910</u>	<u>948,741</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,824)</u>	<u>(105,614)</u>	<u>576</u>	<u>(1,731)</u>	<u>1,304</u>	<u>(124,289)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	--	35,925	--	--	--	35,925
Premium on bond issuance	--	3,066	--	--	--	3,066
Leases	--	--	--	--	200	200
Total other financing sources	<u>--</u>	<u>38,991</u>	<u>--</u>	<u>--</u>	<u>200</u>	<u>39,191</u>
CHANGE IN FUND BALANCE	(18,824)	(66,623)	576	(1,731)	1,504	(85,098)
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 157,204</u>	<u>45,629</u>	<u>15,270</u>	<u>43,317</u>	<u>40,912</u>	<u>302,332</u>
RECONCILIATION						
Net change in fund balances - total governmental funds					\$	(85,098)
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.						13,193
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.						35,360
Proceeds from long term debt provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position.						(39,191)
Repayments of long term debt are expenditures in the governmental funds, but the repayment reduced long term liabilities in the statement of net position.						17,979
Revenues in the statement of activities that do not provide a current financial resources are not reported as revenue in the governmental funds.						(18,853)
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						<u>4,938</u>
					\$	<u>(71,672)</u>

See notes to basic financial statements

Douglas County School District #0001

Statement of Net Position – Proprietary Funds August 31, 2022 (Thousands of Dollars)

	Business-type Activities				Governmental
	Enterprise Funds				Activities
	Educare	Foundation	Other	Total	Internal Service Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 10,830	1,606	16	12,452	108,337
Investments	--	31,689	--	31,689	2,998
Accounts receivable	2,211	34	--	2,245	1,518
Promises to give	--	702	--	702	--
Prepaid expenses	48	19	--	67	319
Inventories	--	--	--	--	2,242
Total current assets	<u>13,089</u>	<u>34,050</u>	<u>16</u>	<u>47,155</u>	<u>115,414</u>
Noncurrent assets					
Promises to give, net of current	--	700	--	700	--
Capital assets, net	19,341	38	--	19,379	4,087
Total noncurrent assets	<u>19,341</u>	<u>738</u>	<u>--</u>	<u>20,079</u>	<u>4,087</u>
Total assets	<u>32,430</u>	<u>34,788</u>	<u>16</u>	<u>67,234</u>	<u>119,501</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows	--	--	99	99	2,426
Total assets and deferred outflows of resources	<u>\$ 32,430</u>	<u>34,788</u>	<u>115</u>	<u>67,333</u>	<u>121,927</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 332	189	16	537	1,182
Payroll liabilities	--	189	26	215	4,772
Other liabilities	762	87	--	849	--
Due to other funds	--	--	50	50	--
Unearned revenue	--	--	9	9	--
Current portion of notes payable	255	--	--	255	--
Total current liabilities	<u>1,349</u>	<u>465</u>	<u>101</u>	<u>1,915</u>	<u>5,954</u>
Noncurrent liabilities					
Notes payable	19,097	--	--	19,097	--
Net pension liability	--	--	500	500	12,219
Total noncurrent liabilities	<u>19,097</u>	<u>--</u>	<u>500</u>	<u>19,597</u>	<u>12,219</u>
Total liabilities	<u>20,446</u>	<u>465</u>	<u>601</u>	<u>21,512</u>	<u>18,173</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows	--	--	408	408	2,756
Total liabilities and deferred inflows of resources	<u>20,446</u>	<u>465</u>	<u>1,009</u>	<u>21,920</u>	<u>20,929</u>
NET POSITION					
Net investment in capital assets	(11)	38	--	27	4,087
Restricted for					
Scholarships	--	16,556	--	16,556	--
Other purposes	5,666	3,262	--	8,928	--
Unrestricted	6,329	14,467	(894)	19,902	96,911
Total net position	<u>11,984</u>	<u>34,323</u>	<u>(894)</u>	<u>45,413</u>	<u>100,998</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 32,430</u>	<u>34,788</u>	<u>115</u>	<u>67,333</u>	<u>121,927</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, 2022 (Thousands of Dollars)

	Business-type Activities				Governmental
	Enterprise Funds				Activities
	Educare	Foundation	Other	Totals	Internal Service Funds
OPERATING REVENUES					
School lunch charges	\$ --	--	--	--	545
Other operating revenues	11,107	11,360	694	23,161	8,342
Total operating revenues	<u>11,107</u>	<u>11,360</u>	<u>694</u>	<u>23,161</u>	<u>8,887</u>
OPERATING EXPENSES					
Salaries	10,440	2,086	499	13,025	9,449
Employee benefits	2,448	202	28	2,678	8,108
Purchased services	1,536	2,908	28	4,472	4,208
Supplies and materials	1,524	530	34	2,088	14,978
Capital outlay	528	17		545	1,076
Other expenditures	2,732	2,862	98	5,692	4,422
Commodities expense	--	150	--	150	--
Total operating expenses	<u>19,208</u>	<u>8,755</u>	<u>687</u>	<u>28,650</u>	<u>42,241</u>
OPERATING INCOME (LOSS)	<u>(8,101)</u>	<u>2,605</u>	<u>7</u>	<u>(5,490)</u>	<u>(33,354)</u>
NON-OPERATING REVENUES					
Employer contribution	--	--	--	--	4,961
Interest and investment income	--	920	--	920	274
State subsidies	568	--	7	575	--
Federal subsidies	5,029	--	--	5,029	41,312
Unrealized/realized loss on investments	--	(5,362)	--	(5,362)	--
Total non-operating revenues, net	<u>5,597</u>	<u>(4,442)</u>	<u>7</u>	<u>1,162</u>	<u>46,547</u>
CHANGE IN NET POSITION	<u>(2,504)</u>	<u>(1,837)</u>	<u>14</u>	<u>(4,327)</u>	<u>13,193</u>
NET POSITION, BEGINNING OF YEAR	<u>14,488</u>	<u>36,160</u>	<u>(908)</u>	<u>49,740</u>	<u>87,805</u>
NET POSITION, END OF YEAR	<u>\$ 11,984</u>	<u>34,323</u>	<u>(894)</u>	<u>45,413</u>	<u>100,998</u>

See notes to basic financial statements

Douglas County School District #0001

Statement of Cash Flows – Proprietary Funds For the Year Ended August 31, 2022 (Thousands of Dollars)

	Business-type Activities				Governmental
	Educare	Foundation	Other	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from user charges	\$ --	3,087	833	3,920	545
Received from nonrevenue sources	--	--	--	--	8,060
Received from contributions	--	4,465	--	4,465	--
Received from other operating receipts	14,976	1,971	2	16,949	--
Payments to employees	(10,440)	(2,298)	(513)	(13,251)	(9,350)
Payments of employee benefits	(2,448)	--	(213)	(2,661)	(7,069)
Payments to suppliers for goods and services	(2,998)	(5,474)	(7)	(8,479)	(19,360)
Payments for contracted services - transportation	--	--	--	--	--
Payments for scholarships	--	(440)	--	(440)	--
Payments for grants	--	(392)	--	(392)	--
Payments for other expenditures	(3,243)	--	(98)	(3,341)	(4,371)
Payments to affiliates	--	--	--	--	--
Net cash provided by (used in) operating activities	<u>(4,153)</u>	<u>919</u>	<u>4</u>	<u>(3,230)</u>	<u>(31,545)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Federal and state subsidies	5,597	--	7	5,604	41,488
Employer contributions	--	--	--	--	4,961
Cash received upon merger	--	--	--	--	--
Proceeds from Paycheck Protection Program loan	--	--	--	--	--
Net cash provided by noncapital financing activities	<u>5,597</u>	<u>--</u>	<u>7</u>	<u>5,604</u>	<u>46,449</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Payments for capital assets	(43)	--	--	(43)	(591)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	--	920	--	920	279
Proceeds from sale and maturity of investments	--	17,425	--	17,425	1,004
Purchase of investments	--	(18,698)	--	(18,698)	(886)
Cash paid to investment managers	--	(154)	--	(154)	--
Net cash provided by (used in) investing activities	<u>--</u>	<u>(507)</u>	<u>--</u>	<u>(507)</u>	<u>396</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,401</u>	<u>412</u>	<u>11</u>	<u>1,824</u>	<u>14,709</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,429</u>	<u>1,194</u>	<u>5</u>	<u>10,628</u>	<u>93,628</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,830</u>	<u>1,606</u>	<u>16</u>	<u>12,452</u>	<u>108,337</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (8,101)	2,605	7	(5,489)	(33,530)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation	527	17	--	544	1,023
Paycheck Protection Program loan forgiveness	--	(537)	--	(537)	--
(Increase) decrease in accounts receivable	3,869	46	132	4,047	(103)
(Increase) decrease in promises to give	--	(1,277)	--	(1,277)	--
(Increase) decrease in inventory and prepaid expenses	44	(10)	--	34	490
Decrease in deferred outflows of resources	--	--	29	29	403
Increase (decrease) in accounts payable	103	149	6	258	(560)
Increase (decrease) in payroll liabilities	--	(10)	(38)	(48)	736
Increase (decrease) in other liabilities	(595)	(64)	48	(611)	--
Decrease in unearned revenue	--	--	(8)	(8)	--
Decrease in net pension liability	--	--	(172)	(172)	(2,653)
Decrease in deferred inflows of resources	--	--	--	--	2,649
Net cash provided by (used in) operating activities	<u>\$ (4,153)</u>	<u>919</u>	<u>4</u>	<u>(3,230)</u>	<u>(31,545)</u>

See notes to the basic financial statements

Douglas County School District #0001

Statement of Fiduciary Net Position – Fiduciary Funds
August 31, 2022 (Thousands of Dollars)

	(unaudited) Employee Retirement Plan	Private- Purpose Trusts	Custodial Funds
ASSETS			
Cash and cash equivalents	\$ 13,394	185	127
Investments	1,479,975	--	--
Accounts receivable	73,993	--	--
Contributions receivable	7,863	--	--
Prepaid expenses	11	--	--
Capital assets, net	--	1	2
Total assets	<u>1,575,236</u>	<u>186</u>	<u>129</u>
LIABILITIES			
Accounts payable	102,684	5	--
Payroll liabilities	12,018	--	--
Total liabilities	<u>114,702</u>	<u>5</u>	<u>--</u>
NET POSITION			
Restricted for			
Pension benefits	1,460,534	--	--
Individuals, organizations and other governments	--	181	129
Total net position	<u>\$ 1,460,534</u>	<u>181</u>	<u>129</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, 2022 (Thousands of Dollars)

	(unaudited) Employee Retirement Plan	Private- Purpose Trusts	Custodial Funds
ADDITIONS			
Contributions			
Plan member contributions	\$ 39,262	--	--
Employer contributions	69,138	--	--
State contributions	10,077	--	--
Total contributions	<u>118,477</u>	<u>--</u>	<u>--</u>
Investment income			
Interest and dividends	21,223	1	--
Net appreciation in fair value of investments	(163,633)	--	--
Total investment income	<u>(142,410)</u>	<u>1</u>	<u>--</u>
Less investment expense	(2,261)	--	--
Net investment income	<u>(144,671)</u>	<u>1</u>	<u>--</u>
Purchase of service	1,095	--	--
Other	--	228	63
Total additions	<u>(25,099)</u>	<u>229</u>	<u>63</u>
DEDUCTIONS			
Retirement annuities	140,808	--	--
Refunds to employees, including interest	6,406	--	--
Administrative expenses			
Personnel costs	491	--	8
Professional fees	333	121	29
Other	70	118	29
Total deductions	<u>148,108</u>	<u>239</u>	<u>66</u>
CHANGE IN NET POSITION	<u>(173,207)</u>	<u>(10)</u>	<u>(3)</u>
NET POSITION, BEGINNING OF YEAR	<u>1,633,741</u>	<u>191</u>	<u>132</u>
NET POSITION, END OF YEAR	<u>\$ 1,460,534</u>	<u>181</u>	<u>129</u>

See notes to basic financial statements

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(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, 2022.

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, 2022.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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. The members-at-large are appointed by the Board of Education of the District in consultation with the Superintendent. The Superintendent of the District also serves as the Treasurer of the Foundation as a non-voting member. The Foundation has an August 31 fiscal year end and the information included herein is as of and for the year ended August 31, 2022.

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 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, 2021.

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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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 OSERS' fiscal year ending August 31, 2022.

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, including unamortized deferred amounts on advance refundings.
- 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 and proprietary fund 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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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 funds:

Educare records the activities of a 501(c)(3) not-for-profit organization that carries out a significant portion of the District's Head Start and Early Head Start programs for pre-kindergarten children residing in the District.

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.

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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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 and right to use leased assets are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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.

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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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. Lease Receivables

Lease receivables are recognized by the District as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible accounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee.

J. 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.

K. Right to Use Leased Assets

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight line method. The amortization period varies from 2 to 7 years.

L. 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

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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

M. 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, and contributions from the employer after the measurement date, but before the end of the employer's reporting period.

N. 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.

District obligations as of August 31, 2022 for compensated absences amounted to \$26,743 for the governmental activities included in accrued payroll liabilities in the statement of net position.

O. 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.

P. 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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

Q. *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 consist of amounts related to leases where the District is the lessor and is reported in the governmental funds balance sheet and the statement of net position; Deferred inflows of resources in the statement of net position also consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and unrecognized items not yet charged to pension and OPEB expense are reported in the statement of net position.

R. *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.

S. *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.
- *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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

- *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.

T. 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.

U. Implementation of GASB Statement No. 87

As of September 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflows of resources. The effect of the implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by this standard are included in Note 6.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

V. *Recent Accounting Pronouncements*

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.

(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:

- 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, 2022, 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 Construction Fund	US Bank Bond Proceeds GOB Series '18	US Bank Bond Proceeds GOB Series '20	US Bank Bond Proceeds GOB Series '21	US Bank Bond Proceeds GOB Series '22
Percentage of Nebraska Liquid Asset Fund	--	--	100%	100%	100%	100%	100%
Percentage of State and Local Gov't Securities	98%	98%	--	--	--	--	--
Percentage of cash and cash equivalents	2%	2%	--	--	--	--	--

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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.

<u>Maturity (Years)</u>	<u>As a Percentage of Market Value</u>
0 to 5	100.00%

Interest Rate Risk

The District's funds at August 31, 2022 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.

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, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Cash and money market funds	\$ 424	--	--	--
International equities	7	7	--	--
Interest earning investment contracts	2,998	--	2,998	--
U.S. Government and Treasury obligations	45,750	--	45,750	--
		<u>7</u>	<u>48,749</u>	<u>--</u>
Total investments by fair value level	49,178	7	48,749	--
Investments - other:				
Certificates of deposit	28			
	<u>28</u>			
Total investments	\$ 49,206			

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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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, 2022, 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.

The Foundation had the following recurring fair value measurements at August 31, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments at fair value:				
Money market funds	\$ 1,601	1,601	--	--
Mutual funds	15,546	15,546	--	--
Common stocks	6,697	6,697	--	--
Municipal bonds	2,502	--	2,502	--
Corporate bonds	3,459	--	3,459	--
U.S. Government obligations	301	--	301	--
Real estate investment trusts	79	--	79	--
Other investments	1,504	--	1,504	--
Total investments at fair value	<u>\$ 31,689</u>	<u>23,844</u>	<u>7,845</u>	<u>--</u>

C. *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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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 2.3% of the fund balance as of August 31, 2022. 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	\$ <u>47</u>	<u>1</u>	<u>48</u>

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.

D. 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.

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.

Douglas County School District #0001

**Notes to Basic Financial Statements
August 31, 2022 (Thousands of Dollars)**

(3) Due From/Due To Other Funds

The detail of interfund receivables and payables at August 31, 2022 is as follows:

Governmental Activities:		Amount
<u>Due from other funds:</u>		
General	Other Governmental	\$ 10
General	Special Building	5,529
General	Grant	12,830
General	Cooperative	50
Grant	General	330
Grant	Grant	30,418
Total:		49,167
 <u>Due to other funds:</u>		
General	Grant	330
Special Building	General	5,529
Grant	General	1,830
Grant	Grant	41,418
Other Governmental	General	10
Total:		49,117
		\$ 50
Business-Type Activities:		Amount
<u>Due to other funds:</u>		
Cooperative	General	50
		\$ (50)

Interfund receivable and payable balances consist of amounts related to revenue and expenditure transactions during fiscal year 2022 which will be repaid during fiscal year 2023.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(4) Capital Assets, Net

Capital asset activity for the year ended August 31, 2022 is as follows:

	Governmental Activities				Balance August 31, 2022
	Balance August 31, 2021	Additions	Transfers	Retirements	
Nondepreciable capital assets:					
Land	\$ 61,791	--	--	--	61,791
Construction in process	254,811	102,420	(271,928)	--	85,303
Total nondepreciable capital assets	316,602	102,420	(271,928)	--	147,094
Depreciable capital assets:					
Buildings and improvements	1,177,705	11,686	271,928	--	1,461,319
Furniture	32	98	--	--	130
Equipment	27,813	3,586	--	(31)	31,368
Computers	80,583	3,464	--	(2,705)	81,342
Software	37,818	412	--	--	38,230
Art	4,070	140	--	--	4,210
Textbooks and library books	116,025	5,616	--	--	121,641
Vehicles	20,928	928	--	(98)	21,758
Total depreciable capital assets	1,464,974	25,930	271,928	(2,834)	1,759,998
Less accumulated depreciation	890,689	95,631	--	(3,245)	983,075
Net depreciable capital assets	574,285	(69,701)	271,928	411	776,923
Net capital assets	\$ 890,887	32,719	--	411	924,017
Business-Type Activities					
	Balance August 31, 2021	Additions	Transfers	Retirements	Balance August 31, 2022
Nondepreciable capital assets:					
Construction in process	\$ --	17	--	--	17
Depreciable capital assets:					
Buildings and improvements	21,208	--	--	--	21,208
Furniture	140	--	--	--	140
Equipment	48	27	--	--	75
Computers	178	--	--	--	178
Art	12	--	--	--	12
Textbooks and library books	22	--	--	--	22
Vehicles	1,811	--	--	--	1,811
Total depreciable capital assets	23,419	27	--	--	23,446
Less accumulated depreciation	3,539	545	--	--	4,084
Net depreciable capital assets	19,880	(518)	--	--	19,362
Net capital assets	\$ 19,880	(501)	--	--	19,379

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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	\$ 10,739
Special education	58
Student services	581
Staff support services	1,019
General administration and board of education	4,506
School administration	14
Business support services	13,679
Building and grounds	534
Building, construction, renovation	62,955
Student transportation	506
Community use of facilities and regular preschool education	1,017
Early childhood special education	11
Adult basic education	12
Total governmental activities	<u>\$ 95,631</u>

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(5) Long-Term Liabilities

Long-term liabilities of the District as of August 31, 2022 are summarized as follows:

	Bond Issue Date	Interest Rates	Balance August 31, 2021	Increases	Decreases	Balance August 31, 2022	Due Within One Year
(A)	12/07/2009	0.99 - 6.07%	\$ 15,810	--	775	15,035	815
(B)	12/08/2009	1.875%	17,375	--	--	17,375	--
(C)	12/09/2010	6.00%	18,920	--	--	18,920	--
(D)	05/01/2012	1.00 - 5.00%	29,800	--	7,800	22,000	7,825
(D)	05/01/2012		3,208	--	875	2,333	--
(E)	04/08/2015	3.00 - 5.00%	141,000	--	--	141,000	--
(E)	04/08/2015		9,583	--	516	9,067	--
(F)	12/30/2016	3.00 - 5.00%	141,000	--	--	141,000	--
(F)	12/30/2016		11,444	--	624	10,820	--
(G)	11/14/2017	3.00 - 5.00%	105,470	--	--	105,470	--
(G)	11/14/2017		6,844	--	375	6,469	--
(H)	11/15/2018	3.125 - 5.00%	80,000	--	--	80,000	--
(H)	11/15/2018		1,221	--	55	1,166	--
(I)	01/21/2020	2.125 - 5.00%	125,000	--	--	125,000	--
(I)	01/21/2020		10,221	--	456	9,765	--
(J)	05/06/2020	5.00%	38,715	--	8,325	30,390	8,875
(J)	05/06/2020		3,815	--	1,017	2,798	--
(K)	3/10/2021	1.75 - 5.00%	140,000	--	--	140,000	--
(K)	3/10/2021		15,254	--	675	14,579	--
(L)	4/6/2022	4.00 - 5.00%	--	35,925	--	35,925	--
(L)	4/6/2022		--	3,066	46	3,020	--
Bond obligations, including unamortized premium			914,680	38,991	21,539	932,132	17,515
(M)	Notes payable - Educare		19,313	39	--	19,352	255
(N)	PPP Loan - Educare		596	--	596	--	--
(O)	PPP Loan - Foundation		537	--	537	--	--
	Special termination benefits		2,234	--	1,295	939	--
	OPEB liability		28,475	--	1,816	26,659	--
	Net pension liability		833,386	--	123,735	709,651	--
	Leases		3,942	--	1,079	2,863	1,055
			<u>\$ 1,799,221</u>	<u>39,030</u>	<u>149,518</u>	<u>1,691,596</u>	<u>18,825</u>

Debt Obligations

A summary of the debt obligations of the District at August 31, 2022 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, 2022, the unmatured balance was \$15,035.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(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, 2022, the sinking fund established to pay for the bonds at maturity has a market value of \$13,311. As of August 31, 2022, 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, 2022, the sinking fund established to pay for the bonds at maturity has a market value of \$7,114. As of August 31, 2022, the unmatured balance was \$18,920.

(D) 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, 2022, the unmatured balance was \$22,000.

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, 2022, the unamortized balance was \$2,333.

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, 2022. The unamortized balance at August 31, 2022 amounted to \$1,344.

(E) 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, 2022, 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, 2022, the unamortized balance was \$9,067.

(F) 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, 2022, 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, 2022, the unamortized balance was \$10,819.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(G) 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, 2022, 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, 2022, the unamortized balance was \$6,469.

(H) 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, 2022, 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, 2022, the unamortized balance was \$1,166.

(I) 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 2.125% to 5.00%. Final interest payment is due December 15, 2043. As of August 31, 2022, 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, 2022, the unamortized balance was \$9,765.

(J) 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, 2022, the unmatured balance was \$30,390.

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, 2022, the unamortized balance was \$2,798.

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, 2022. The unamortized balance at August 31, 2022 was \$815.

(K) 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, 2022, 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, 2022, the unamortized balance was \$14,579.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(L) General Obligations Bonds – Series 2022

On April 27, 2022, the District issued \$35,925 in new General Obligation Bonds. Principal and interest payments are made semi-annually with the interest rates ranging from 4.00% to 5.00%. Final interest payment is due December 15, 2043. As of August 31, 2022, the unmatured balance was \$35,925.

The issuance of this resulted in a premium of \$3,066. This premium is being amortized on a straight-line basis over the life of the bonds. As of August 31, 2022, the unamortized balance was \$3,020.

(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 \$19,352.

(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. In June 2021, Educare received notice from the SBA that their PPP loan had been forgiven in full and was therefore recognized as income in the financial statements.

(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 was eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements. In January 31, 2022, Educare received notice from the SBA that their PPP loan had been forgiven in full and was therefore recognized as income in the financial statements.

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, 2021, the sequestration rate was reduced to 5.7%

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

Principal and interest requirements for bond obligations outstanding as of August 31, 2022 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>
2023	\$ 17,515	33,794	(1,331)	49,978
2024	24,270	32,752	(1,315)	55,707
2025	31,550	31,518	(1,298)	61,770
2026	36,816	29,889	(1,279)	65,426
2027	31,950	28,371	(1,258)	59,063
2028-2032	202,725	113,080	(3,516)	312,289
2033-2037	208,765	72,621	(156)	281,230
2038-2042	212,600	34,982	--	247,583
2043-2044	105,924	3,282	--	109,206
	872,115	380,289	(10,153)	1,242,252
Unamortized premium	60,017			
	<u>\$ 932,132</u>			

Principal and interest requirements for notes payable outstanding as of August 31, 2022 are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 256	303	559
2023	347	297	644
2024	354	289	643
2025	462	282	744
2026	775	272	1,047
2027-2031	4,055	1,185	5,240
2032-2036	4,370	870	5,240
2037-2041	4,712	528	5,240
2042-2046	4,129	170	4,299
2047-2049	884	9	893
Total	20,344	4,205	24,549
Less unamortized issuance costs	(992)		
	<u>\$ 19,352</u>		

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(6) Leases

Lessee Activities

The District has entered into five separate lease agreements for the use of building space for various terms ranging from 3 to 7 years through May 2026. The District is required to make monthly principal and interest payments throughout the terms of the leases with interest rates ranging from 3.25% to 5.50%.

The District has entered into lease obligations for printing equipment for ESU No. 19 for various terms ranging from 28 to 60 months through January 2025. The District is required to make monthly principal and interest payments throughout the terms of the leases with interest rates ranging from 3.25% to 4.75%.

Lease liability activity of the District as of and for the year ended August 31, 2022 consisted of the following:

	Balance August 31, 2021	Increases	Decreases	Balance August 31, 2022
Lease liabilities - buildings	\$ 3,020	--	790	2,230
Lease liabilities - equipment	722	200	289	633
Total	<u>\$ 3,742</u>	<u>200</u>	<u>1,079</u>	<u>2,863</u>

The remaining obligations associated with these leases are as follows:

Year ending August 31	Principal	Interest	Total
2023	\$ 1,055	96	1,151
2024	916	57	973
2025	756	22	778
2026	136	3	139
Total	<u>\$ 2,863</u>	<u>178</u>	<u>3,041</u>

The District's right to use assets related to the leases as of and for the year ended August 31, 2022 are as follows:

	Balance August 31, 2021	Additions	Retirements	Balance August 31, 2022
Right to use leased assets being amortized:				
Right to use leased buildings	\$ 4,392	--	--	4,392
Right to use leased equipment	1,164	200	--	1,364
Total right to use leased assets being amortized	<u>5,556</u>	<u>200</u>	<u>--</u>	<u>5,756</u>
Less accumulated amortization:				
Right to use leased buildings	1,501	796	--	2,297
Right to use leased equipment	469	296	--	765
Total accumulated amortization	<u>1,970</u>	<u>1,092</u>	<u>--</u>	<u>3,062</u>
Net right to use leased assets	<u>\$ 3,586</u>	<u>(892)</u>	<u>--</u>	<u>2,694</u>

The statement of revenue expenses and changes in net position for the year ended August 31, 2022 include amortization of right to use assets of \$1,092.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

Lessor Activities

The District has recognized a lease receivable for three land leases. The remaining receivable for these land leases was \$325 at August 31, 2022. Deferred inflows related to these leases amounts to \$325 at August 31, 2022. Interest revenue recognized on the leases amounted to \$9 for the year ended August 31, 2022. Interest rates on the leases range from 3.50% to 5.50% and have various maturity dates through September 2027.

The District has also recognized a lease receivable for six cell tower and antenna leases on its property. The remaining receivable for these leases was \$448 at August 31, 2022. Deferred inflows related to these leases amounts to \$448 at August 31, 2022. Interest revenue recognized on the leases amounted to \$10 for the year ended August 31, 2022. Interest rates on the leases range from 3.25% to 5.50% and have various maturity dates through November 2027.

The District has also recognized a lease receivable for a building lease. The remaining receivable for these leases was \$227 at August 31, 2022. Deferred inflows related to these leases amounts to \$227 at August 31, 2022. Interest revenue recognized on the leases amounted to \$21 for the year ended August 31, 2022. Interest rate on the lease is 5.50% and matures May 2023.

The activities of the lease receivables as of and for the year ended August 31, 2022 are as follows:

	Balance August 31, 2021	Increases	Decreases	Balance August 31, 2022
Land	\$ 294	109	78	325
Cell Towers	64	472	88	448
Buildings	511	--	283	228
	<u>\$ 869</u>	<u>581</u>	<u>449</u>	<u>1,001</u>

Future maturities on the lease receivables at August 31, 2022 are as follows:

Year Ending August 31	Principal	Interest
2023	\$ 428	30
2024	171	19
2025	178	12
2026	122	6
2027	100	1
2028	<u>2</u>	<u>--</u>
Total	<u>\$ 1,001</u>	<u>68</u>

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(7) Fund Balance

A summary of governmental fund balances as of August 31, 2022 is as follows:

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total
Fund balances:						
Nonspendable -						
Inventories	\$ 5,252	--	--	--	412	5,664
Prepaid expenses	2,141	228	338	--	783	3,490
Restricted -						
Debt service	--	--	--	43,317	--	43,317
Capital projects	--	45,401	--	--	--	45,401
Grants	--	--	14,932	--	--	14,932
Qualified purpose	--	--	--	--	23,081	23,081
ESU No. 19	--	--	--	--	1,353	1,353
Committed to -						
KIOS	--	--	--	--	701	701
2021/2022 School Year	46,254	--	--	--	--	46,254
Assigned to -						
ESU No. 19	--	--	--	--	12,122	12,122
School activity	--	--	--	--	2,336	2,336
Student fees	--	--	--	--	124	124
Central office and school support	1,159	--	--	--	--	1,159
Unassigned	102,398	--	--	--	--	102,398
Total fund balance	\$ 157,204	45,629	15,270	43,317	40,912	302,332

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
2022	15.92%	14.10%
2021	18.01%	15.25%
2020	20.35%	12.73%

(8) 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, by phone at 531-299-0329, or by mail at 3215 Cuming Street, Omaha, NE 68131-2024.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

Membership Information

Membership consisted of the following as of January 1, 2021, the valuation date used to measure the total pension liability at August 31, 2021:

Retirees and beneficiaries receiving benefits	5,089
Inactive members entitled to but not yet receiving benefits	1,223
Inactive nonvested members entitled to refund of contributions	917
Active plan members	<u>7,182</u>
Total	<u><u>14,411</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, 2022, the actuarial determined contribution resulted in an additional required contribution of \$21,802. Total additional contributions made by the District during the year ended August 31, 2022 amounted to \$29,483. The State of Nebraska also contributes 2% of employees' compensation.

For the fiscal year ending August 31, 2022, total contributions by the District to OSERS, including the additional amounts to maintain solvency, amounted to \$69,138. Total contributions from the State of Nebraska amounted to \$7,290.

Benefits Provided

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

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

Actuarial Methods and Assumptions

The total pension liability was measured as of August 31, 2021 and was determined by an actuarial valuation performed as of January 1, 2021, 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	2.12%
Single Equivalent Interest Rate.....	7.50%
Salary Increases	3.75% to 6.25%
Cost of Living Adjustments	1.50% members hired before July 1, 2013 1.00% 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, 2021 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, 2021 was 7.50%. There was no change in the discount rate since the prior measurement date.

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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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 every four years as required by state statute. The experience study, on which the assumptions in this valuation are based, 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 2.12% on the measurement date.

Periods of projected benefit payments: Projected future benefit payments for all current OSERS members were projected through 2120.

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>	

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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>1,109,201</u>	<u>800,105</u>	<u>543,410</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.

Net Pension Liability and Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance, August 31, 2020	\$ <u>2,314,553</u>	<u>1,378,387</u>	<u>936,166</u>
Changes for the year -			
Service cost at end of year	46,029	--	46,029
Interest on total pension liability	168,343	--	168,343
Differences between expected and actual experience	45,177	--	45,177
Contributions - employer	--	61,411	(61,411)
Contributions - State	--	7,290	(7,290)
Contributions - member	--	36,891	(36,891)
Net investment income (loss)	--	290,971	(290,971)
Benefit payments, including member refunds	(142,546)	(142,546)	--
Administrative expense	--	(952)	952
Other	2,290	2,289	1
Net changes	<u>119,293</u>	<u>255,354</u>	<u>(136,061)</u>
Balance, August 31, 2021	\$ <u>2,433,846</u>	<u>1,633,741</u>	<u>800,105</u>

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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, 2022, the District reported a liability of \$709,651 for its proportionate share of the net pension liability. The net pension liability was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2021. 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, 2021 measurement date, the District's proportionate share was 88.694768%, a decrease of 0.326437%. The State of Nebraska's proportionate share of the collective net pension liability amounted to \$90,454. At the August 31, 2021 measurement date, the State's proportionate share was 11.305232%. The District recognized revenue in the amount of \$10,206 for the support provided by the State of Nebraska.

Douglas County School District #0001	\$	709,651
State of Nebraska		<u>90,454</u>
Total net pension liability	\$	<u><u>800,105</u></u>

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

For the year ended August 31, 2022, the District recognized pension expense of \$421,869. At August 31, 2022, 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	\$ --	123,506
Changes of assumptions	19,483	--
Differences between expected and actual experience	44,380	8,131
Changes in proportion and differences between contributions and proportionate share of contributions	7,900	6,035
District contributions subsequent to the measurement date	<u>69,138</u>	<u>--</u>
	<u>\$ 140,901</u>	<u>137,672</u>

Deferred outflows of resources related to pensions included \$69,138 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, 2023. 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>
2023	\$ 9,495
2024	(19,637)
2025	(33,318)
2026	(28,348)
2027	<u>5,899</u>
	<u>\$ (65,909)</u>

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

Payable to the Pension Plan

At August 31, 2022, the District reported a payable of \$3,894 for the outstanding amount of legally required District contributions for August 2022 and \$3,856 for legally required employee contributions withheld from employee wages which had not yet been remitted to OSERS.

(9) **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, 2022, 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>7,508</u>

Total OPEB Liability – The District's total OPEB liability of \$26,659 was measured as of August 31, 2022, 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	3.59% per annum.
Healthcare cost trend rate	5.00% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.59% 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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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.

Changes in the Total OPEB Liability

Total OPEB liability, beginning of year	\$ 28,475
Changes during the year:	
Service cost	1,934
Interest cost	597
Changes in assumptions	(3,278)
Benefit payments	(1,069)
Net changes	(1,816)
Total OPEB liability, end of year	\$ 26,659

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 (2.59%) or 1% higher (4.59%) than the current discount rate.

	1% Decrease (2.59%)	Discount Rate (3.59%)	1% Increase (4.59%)
Total OPEB liability	\$ 28,890	26,659	24,572

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 (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease (4.0%)	Healthcare Cost Trend Rate (5.0%)	1% Increase (6.0%)
Total OPEB liability	\$ 23,201	26,659	30,825

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB – For the year ended August 31, 2022, the District recognized OPEB expense of \$1,580. At August 31, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,185	--
Changes in assumptions	1,878	3,026
	\$ 4,063	3,026

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

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

Year ended August 31:		
2022	\$	117
2023		117
2024		117
2025		117
2026		117
Thereafter		<u>452</u>
	\$	<u><u>1,037</u></u>

(10) 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, 2022, the obligation under the termination benefit amounted to \$22,633, 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, 2022 the District has obligations to 55 participants with a total liability of \$938. 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, 2022 amounted to \$893.

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, 2022 (Thousands of Dollars)

(11) Deficit Net Position

The District had a deficit net position of \$309,617 at August 31, 2022 primarily due to recognizing the net pension liability.

(12) 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, 2022 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	\$ 21,351
City of Bellevue	Tax Increment Financing	140

(13) 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, 2022.

Construction Commitments

In connection with the \$421,000 bond initiative passed in 2014 and the \$409,900 bond initiative passed in 2018, which resulted in 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 \$287,093 for the construction of new school facilities and renovation and improvement to existing facilities. The District has commitments of approximately \$39,148 remaining on various ongoing construction contracts at August 31, 2022.

Litigation

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 effect on the District's future financial position or changes in financial position.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

In 2021, the District was notified of errors found in the distribution of 5% Gross In-Lieu of taxes received from the Omaha Public Power District by the Sarpy County Treasurer to the District and other political subdivisions within Douglas and Sarpy Counties. In 2022, the District was notified of errors found in the distribution of 5% Gross In-Lieu of taxes received from the Omaha Public Power District by the Douglas County Treasurer to the District and other political subdivisions within Douglas County. These errors in distribution resulted in an overpayment to the District by the Douglas County Treasurer of approximately \$5,650 for the 2020 tax year and an underpayment to the District by the Sarpy County Treasurer of approximately \$1,440 for the 2018, 2019 and 2020 tax years. Litigation has been filed against the Sarpy County Treasurer by the affected school districts attempting to recover amounts of underpayments for the tax years 2016 through 2020. The District is included in the litigation filed against the Sarpy County Treasurer. The District was also included in separate litigation directly from another affected school district in an attempt to recover amounts of underpayments from the Douglas County Treasurer directly from the District, who received overpayments from the Douglas County Treasurer as a result of the errors in the distribution for the 2020 tax year. No provision has been recognized in the financial statements for these amounts as the ultimate outcome of the litigation is not currently known at this time.

(14) **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, \$86,421 of ESSER II relief funds, and \$194,420 of ESSER III relief funds of which \$25,415 was expended during the year ending August 31, 2022, with a portion that remains unobligated as of August 31, 2022 and is not included in the accompanying financial statements. 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.

Douglas County School District #0001

Notes to Basic Financial Statements August 31, 2022 (Thousands of Dollars)

(15) Adoption of New Standard

As of September 1, 2021, the District adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requirements recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflows of resources. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	<u>Governmental Activities</u>
Net position, September 1, 2021, as previously reported	\$ (283,202)
Recognition of right to use leased assets, net	3,586
Recognition of lease receivables	869
Recognition of lease liabilities	(3,742)
Recognition of deferred inflows from leases	<u>(869)</u>
Net position, September 1, 2021, as restated	<u>\$ (283,358)</u>

Douglas County School District #0001

Required Supplementary Information Budgetary Comparison Schedule – General Fund (with legally adopted budgets) For the Year Ended August 31, 2022 (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	\$ 167,685	--	167,685	167,685	--	
RECEIPTS						
Local sources						
Taxes						
1110	Property taxes - general purpose	274,227	--	274,227	265,649	(8,578)
1111	Property taxes - learning community	--	--	--	29	29
1115	Carline tax	90	--	90	82	(8)
1120	Public power district sales tax	9,804	--	9,804	4,308	(5,496)
1125	Motor vehicle taxes	26,916	--	26,916	26,132	(784)
1230	Tuition from other districts (special ed)	55	--	55	--	(55)
1250	Summer school tuition and fees	--	--	--	27	27
1410	Interest	1,500	--	1,500	610	(890)
1620	Police court fines	468	--	468	946	478
1910	Rental of school facilities	346	--	346	364	18
	Total local sources	313,406	--	313,406	298,147	(15,259)
County sources						
2110	County fines and license fees	1,500	--	1,500	1,330	(170)
State sources						
3110	State aid	268,286	--	268,286	268,286	--
3120	Special education	25,000	--	25,000	24,042	(958)
3125	Special education transportation	7,600	--	7,600	7,420	(180)
3130	Homestead exemption	--	--	--	9,252	9,252
3131	Property tax credit	--	--	--	13,176	13,176
3180	Pro-rate motor vehicle	400	--	400	616	216
3200	State apportionment	7,800	--	7,800	7,330	(470)
3990	Other state receipts	--	--	--	21	21
	Total state sources	309,086	--	309,086	330,143	21,057
Federal sources						
4450	Medicaid in public schools	300	--	300	--	(300)
4850	Universal Service Fund	--	--	--	662	662
4990	Other federal categorical receipts	400	--	400	2,465	2,065
	Total federal sources	700	--	700	3,127	2,427
Nonrevenue receipts						
5400	Sale of property	152	--	152	140	(12)
5690	Other nonrevenue receipts	5,178	--	5,178	7,342	2,164
	Total nonrevenue receipts	5,330	--	5,330	7,482	2,152
	Total receipts	630,022	--	630,022	640,229	10,207
DISBURSEMENTS						
1100	Regular instruction	355,746	(12,664)	343,082	295,777	47,305
1200	Special education	76,634	186	76,820	68,680	8,140
Support services						
2100	Pupils	38,551	2,495	41,046	38,912	2,134
2200	Staff	18,860	1,772	20,632	18,569	2,063
2520	Vehicle acquisition and maintenance	301	700	1,001	1,629	(628)
2600	Maintenance and operation of bldg/plant	61,292	3,436	64,728	62,543	2,185
2750	Regular pupil transportation	25,891	(1,829)	24,062	15,605	8,457
2760	Special education pupil transportation	18,188	1,712	19,900	18,966	934
General and administrative						
2310	Board of education	1,063	--	1,063	1,157	(94)
2320	Executive administration	11,468	990	12,458	11,978	480
2400	Office of the principal	40,587	492	41,079	40,939	140
2510	Business services	28,625	2,261	30,886	30,056	830
3000	State programs	4,805	401	5,206	4,578	628
4000	Federal programs	1,364	(1)	1,363	1,171	192
6000	Summer school	5,693	--	5,693	5,655	38
7000	Adult education	130	49	179	186	(7)
5000	Debt service	803	--	803	1,556	(753)
	Total disbursements	690,001	--	690,001	617,957	72,044
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS						
		(59,979)	--	(59,979)	22,272	82,251
FUND BALANCE, end of year	\$ 107,706	--	107,706	189,957	82,251	
ANALYSIS OF FUND BALANCE						
	Cash and cash equivalents			\$ 176,853		
	Receivables			16,853		
	Prepays			73		
	Inventory and other debits			4,662		
	Payables			(8,484)		
				\$ 189,957		

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, 2022 (Thousands of Dollars)

Function	Grant Fund		
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
FUND BALANCE, beginning of year	\$ (12,004)	(12,004)	--
RECEIPTS			
Local sources			
1410 Interest	--	83	83
1925 Categorical grants from corporations	22,478	12,015	(10,461)
Total local sources	22,478	12,098	(10,378)
State sources			
3135 High-ability learners	227	--	(227)
3540 State early childhood	2,065	1,967	(98)
Total state sources	2,292	1,967	(325)
Federal sources			
4200 Title I	30,707	48,969	18,262
4300 Title II	2,501	1,992	(509)
4400 IDEA	17,429	15,603	(1,826)
4450 Medicaid in public schools	--	1,218	1,218
4455 Medicaid administrative activities	4,500	2,086	(2,414)
4700 Federal Vocation & Applied Technology Ed	916	854	(62)
4910 Indian Education	114	196	82
4915 Title I, Part C	1,903	1,872	(31)
4925 Title III, Part A	2,189	1,723	(466)
4940 Head Start	8,100	9,496	1,396
4990 Other federal categorical receipts	112,042	4,670	(107,372)
Total federal sources	180,401	88,679	(91,722)
Nonrevenue receipts			
5690 Other nonrevenue receipts	--	3	3
Total receipts	205,171	102,747	(102,422)
DISBURSEMENTS			
1100 Regular instruction	143,758	42,243	101,515
1200 Special education	3,041	7,444	(4,403)
Support services			
2100 Pupils	17,429	4,986	12,443
2200 Staff	916	3,129	(2,213)
2591 Building and sites	--	2,233	(2,233)
2600 Maintenance and operation of bldg/plant	--	1,625	(1,625)
General and administrative			
2320 Executive administration	3,708	3,877	(169)
2510 Business services	7,548	(996)	8,544
3000 State programs	13,365	14,240	(875)
4000 Federal programs	14,840	12,141	2,699
6000 Summer school	--	6,665	(6,665)
7000 Adult education	566	392	174
Total disbursements	205,171	97,979	107,192
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	--	4,768	4,770
FUND BALANCE, end of year	\$ (12,004)	(7,236)	4,770
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 4,216	
Receivables		30,425	
Payables		(41,877)	
		\$ (7,236)	

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, 2022 (Thousands of Dollars)

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, 2022 are presented below.

<u>General Fund</u>	
Deficiency of receipts over disbursements (budgetary basis)	\$ 22,272
Adjustments:	
Record change in receivables	(15,157)
Record change in inventories	373
Record change in prepaids	(6,597)
Record change in payables	(19,714)
	<hr/>
Change in fund balance (GAAP basis)	\$ (18,824)
	<hr/> <hr/>
 <u>Grant Fund</u>	
Deficiency of receipts over disbursements (budgetary basis)	\$ 4,768
Adjustments:	
Record change in receivables	12,666
Record change in prepaids	(235)
Record change in payables	(14,198)
Record change in unavailable revenue	(2,425)
	<hr/>
Change in fund balance (GAAP basis)	\$ 576
	<hr/> <hr/>

Douglas County School District #0001

Required Supplementary Information Schedule of Changes in the Net Pension Liability For the Year Ended August 31, 2022 (Thousands of Dollars)

	Omaha School Employees' Retirement System For the Last Eight Fiscal Years*							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 46,029	43,490	42,354	37,704	37,821	39,451	38,242	36,090
Interest	168,343	163,027	159,150	152,896	144,648	138,933	133,950	128,868
Differences between expected and actual experience	45,177	2,015	(17,657)	19,474	26,757	7,104	(2,960)	--
Changes of assumptions	--	--	--	--	141,348	--	--	--
Other	2,290	1,808	1,992	1,832	2,088	1,946	2,920	2,276
Benefit payments, including refunds of employee contributions	(142,546)	(136,485)	(131,896)	(125,272)	(118,997)	(113,106)	(106,735)	(100,810)
Net change in total pension liability	<u>119,293</u>	<u>73,855</u>	<u>53,943</u>	<u>86,634</u>	<u>233,665</u>	<u>74,328</u>	<u>65,417</u>	<u>66,424</u>
Total pension liability - beginning	<u>2,314,553</u>	<u>2,240,698</u>	<u>2,186,755</u>	<u>2,100,121</u>	<u>1,866,456</u>	<u>1,792,128</u>	<u>1,726,711</u>	<u>1,660,287</u>
Total pension liability - ending (a)	<u>2,433,846</u>	<u>2,314,553</u>	<u>2,240,698</u>	<u>2,186,755</u>	<u>2,100,121</u>	<u>1,866,456</u>	<u>1,792,128</u>	<u>1,726,711</u>
Plan fiduciary net position								
Contributions - employer	61,411	57,033	57,267	55,564	47,981	33,903	33,109	31,913
Contributions - state	7,290	7,302	7,420	7,111	6,897	6,661	6,453	6,285
Contributions - member	36,891	35,295	35,614	36,327	34,883	33,764	32,584	31,597
Net investment income	290,971	118,829	32,447	85,795	73,217	15,375	(51,214)	153,982
Benefit payments, including refunds of employee contributions	(142,546)	(136,485)	(131,896)	(125,272)	(118,997)	(113,106)	(106,735)	(100,810)
Administrative expense	(952)	(890)	(1,087)	(867)	(1,384)	(1,290)	(814)	(897)
Other	2,289	1,841	2,012	1,844	2,090	2,082	3,002	2,305
Net change in plan fiduciary net position	<u>255,354</u>	<u>82,925</u>	<u>1,777</u>	<u>60,502</u>	<u>44,687</u>	<u>(22,611)</u>	<u>(83,615)</u>	<u>124,375</u>
Plan fiduciary net position - beginning	<u>1,378,387</u>	<u>1,295,462</u>	<u>1,293,685</u>	<u>1,233,183</u>	<u>1,188,496</u>	<u>1,211,107</u>	<u>1,294,722</u>	<u>1,170,347</u>
Plan fiduciary net position - ending (b)	<u>1,633,741</u>	<u>1,378,387</u>	<u>1,295,462</u>	<u>1,293,685</u>	<u>1,233,183</u>	<u>1,188,496</u>	<u>1,211,107</u>	<u>1,294,722</u>
Net pension liability (a-b)	<u>\$ 800,105</u>	<u>936,166</u>	<u>945,236</u>	<u>893,070</u>	<u>866,938</u>	<u>677,960</u>	<u>581,021</u>	<u>431,989</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>67.13%</u>	<u>59.55%</u>	<u>57.82%</u>	<u>59.16%</u>	<u>58.72%</u>	<u>63.68%</u>	<u>67.58%</u>	<u>74.98%</u>
Covered payroll	<u>\$ 377,207</u>	<u>360,891</u>	<u>364,154</u>	<u>371,440</u>	<u>356,676</u>	<u>345,231</u>	<u>333,166</u>	<u>323,074</u>
Employers' net pension liability as a percentage of covered payroll	<u>212.11%</u>	<u>259.40%</u>	<u>259.57%</u>	<u>240.43%</u>	<u>243.06%</u>	<u>196.38%</u>	<u>174.39%</u>	<u>133.71%</u>

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, 2022 (Thousands of Dollars)**

		Omaha School Employees' Retirement System For the Last 10 Fiscal Years*									
		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined employer contribution	\$	61,457	59,466	55,501	54,211	55,526	50,777	31,245	28,161	27,940	30,990
Actual contributions -											
Employer statutory		39,655	37,266	35,676	35,967	36,664	35,231	33,903	33,109	31,913	29,581
Employer additional		29,483	24,145	21,357	21,300	18,900	12,750	--	--	--	--
Total actual contributions		<u>69,138</u>	<u>61,411</u>	<u>57,033</u>	<u>57,267</u>	<u>55,564</u>	<u>47,981</u>	<u>33,903</u>	<u>33,109</u>	<u>31,913</u>	<u>29,581</u>
Annual contribution deficiency (excess)	\$	<u>(7,681)</u>	<u>(1,945)</u>	<u>(1,532)</u>	<u>(3,056)</u>	<u>(38)</u>	<u>2,796</u>	<u>(2,658)</u>	<u>(4,948)</u>	<u>(3,973)</u>	<u>1,409</u>
Covered payroll	\$	<u>401,451</u>	<u>377,207</u>	<u>360,891</u>	<u>364,154</u>	<u>371,440</u>	<u>356,676</u>	<u>345,231</u>	<u>333,166</u>	<u>323,074</u>	<u>313,946</u>
Actual contributions as a percentage of covered payroll		<u>17.22%</u>	<u>16.28%</u>	<u>15.80%</u>	<u>15.73%</u>	<u>14.96%</u>	<u>13.45%</u>	<u>9.82%</u>	<u>9.94%</u>	<u>9.88%</u>	<u>9.42%</u>

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, 2022

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, 2018.

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

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

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

Changes in actuarial assumptions:

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 1, 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%.
- 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.

Douglas County School District #0001

Required Supplementary Information Notes to Required Supplementary Information For the Year Ended August 31, 2022

- 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, 2021 (based on the January 1, 2021 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, 2022 (Thousands of Dollars)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 1,934	1,188	1,202
Interest cost	597	823	839
Difference between expected and actual experience	--	2,583	--
Changes in assumptions	--	2,219	--
Changes of benefit terms	(3,278)	(1,313)	--
Benefit payments	<u>(1,069)</u>	<u>(1,080)</u>	<u>(742)</u>
Net changes in total OPEB liability	(1,816)	4,420	1,299
Total OPEB liability, beginning of year	<u>28,475</u>	<u>24,055</u>	<u>22,756</u>
Total OPEB liability, end of year	<u>\$ 26,659</u>	<u>28,475</u>	<u>24,055</u>
Plan fiduciary net position			
Employer contributions	\$ 1,069	1,080	742
Benefit payments	<u>(1,069)</u>	<u>(1,080)</u>	<u>(742)</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>\$ 26,659</u>	<u>28,475</u>	<u>24,055</u>
Covered payroll	\$ 408,402	393,199	381,090
Total OPEB liability as a percentage of covered payroll	6.53%	7.24%	6.31%

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, 2022	3.59%
Year ended August 31, 2021	2.14%
Year ended August 31, 2020	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, 2022 (Thousands of Dollars)**

<u>Function</u>	<u>Special Building Fund</u>			
	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>	
FUND BALANCE, beginning of year	\$ 125,812	125,812	--	
RECEIPTS				
Local sources				
Taxes				
1110	Property taxes - general purpose	10,100	9,407	(693)
1115	Carline tax	5	3	(2)
1125	Motor vehicle taxes	--	3	3
1410	Interest	171	206	35
1990	Other local receipts	230	165	(65)
3990	Other state receipts	10	849	839
5100	Sale of bonds	49,193	38,991	(10,202)
5690	Other nonrevenue receipts	380	763	383
	Total receipts	<u>60,089</u>	<u>50,387</u>	<u>(9,702)</u>
DISBURSEMENTS				
2515-300	Purchased services	18,473	4,985	13,488
2515-500	Capital outlay	7,575	2,933	4,642
2515-520	Building acquisition and improvements	184,785	111,583	73,202
2515-600	Other expenses	302	2,961	(2,659)
5000-607	Repayment of taxes paid	--	33	(33)
	Total disbursements	<u>211,135</u>	<u>122,495</u>	<u>88,640</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS				
		<u>(151,046)</u>	<u>(72,108)</u>	<u>78,938</u>
FUND BALANCE, end of year	\$ <u>(25,234)</u>	<u>53,704</u>	<u>78,938</u>	
ANALYSIS OF FUND BALANCE				
	Cash and cash equivalents	\$ 72,624		
	Payables	<u>(18,920)</u>		
		<u>\$ 53,704</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, 2022 (Thousands of Dollars)**

<u>Function</u>	Debt Service Fund			
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)	
FUND BALANCE, beginning of year	\$ 38,171	38,171	--	
RECEIPTS				
Taxes				
1110	Property taxes	45,562	46,330	768
1115	Carline tax	21	14	(7)
3130	Homestead exemption	--	1,532	1,532
3180	Pro-rate motor vehicle	95	112	17
1410	Interest	169,108	17	(169,091)
1990	Other local receipts	1,944	706	(1,238)
3990	Other state receipts	72	4	(68)
	Total receipts	<u>216,802</u>	<u>48,715</u>	<u>(168,087)</u>
DISBURSEMENTS				
5000-607	Repayment of taxes paid	200	268	(68)
5000-610	Redemption of principal	16,125	16,125	--
5000-620	Debt service interest	31,357	31,363	(6)
5000-690	Other miscellaneous expense	165,000	--	165,000
	Total disbursements	<u>212,682</u>	<u>47,756</u>	<u>164,926</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS				
		<u>4,120</u>	<u>959</u>	<u>(3,161)</u>
FUND BALANCE, end of year	\$ <u>42,291</u>	<u>39,130</u>	<u>(3,161)</u>	
ANALYSIS OF FUND BALANCE				
	Cash and cash equivalents	\$ <u>39,130</u>		
		<u>\$ 39,130</u>		

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, 2022 (Thousands of Dollars)**

		Qualified Capital Purpose Funds		
		Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
FUND BALANCE, beginning of year		\$ 2,166	2,166	--
RECEIPTS				
Taxes				
1110	Property taxes	4,271	3,610	(661)
1115	Carline tax	5	19	14
3130	Homestead exemption	--	102	102
3180	Motor vehicle taxes	41	8	(33)
1990	Other local receipts	932	51	(881)
Total receipts		<u>5,249</u>	<u>3,790</u>	<u>(1,459)</u>
DISBURSEMENTS				
5000-607	Repayment of taxes paid	60	23	37
5000-610	Redemption of principal	2,961	2,555	406
5000-620	Debt service interest	2,362	1,051	1,311
Total disbursements		<u>5,383</u>	<u>3,629</u>	<u>1,754</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS		<u>(134)</u>	<u>161</u>	<u>295</u>
FUND BALANCE, end of year		<u>\$ 2,032</u>	<u>2,327</u>	<u>295</u>
ANALYSIS OF FUND BALANCE				
Cash and cash equivalents			\$ <u>2,327</u>	
			\$ <u>2,327</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, 2022 (Thousands of Dollars)**

<u>Function</u>	Student Fee Funds		
	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
FUND BALANCE, beginning of year	\$ 119	119	--
RECEIPTS			
1741 Extracurricular activity fees	804	714	(90)
DISBURSEMENTS			
2100-600 Other expenses	900	709	191
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(96)	5	101
FUND BALANCE, end of year	\$ <u>23</u>	<u>124</u>	<u>101</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 124	
		\$ <u>124</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, 2022 (Thousands of Dollars)**

<u>Function</u>	<u>Activity Funds</u>		
	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 2,151	2,151	--
RECEIPTS			
1410 Interest	--	1	1
1710 Activities receipts	--	730	730
1990 Other local receipts	--	927	927
5690 Other nonrevenue receipts	5,367	2,837	(2,530)
Total receipts	<u>5,367</u>	<u>4,495</u>	<u>(872)</u>
DISBURSEMENTS			
2515-300 Purchased services	--	833	(833)
2515-400 Supplies and materials	--	820	(820)
2515-600 Other expenses	6,500	2,504	3,996
Total disbursements	<u>6,500</u>	<u>4,157</u>	<u>2,343</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,133)</u>	<u>338</u>	<u>1,471</u>
FUND BALANCE, end of year	\$ <u>1,018</u>	<u>2,489</u>	<u>1,471</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 2,499	
Investments		7	
Receivables		15	
Payables		<u>(32)</u>	
		\$ <u>2,489</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, 2022 (Thousands of Dollars)**

<u>Function</u>	<u>ESU No. 19 Fund</u>		
	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 15,122	15,122	--
RECEIPTS			
1000 Local receipts	14,369	13,327	(1,042)
3000 State receipts	2,810	3,141	331
5000 Nonrevenue receipts	2,230	2,365	135
Total receipts	<u>19,409</u>	<u>18,833</u>	<u>(576)</u>
DISBURSEMENTS			
1100 General education instructional	16	6	10
2100 Student non-instructional support services	3,389	3,130	205
2200 Support services - staff	592	501	91
2300 Board of control and general administration	15	11	4
2900 Materials and equipment services	1,442	1,273	169
3550 Core services & technology infrastructure	14,457	14,091	481
5000 Debt services	90	22	7
Total disbursements	<u>20,001</u>	<u>19,034</u>	<u>967</u>
DEFICENCY OF RECEIPTS OVER DISBURSEMENTS	<u>(592)</u>	<u>(201)</u>	<u>391</u>
FUND BALANCE, end of year	\$ <u>14,530</u>	<u>14,921</u>	<u>391</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 14,653	
Inventory		<u>268</u>	
		\$ <u>14,921</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, 2022 (Thousands of Dollars)**

<u>Function</u>	<u>KIOS</u>		
	<u>Final Adopted Budget</u>	<u>Current Fiscal Year Actual</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 1,139	1,139	--
RECEIPTS			
Local sources			
1410 Interest	--	(7)	(7)
1925 Categorical grants from corporations	1,250	--	(1,250)
1990 Other local receipts	--	883	883
Total local sources	<u>1,250</u>	<u>876</u>	<u>(374)</u>
Nonrevenue receipts			
5690 Other nonrevenue receipts	--	240	240
Total receipts	<u>1,250</u>	<u>1,116</u>	<u>(134)</u>
DISBURSEMENTS			
Support services			
2200 Staff	1,250	1,207	43
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS			
	<u>--</u>	<u>(91)</u>	<u>91</u>
FUND BALANCE, end of year	\$ <u>1,139</u>	<u>1,048</u>	<u>(91)</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 748	
Investments		47	
Receivables		<u>253</u>	
		<u>\$ 1,048</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, 2022 (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	\$ 39,501	39,501	--
RECEIPTS			
1410 Interest	--	133	133
5500 Transfers from the general fund	1,837	5,000	3,163
Total receipts	<u>1,837</u>	<u>5,133</u>	<u>3,296</u>
DISBURSEMENTS			
2500-500 Capital outlay	<u>12,000</u>	<u>1</u>	<u>11,999</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(10,163)</u>	<u>5,132</u>	<u>15,295</u>
FUND BALANCE, end of year	\$ <u>29,338</u>	<u>44,633</u>	<u>15,295</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ <u>44,633</u>	
		<u>\$ 44,633</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, 2022 (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	\$ 14,942	14,942	--
RECEIPTS			
1410 Interest	--	24	24
5500 Transfers from the general fund	--	4,818	4,818
5690 Other nonrevenue receipts	219	2,414	2,195
Total receipts	<u>219</u>	<u>7,256</u>	<u>7,037</u>
DISBURSEMENTS			
2500-200 Employee benefits	<u>14,600</u>	<u>7,902</u>	<u>6,698</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS			
	<u>(14,381)</u>	<u>(646)</u>	<u>13,735</u>
FUND BALANCE, end of year	\$ <u>561</u>	<u>14,296</u>	<u>13,735</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 13,751	
Investments		2,998	
Receivables		350	
Payables		<u>(2,803)</u>	
		\$ <u>14,296</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, 2022 (Thousands of Dollars)**

<u>Function</u>	<u>Contingency Fund</u>		
	<u>Final Adopted Budget</u>	<u>Current Fiscal Year Actual</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 21,491	21,491	--
RECEIPTS			
1410 Interest	--	59	59
5500 Transfers from the general fund	4	759	755
Total receipts	<u>4</u>	<u>818</u>	<u>814</u>
DISBURSEMENTS			
2310-643 Judgements/settlements	<u>18,500</u>	<u>1,633</u>	<u>16,867</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	<u>(18,496)</u>	<u>(815)</u>	<u>17,681</u>
FUND BALANCE, end of year	\$ <u>2,995</u>	<u>20,676</u>	<u>17,681</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 20,665	
Receivables		<u>11</u>	
		<u>\$ 20,676</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, 2022 (Thousands of Dollars)**

<u>Function</u>	<u>School Lunch Funds</u>		
	<u>Final Adopted Budget</u>	<u>Current Fiscal Year Actual</u>	<u>Variance Favorable (Unfavorable)</u>
FUND BALANCE, beginning of year	\$ 20,499	20,499	--
RECEIPTS			
1410 Interest	2	57	55
1720 Sale of lunches/milk	3,406	487	(2,919)
1990 Other local receipts	--	60	60
3150 State reimbursement	240	--	(240)
4800 Federal reimbursement	17,473	41,018	23,545
4945 Child and adult care food program	1,289	294	(995)
5690 Other nonrevenue receipts	--	3	3
Total receipts	<u>22,410</u>	<u>41,919</u>	<u>19,509</u>
DISBURSEMENTS			
2100-100 Salaries	13,061	9,248	3,813
2100-200 Employee benefits	3,947	4,032	(85)
2100-300 Purchased services	3,017	2,763	254
2100-400 Supplies and materials (excluding food)	2,335	1,992	343
2100-470 Food	14,975	13,365	1,610
2100-500 Capital outlay	1,814	315	1,499
2100-600 Other expenses	20	20	--
Total disbursements	<u>39,169</u>	<u>31,735</u>	<u>7,434</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(16,759)</u>	<u>10,184</u>	<u>26,943</u>
FUND BALANCE, end of year	\$ <u>3,740</u>	<u>30,683</u>	<u>26,943</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 29,285	
Receivables		20	
Inventory and other debits		<u>1,378</u>	
		<u>\$ 30,683</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, 2022 (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	\$ (7)	(7)	--
RECEIPTS			
1990 Other local receipts	3,000	818	(2,182)
5690 Other nonrevenue receipts	998	16	(982)
Total receipts	<u>3,998</u>	<u>834</u>	<u>(3,164)</u>
DISBURSEMENTS			
1160-110 Salary - Teachers	1,500	510	990
1160-140 Salary - Clerical and paraprofessional staff	--	16	(16)
1160-200 Employee benefits	250	193	57
1160-300 Purchased services	500	27	473
1160-400 Supplies and materials	500	28	472
1160-600 Other expenses	250	98	152
2510 General administration - business services	1,000	--	1,000
4990 Other federal categorical expenditures	--	1	(1)
Total disbursements	<u>4,000</u>	<u>873</u>	<u>3,127</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	<u>(2)</u>	<u>(39)</u>	<u>(37)</u>
FUND BALANCE, end of year	\$ <u>(9)</u>	<u>(46)</u>	<u>(37)</u>
ANALYSIS OF FUND BALANCE			
Cash and cash equivalents		\$ 14	
Payables		<u>(60)</u>	
		\$ <u>(46)</u>	

See accompanying independent auditor's report

Douglas County School District #0001

Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Financial Assistance Listing	Passed Through to Subrecipients	Expenditures of Federal Awards
U.S. DEPARTMENT OF EDUCATION				
Direct Programs				
Indian Education	S060A190926	84.060A		\$ 211,567
Total Direct Programs				<u>211,567</u>
Passed through the Nebraska Department of Education				
Special Education (IDEA) Cluster				
IDEA - Base, Enrollment/Poverty, CEIS and NonPublic	22-(6408, 6411, 6412)-00-19-028-0001	84.027		13,371,066
IDEA - Preschool	22-6406-00-19-028-0001	84.173		572,516
IDEA - PEAK	22-6418-132-28-0001-P	84.027		317,488
COVID-19 - American Rescue Plan - IDEA - Base, Enrollment/Poverty, CEIS and NonPublic	22-(6408, 6411, 6412)-00-19-028-0001	84.027		2,299,986
COVID-19 - American Rescue Plan - IDEA - Preschool	22-6406-00-19-028-0001	84.173		226,661
Total Special Education (IDEA) Cluster				<u>16,787,717</u>
Title I Grants to Local Educational Agencies				
Title I - Improving the Academic Achievement of the Disadvantaged	22-6200-00-19-028-0001	84.010A		25,582,977
Title I - Support for Improvement	22-6212-XX-19-028-0001	84.010		1,564,098
Total Title I Grants to Local Educational Agencies				<u>27,147,075</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		1,021,719
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	21-6997-00-19-028-0001	84.425D		16,164,732
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)	21-6998-00-19-028-0001	84.425U		8,228,965
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ESSER) Homeless Children and Youth Part II	22-6994-00-19-028-0001	84.425W		782
Total Elementary and Secondary School Emergency Relief Fund (ESSER)				<u>25,416,198</u>
Title I - Part D, Neglected and Delinquent				
Perkins Secondary	22-6230-00-19-028-0001	84.013		213,669
SPED Planning Region Team (PRT) Grant	22-6700-00-19-028-0001	84.048		832,414
Title II - Part A - Teacher Quality	22-6416-00-19-028-0001	84.181		24,791
Title I - Part C - Education of Migratory Children	22-6310-00-19-028-0001	84.367A		1,573,392
McKinney-Vento Homeless Education Assistance	22-6915-00-19-028-0001	84.011		1,456,706
Title III - English Language Acquisition	22-6991-00-19-028-0001	84.196		96,538
Title IV - Part A - Student Support and Academic Enrichment	22-6925-00-19-028-0001	84.365A		1,421,454
	22-6969-00-19-028-0001	84.424A		771,309
Total passed through the Nebraska Department of Education				<u>75,741,263</u>
Total U.S. DEPARTMENT OF EDUCATION				
				<u>75,952,830</u>
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster				
Passed through the Nebraska Department of Education				
School Breakfast Program (SBP)	13898414	10.553		8,812,834
National School Lunch Program (NSLP)	13898414	10.555		27,108,408
COVID-19 - School Nutrition Program (SNP) COVID Emergency Costs	13898414	10.555		2,912,036
Summer Food Service Program for Children (SFSP)	13898414	10.559		559,376
Fruit/Vegetable Program	13897314	10.582		936,133
Passed through the Nebraska Department of Health and Human Services				
NSLP Food Commodities Received - Non Cash Award	47600262900	10.553		1,551,933
Total Child Nutrition Cluster				<u>41,880,720</u>
Passed through the Nebraska Department of Education				
Child and Adult Care Food Program	13898414	10.558		983,223
Total passed through the Nebraska Department of Education				<u>983,223</u>
Total U.S. DEPARTMENT OF AGRICULTURE				
				<u>42,863,943</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs				
Head Start Cluster				
Head Start	07CH011832-02-00	93.600	\$ 3,095,653	8,244,105
COVID-19 - Head Start	07CH010261-05-02	93.600	216,889	216,889
COVID-19 - Head Start	07HE000546-01-00	93.600	55,767	66,074
COVID-19 - American Rescue Plan - Head Start	07HE000546-01-01	93.600		310,028
Total Head Start Cluster				<u>8,837,096</u>
Passed through the Nebraska Department of Health and Human Services				
Refugee School Impact Grant	2101NERSSS/2201NERSSS	93.566		170,826
Medicaid Cluster				
Medical Assistance Program (Medicaid; Title XIX)	052105NE5ADM	93.778		3,304,092
Total passed through the Nebraska Department of Health and Human Services				<u>3,474,918</u>
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
				<u>12,312,014</u>
U.S. DEPARTMENT OF DEFENSE				
Direct Program				
ROTC	0812.18JROTC	12.357		509,703
DEPARTMENT OF HOMELAND SECURITY				
Passed through the Nebraska Emergency Management Agency				
COVID-19 - Disaster Grants - Public Assistance	4521DRNEP00001651	97.036		1,955,528
Total expenditures of Federal awards			\$ 3,368,309	<u>133,594,018</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, 2022

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, 2022. 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.

Note 4 Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of commodities received and disbursed. At August 31, 2022, the District had food commodities totaling \$2,242,105 in inventory.



Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor’s Report

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

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 Douglas County School District #0001 (the District) as of and for the year ended August 31, 2022 and the related notes to the financial statements, which collectively comprise the District’s basic financials statements, and have issued our report thereon dated February 3, 2023. The financial statements of the Omaha Public Schools Foundation (Foundation) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

The financial statements of the District included a qualified opinion on the Aggregate Remaining Fund Information. The financial statements of the Employee Retirement Plan fund, Omaha School Employees’ Retirement System, a fiduciary component unit, have not been audited, and we were not engaged to audit Omaha School Employees Retirement System’s financial statements as part of our audit of the District’s basic financial statements.

Report on 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 opinion 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 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 were not 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding No. 2022-001 and 2022-002, that we consider to be significant deficiencies.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

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 result 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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Omaha, Nebraska,
February 3, 2023.



CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Douglas County School District #0001's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Other Matter

The District's basic financial statements include the operation of Educare of Omaha, Inc. (Educare), a blended component unit, which expended \$4,089,603 in federal awards which is not included in the District's schedule of expenditures of federal awards during the year ended August 31, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program" does not include the operations of Educare because Educare engaged other auditors to perform an audit of compliance.

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Omaha, Nebraska.
February 3, 2023.

Douglas County School District #0001

Schedule of Findings and Questioned Costs For the Year Ended August 31, 2022

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:

Assistance Listing	Name of Federal Program or Cluster
	<u>IDEA Cluster</u>
84.027	IDEA - Base, Enrollment/Poverty, CEIS and NonPublic
84.173	IDEA - Preschool
84.027	IDEA - PEAK
84.027	COVID-19 - American Rescue Plan - IDEA - Base, Enrollment/Poverty, CEIS and NonPublic
84.173	COVID-19 - American Rescue Plan - IDEA - Preschool
	<u>Child Nutrition Cluster</u>
10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.555	COVID-19 - School Nutrition Program (SNP) COVID Emergency Costs
10.559	Summer Food Service Program for Children (SFSP)
10.582	Fruit/Vegetable Program
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER)
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)
84.425W	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ESSER) Homeless Children and Youth Part II
97.036	COVID-19 - Disaster Grants - Public Assistance

Dollar threshold used to distinguish between type A and type B programs _____ \$3,000,000 _____

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, 2022

II. FINANCIAL STATEMENT FINDINGS

Finding No. 2022-001
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: The preparation of financial statements requires tremendous detail. The financial statements prepared by management for the audit required several adjusting entries, including some additional entries 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).

Cause: 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, several audit adjustments and a number of additional entries provided by management were required to fairly state the District's financial statements in accordance with GAAP.

Due to turnover in the accounting department, including the Chief Financial Officer, 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.

Effect: Several audit adjustments and reclassifications were required to correct misstatements in the financial statements to accurately present the basic financial statements and notes to the financial statements in accordance with GAAP.

Recommendation: We recommend management review its closing schedule and financial statement preparation and reporting processes in an effort to identify efficiencies that may allow management to prevent, and detect and correct, misstatements in order to produce complete and accurate financial statements.

*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.

Douglas County School District #0001

Schedule of Findings and Questioned Costs For the Year Ended August 31, 2022

Finding No. 2022-002

Significant Deficiency

<i>Criteria:</i>	An internal control structure should be designed to properly assign allowable indirect costs to federal programs and reported in the financial statements and the schedule of expenditures of federal awards. Per 2 CFR 200.510, the auditee must prepare a schedule of expenditures of federal awards, which must include total federal awards expended as determined in accordance with 2 CFR 200.502, as a basis for determining federal awards expended.
<i>Condition:</i>	The initial financial statements and schedule of expenditures of federal awards included improper amounts recognized as indirect costs. This resulted in expenditures of ESSER I funds in excess of amounts awarded.
<i>Cause:</i>	Errors in calculating indirect costs charged to federal programs resulting an overaccrual of the indirect cost allocation for several programs. In addition, accounting personnel overrode a budget control that indicated an error identifying an excess of the expenditure of ESSER I funds that was triggered when applying the allocation indirect costs based upon their approved indirect cost rate, which allowed for excess costs to be charged to the program in the schedule of expenditures of federal awards.
<i>Effect:</i>	An audit adjustment was proposed and recorded by management to properly reflect allowable indirect costs charged to federal programs in the financial statements and in the schedule of expenditures of federal awards. The adjusted schedule of expenditures of federal awards accurately reflects the total amount of expenditures incurred during the year.
<i>Context:</i>	Total expenditures reported collectively for the program on the 2020, 2021, and 2022 schedule of expenditures exceeded the total amount awarded to the District by the Nebraska Department of Education. Properly working controls would not have allowed additional indirect costs to be charged to the program and included on the schedule of expenditures of federal awards.
<i>Recommendation:</i>	We recommend management review its controls and processes over the allocation of indirect costs charged to federal programs to ensure they are operating effectively and cannot be circumvented to ensure complete and accurate reporting in the financial statements and the schedule of expenditures of federal awards.
<i>Views of Responsible Officials:</i>	Management concurs with the finding. See Corrective Action Plan.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings and questioned costs reported.



Douglas County School District #0001

Corrective Action Plan For the Year Ended August 31, 2022

Finding No. 2022-001

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:	The preparation of financial statements requires tremendous detail. The financial statements prepared by management for the audit required several adjusting entries, including some additional entries identified by management, in order to fairly state the District's financial statements in accordance with accounting principals generally accepted in the United States of America (GAAP).
Planned Corrective Action:	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: <ul style="list-style-type: none">• Increased use of analytics to review activity in key accounts on at least a quarterly basis. The District hired a new controller in October 2022 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 Accounting Manager and new Controller as part of the process of improving internal controls over financial reporting.

Management expects this finding to be resolved by August 31, 2023.

Finding No. 2022-002

Criteria:	An internal control structure should be designed to properly assign allowable indirect costs to federal programs and reported in the financial statements and the schedule of expenditures of federal awards. Per 2 CFR 200.510, the auditee must prepare a schedule of expenditures of federal awards, which must include total federal awards expended as determined in accordance with 2 CFR 200.502, as a basis for determining federal awards expended.
Condition:	The initial financial statements and schedule of expenditures of federal awards included improper amounts recognized as indirect costs. This resulted in expenditures of ESSER I funds in excess of amounts awarded.



Douglas County School District #0001

Corrective Action Plan For the Year Ended August 31, 2022

Planned Corrective
Action:

Management is in the process of evaluating and improving the internal controls over the allocation of indirect costs charged to federal programs as part of its year end closing process.

The recording of \$171,677 in excess indirect costs for ESSER I were not submitted to the Nebraska Department of Education for reimbursement. Amounts reported to the Nebraska Department of Education through the Grants Management System were correct. The proposed audit adjustment was recorded, correcting the errors in reporting on the schedule of expenditures of federal awards. Cumulative expenditures for multi-year grants such as ESSER II and III will be reviewed to ensure that amounts reported on the schedule of expenditures of federal awards over multiple years are in compliance with the total amount awarded.

Management expects this finding to be resolved by August 31, 2023.

Respectfully submitted by:

Shane T. Rhian
Chief Financial Officer
Douglas County School District #0001



Douglas County School District #0001

Summary Schedule of Prior Audit Findings For the Year Ended August 31, 2022

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.
Previous Response for Finding:	<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">• Implement quarterly reviews of the classification of cash receipts received during the year.• Review calculation of revenue accruals for financial statements at year end, including property tax revenue receivable and reversal of prior year accruals.• Ensure reviews of quarterly cash receipts and year-end accruals are documented by both the Accounting Manager and the Controller. <p>Management expects this finding to be resolved by August 31, 2022.</p>
Corrective Action:	The corrective actions above have been implemented and are being strengthened by increasing the frequency of reviews of the classification of cash receipts received during the year to monthly.
Status:	Finding cleared.