



Financial Statements

Year Ended August 31, 2023

Douglas County School District #0001
Omaha, Nebraska

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Douglas County School District #0001

Omaha, Nebraska

Listing of District Officials

August 31, 2023

Name	Position and Subdistrict
Elected Officials	
Spencer Head	President, Subdistrict 5
Ricky Smith	Vice President, Subdistrict 1
Tracy Casady	Member, Subdistrict 9
Jane Erdenberger	Member, Subdistrict 7
Bri Full	Member, Subdistrict 2
Dr. Shavonna Holman	Member, Subdistrict 4
Margo Juarez	Member, Subdistrict 8
Nancy Kratky	Member, Subdistrict 6
Nick Thielen	Member, Subdistrict 3
Appointed Officials	
Cheryl Logan	Superintendent (through June 2023)
Matthew Ray	Interim Superintendent (effective July 1, 2023)
Shane Rhian	Chief Financial Officer



Financial Section

Year Ended August 31, 2023

**Douglas County School District
#0001**

Omaha, Nebraska



Independent Auditor's Report

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

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, 2023, 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 Opinions on the Governmental Activities, Business-Type Activities, and Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, and aggregate remaining fund information of the District, as of August 31, 2023, 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 General Fund, Special Building Fund, Grant Fund, Debt Service Fund, and Educare of Omaha (Educare Fund) and Omaha Public Schools Foundation (Foundation Fund)

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Special Building Fund, Grant Fund, Debt Service Fund, Educare Fund and Foundation Fund of the District as of August 31, 2023, 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 55.92 percent, 67.09 percent and 29.00 percent, respectively, of the assets, net position, and revenues of the business-type activities of the District as of August 31, 2023. 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.

We did not audit the financial statements of the Omaha School Employees Retirement System, a blended component unit, which represents 99.97 percent, 99.97 percent and 100 percent, respectively, of the assets, net position, and additions of the fiduciary funds of the District as of August 31, 2023. 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 School Employees Retirement System, 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 Governmental Activities, the Business Type Activities and Aggregate Remaining Fund Information

The measurement date of the net pension liability changed from August 31 to December 31 resulting in a sixteen-month measurement period from September 1, 2021 through December 31, 2022. Accounting principles generally accepted in the United States of America requires that the measurement of the net pension liability be consistently applied from period to period. The amount by which this departure would affect the expenses of the governmental activities, business-type activities and aggregate remaining fund information has not been determined.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, Subscription Based Information Technology Arrangements (SBITA), for the year ended August 31, 2023. Accordingly, a restatement has been made to the governmental activities net position as of September 1, 2022, to restate the beginning net position. Our opinions are not modified with respect to this matter.

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, the budgetary comparison schedule – general and grant funds (with legally adopted budgets), the schedule of changes in the net pension liability, the schedule of employer contributions, the related notes to the required supplementary information, the schedule of changes in total OPEB liability, related ratios and notes 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. Although our opinion on the basic financial statements is not affected, the following material departures from the prescribed guidelines exist: The measurement date of the net pension liability changed from August 31 to December 31 resulting in a sixteen-month measurement period from September 1, 2021 through December 31, 2022 for the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employers Contributions. We do not express an opinion or provide any assurance on the information.

Supplementary 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 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 March 29, 2024 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,
March 29, 2024

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 activities of Omaha Public School District ("the District") 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, 2023, 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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., Omaha Public Schools Foundation and Omaha School Employees' Retirement System. 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.
- *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.

The District has three kinds of funds:

- *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, subscription IT arrangements, future obligations, commitments, and contingencies of the District. The reader of the financial statements should make particular note of the information included in the notes.

Required Supplementary Information (other than the Management's Discussion & Analysis)

The budget to actual comparisons presented in this section provide a comparison of the District's actual and revised budgets compared to the actual expenditures and revenues for the year being audited. It also presents the variance between budget and actual. This report is required supplementary information. 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 additional budgetary comparison information and the Schedule of Expenditures of Federal Awards (SEFA), which presents the total expenditures for each federal award program in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Some amounts presented in the SEFA may differ from amounts presented or used in the preparation of the basic financial statements.

CONDENSED FINANCIAL STATEMENTS

Net Position

The following table presents condensed financial information on the District's net position for the fiscal years ending August 31, 2023 and August 31, 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 552,955	\$ 545,914	\$ 50,149	\$ 47,805	\$ 603,104	\$ 593,719
Capital assets	909,992	926,712	19,156	19,379	929,148	946,091
Total assets	1,462,947	1,472,626	69,305	67,184	1,532,252	1,539,810
Deferred Outflows of Resources	288,344	147,024	77	99	288,421	147,123
Liabilities						
Current and other liabilities	160,872	161,645	1,621	1,610	162,493	163,255
Long-term liabilities	2,017,559	1,671,744	10,548	19,852	2,028,107	1,691,596
Total liabilities	2,178,431	1,833,389	12,169	21,462	2,190,600	1,854,851
Deferred Inflows of Resources	19,599	141,291	457	408	20,056	141,699
Net position						
Net investment in capital assets	17,438	60,519	8,912	27	26,350	60,546
Restricted	95,234	145,128	24,976	25,484	120,210	170,612
Unrestricted	(559,411)	(560,677)	22,868	19,902	(536,543)	(540,775)
Total net position	\$ (446,739)	\$ (355,030)	\$ 56,756	\$ 45,413	\$ (389,983)	\$ (309,617)

The District's combined total assets decreased by \$7,558, 0.5%. Capital assets are 60.6% of the District's total assets and decreased \$16,943, 1.8%. The decrease in capital assets is due to the depreciation and disposal of assets. 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.

Total liabilities increased \$335,749, 18.1%, primarily due to a \$376,418, 53.04%, increase in the District's share of the net pension liability.

Approximately \$120,210 of the District's net position represents resources that are subject to external restrictions. The \$50,402, 29.5%, decrease in restricted net position is primarily due to activity related to the construction of five new schools, the last of which was completed during the year. Approximately \$26,350 of the District's net position represents investment in capital assets, net of related debt.

The remaining unrestricted net position deficit balance of \$536,543 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 increased \$2,121, 3.2%, due to a \$2,494 increase in the balance of investments held by the Omaha Public Schools Foundation.

At August 31, 2023, the District reported an overall negative net position of \$389,983 because of recognition of the net pension liability, total OPEB liability, and the changes in deferred outflows and inflows related to these liabilities. The District's overall net pension liability increased \$376,418, 47.0%, to \$1,086,069, and the overall total OPEB liability decreased \$6,893, 25.9%, to \$19,766. The overall increase in the net pension liability was the result of negative market returns on the plan assets in calendar year 2022 and the adoption of more conservative actuarial assumptions.

Douglas County School District #0001

Omaha, Nebraska

Management's Discussion and Analysis

(Dollars in thousands)

August 31, 2023

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 \$83,019, 27.0%. The following table reflects the condensed statement of activities.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 12,087	\$ 10,618	\$ 7,889	\$ 3,056	\$ 19,976	\$ 13,674
Operating grants and contributions	234,952	176,507	17,429	5,597	252,381	182,104
General revenues						
Taxes	359,326	338,083	-	-	359,326	338,083
State funding	330,858	306,801	-	-	330,858	306,801
Federal funding	3,014	5,353	-	-	3,014	5,353
Investment activity, net	13,294	1,764	3,178	(4,442)	16,472	(2,678)
Other	25,393	21,842	9,440	20,112	34,833	41,954
Total revenues	978,924	860,968	37,936	24,323	1,016,860	885,291
Expenses						
Instruction and student support	622,105	539,634	-	-	622,105	539,634
General administration and board of education	9,851	18,824	-	-	9,851	18,824
School administration and staff support	140,086	89,912	-	-	140,086	89,912
Business support services	51,022	45,231	-	-	51,022	45,231
Building and grounds	76,387	70,941	-	-	76,387	70,941
Building, construction, and renovation	71,241	68,772	-	-	71,241	68,772
Student transportation	35,849	34,956	-	-	35,849	34,956
Community use of facilities and regular preschool use	22,630	19,931	-	-	22,630	19,931
Summer school	14,301	13,011	-	-	14,301	13,011
Adult basic education	717	629	-	-	717	629
Debt service	26,069	29,102	-	-	26,069	29,102
Property tax recapture	3,028	1,697	-	-	3,028	1,697
Educare	-	-	19,479	19,208	19,479	19,208
Foundation	-	-	6,763	8,755	6,763	8,755
Other	-	-	351	687	351	687
Total expenses	1,073,286	932,640	26,593	28,650	1,099,879	961,290
Change in net position	(94,362)	(71,672)	11,343	(4,327)	(83,019)	(75,999)
Beginning net position, as restated for 2023	(352,377)	(283,358)	45,413	49,740	(306,964)	(233,618)
Ending net position	\$ (446,739)	\$ (355,030)	\$ 56,756	\$ 45,413	\$ (389,983)	\$ (309,617)

Total governmental general revenue increased by \$58,042, 8.6%. This increase was primarily due to increases in state funding, \$24,057, 7.84%, and investment income, \$11,530, 653.63%, and increases in taxes of \$21,243, 6.28%. State funding primarily increased due to a \$18,168 increase in state aid and investment income increased primarily due to interest income earned on investments and cash reserves as a result of higher overall interest rates compared to the prior year. Taxes increased due to higher property valuations within the District.

Total governmental expenses increased \$140,646, 15.1% with significant increases in instruction and student support, \$82,471, 15.3%, and school administration and staff support, \$50,174, 55.8%. These increases were primarily due to the recognition of \$124,611 in the District's share of pension expenses related to the net pension liability .

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, 2023, the governmental funds had a total fund balance of \$273,415, a decrease of \$28,917, 9.6%, from the prior year. This was the result of a decrease of \$3,429, 2.2%, in the general fund, a decrease of \$20,594, 45.1%, in the special building fund and a decrease of \$7,838, 51.3%, in the grant fund. These decreases were primarily due to increased overall operating expenses in the general fund, decreased cash and cash equivalents due to completion of construction of the last of five new school buildings in the special building fund, and a \$4,051 increase in deferred revenue in the grant 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 \$56,756 on August 31, 2023, an increase of \$11,343, or 25.0%. This was primarily due to an increase in the net position of Educare due to debt forgiveness received for the Gateway NMTC loans.

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 \$138,928, an increase of \$37,930, 37.6%. 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.

Douglas County School District #0001

Omaha, Nebraska

Management's Discussion and Analysis

(Dollars in thousands)

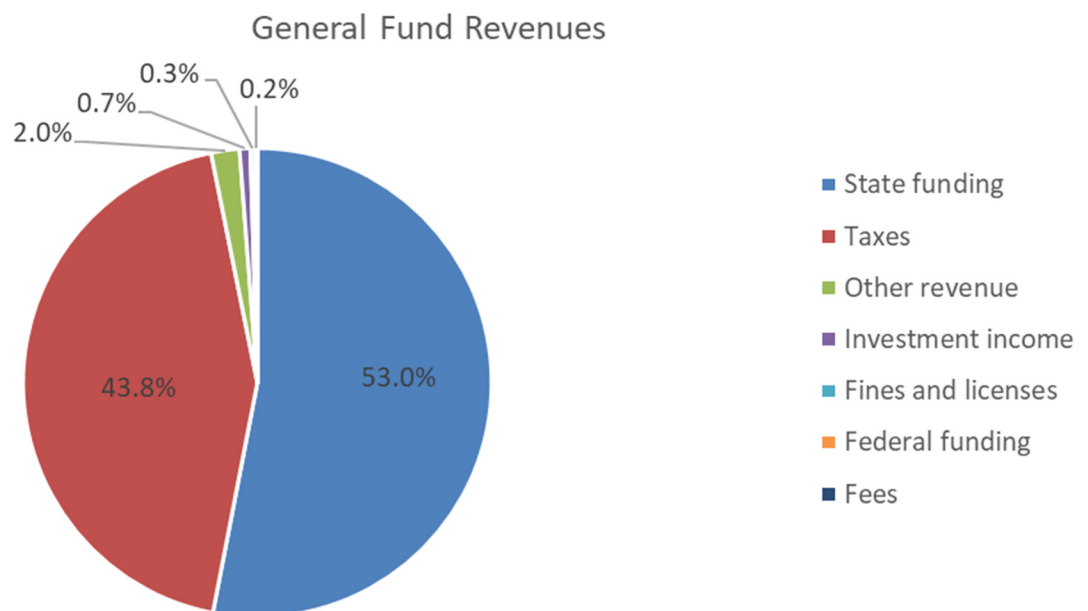
August 31, 2023

The general fund is the District's main operating fund. The general fund's total fund balance on August 31, 2023, was \$153,775, a decrease of \$3,429, 2.2%. The following tables and graphs represent significant revenue and expenditure trends for the general fund.

	Year Ended August 31,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2023	2022		
Revenues				
Taxes	\$ 293,222	\$ 279,860	\$ 13,362	4.77%
Fees	39	27	12	44.44%
Investment income	5,009	610	4,399	721.15%
State funding	355,288	330,143	25,145	7.62%
Federal funding	1,063	2,465	(1,402)	-56.88%
Fines and licenses	2,043	2,276	(233)	-10.24%
Other revenue	13,113	9,021	4,092	45.36%
Total general fund revenues	<u>\$ 669,777</u>	<u>\$ 624,402</u>	<u>\$ 45,375</u>	7.27%

General Fund revenues increased \$45,375, 7.3% due to an increase in taxes, \$13,362, 4.8%, along with an increase in state funding, \$25,145, 7.6%. The tax revenue increase was due higher property tax valuations within the District. The state funding increase was primarily due to an \$18,168 increase in state aid.

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



Douglas County School District #0001

Omaha, Nebraska

Management's Discussion and Analysis

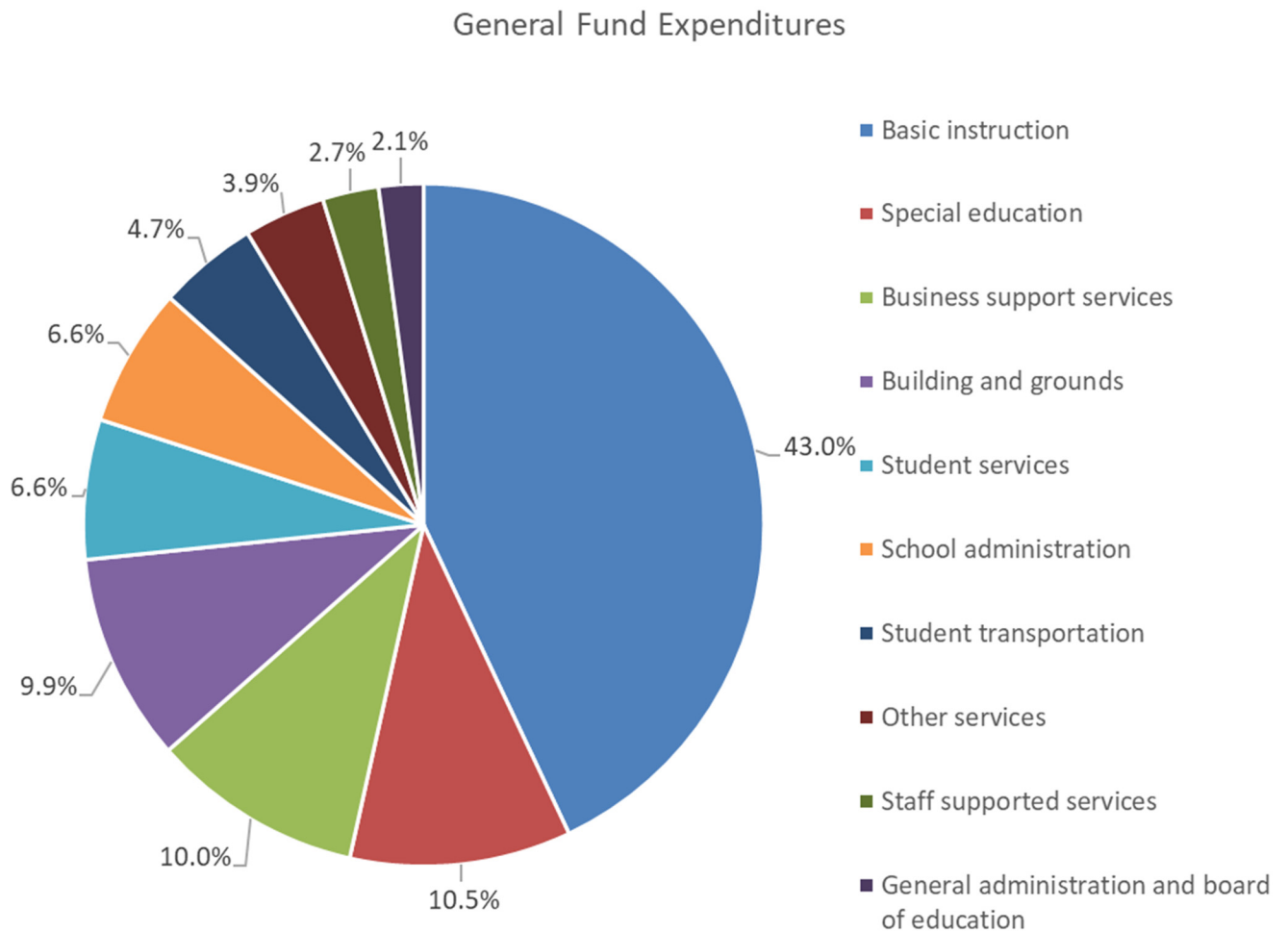
(Dollars in thousands)

August 31, 2023

	Year Ended August 31,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2023	2022		
Expenditures				
Basic instruction	\$ 289,941	\$ 312,160	\$ (22,219)	-7.12%
Special education	70,965	69,158	1,807	2.61%
Student services	44,707	40,673	4,034	9.92%
Staff supported services	18,013	18,444	(431)	-2.34%
General administration and board of education	14,322	13,875	447	3.22%
School administration	44,534	41,671	2,863	6.87%
Business support services	67,625	29,148	38,477	132.01%
Building and grounds	66,497	68,903	(2,406)	-3.49%
Student transportation	31,961	34,925	(2,964)	-8.49%
Community use of facilities and regular preschool education	4,853	4,629	224	4.84%
Early childhood special education	1,664	1,121	543	48.44%
Summer school	14,651	5,924	8,727	147.32%
Adult education	219	200	19	9.50%
Debt service	4,730	2,395	2,335	97.49%
Total general fund expenditures	<u>\$ 674,682</u>	<u>\$ 643,226</u>	<u>\$ 31,456</u>	4.89%

General Fund expenditures increased \$31,456, 4.9%. Basic instruction decreased \$22,219, 7.1% due to curriculum adoption in the previous year, and business support services increased \$38,477, 132.0% due to an increase in 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

Omaha, Nebraska

Management's Discussion and Analysis

(Dollars in thousands)

August 31, 2023

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 2022-2023 budget included \$31,400 for additional salaries and benefits, and \$17,000 for fixtures, furniture, and equipment for new school buildings under construction. Overall revenue increased due to interest income from the investment of available cash reserves and expenditures were lower due to vacancy savings from unfilled positions and staff turnover. The overall general fund balance decreased as a result of the planned expenditure of general fund reserves.

	Original Budget	Final Budget	Actual
Revenue			
Local	\$ 326,507	\$ 326,507	\$ 307,054
County and ESU receipts	1,500	1,500	1,278
State receipts	327,454	327,454	355,288
Federal receipts	700	700	1,590
Other local	7,585	7,585	11,742
Total	663,746	663,746	676,952
Expenditures and transfers	710,000	710,000	688,786
Change in fund balance	\$ (46,254)	\$ (46,254)	\$ (11,834)

Douglas County School District #0001

Omaha, Nebraska

Management's Discussion and Analysis

(Dollars in thousands)

August 31, 2023

Capital Asset and Debt Administration

Capital Assets

At August 31, 2023, the District had \$929,148 invested in capital assets, net of depreciation, a decrease of \$16,943, 1.8%. 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 the last of five new school buildings in 2023 from the 2018 Bond authorization.

The following table presents a summary of capital assets, net of accumulated depreciation/amortization as of August 31, 2023 and 2022. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022	2023	2022*
Capital assets (net of accumulated depreciation/amortization where applicable)						
Land	\$ 61,791	\$ 61,791	\$ -	\$ -	\$ 61,791	\$ 61,791
Art	4,423	4,210	-	-	4,423	4,210
Construction in progress	24,834	85,303	18	17	24,852	85,320
Buildings	752,916	730,630	18,837	19,361	771,753	749,991
Furniture	66	94	1	1	67	95
Equipment	8,185	8,386	-	-	8,185	8,386
Computers	12,307	11,790	-	-	12,307	11,790
Software	629	2,360	-	-	629	2,360
Textbooks and library books	31,361	13,203	-	-	31,361	13,203
Vehicles	7,813	6,250	-	-	7,813	6,250
Right-of-use lease assets	1,648	2,695	300	-	1,948	2,695
Right-of-use subscription IT assets	4,019	-	-	-	4,019	-
Total capital assets	<u>\$ 909,992</u>	<u>\$ 926,712</u>	<u>\$ 19,156</u>	<u>\$ 19,379</u>	<u>\$ 929,148</u>	<u>\$ 946,091</u>

*2022 has been restated for the implementation of GASB Statement No. 96. See Note 12 to the Financial Statements for more information.

Additional information on the District's capital assets can be found in Note 3 of this report.

Long Term Liabilities

At August 31, 2023, the District had \$2,028,107 in long term liabilities, an increase of \$336,511, 19.9%. Long term liabilities include general and limited obligation bonds, unamortized premiums, other post employment benefits and pension liabilities. The most significant change was due to the increase in the net pension liability of \$376,418, 47.0%. This increase was the result of negative market returns on the plan assets in calendar year 2022 and the adoption of more conservative actuarial assumptions.

The following table presents a summary of long term debts as of August 31, 2023 and 2022. Amounts are shown in thousands.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Build America bonds	\$ 14,220	\$ 15,035	\$ -	\$ -	\$ 14,220	\$ 15,035
Qualified school construction bonds	36,295	36,295	-	-	36,295	36,295
General obligation bonds	804,085	820,785	-	-	804,085	820,785
Unamortized premiums	55,284	60,017	-	-	55,284	60,017
Leases payable	1,835	2,863	304	-	2,139	2,863
Subscription IT liabilities	5	-	-	-	5	-
Termination benefits	304	939	-	-	304	939
Notes payable	-	-	9,940	19,352	9,940	19,352
Net OPEB liability	19,766	26,659	-	-	19,766	26,659
Net pension liability	1,085,765	709,151	304	500	1,086,069	709,651
Total long-term liabilities	<u>\$ 2,017,559</u>	<u>\$ 1,671,744</u>	<u>\$ 10,548</u>	<u>\$ 19,852</u>	<u>\$ 2,028,107</u>	<u>\$ 1,691,596</u>

*2022 has been restated for the implementation of GASB Statement No. 96. See Note 12 to the Financial Statements for more information.

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. The Nebraska Legislature passed significant school finance reforms proposed by the Governor during the 2023 legislative session. These reforms included \$1,500 per public school student in Foundation Aid, which directly offsets Equalization Aid in the TEEOSA school funding formula, a statutory requirement to reimburse 80% of allowable local special education expenditures, and a 3% soft cap on school district revenues. The 3% soft cap on revenues is in addition to long-standing caps on property tax levies, \$1.05 per \$100 of property valuation, and a 2.5% soft cap on budgeted expenditure growth. It will take a number of years for these reforms to fully impact the District's finances, but the immediate impact of the 3% soft cap on revenues resulted in the District have a combined General Fund and Special Building Fund levy of \$1.0414, below the \$1.05 cap for the first time ever. 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, 2021. The audited calendar year financial statements for OSERS are available upon request from the District.

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

Omaha, Nebraska

Statement of Net Position

(Dollars in thousands)

August 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 378,855	\$ 10,438	\$ 389,293
Investments	50,107	35,718	85,825
Receivables (net of allowance for uncollectibles)			
Property taxes	22,501	-	22,501
Accrued interest	224	-	224
Accounts	87,740	2,910	90,650
Interest rebate subsidy	311	-	311
Leases	171	-	171
Noncurrent leases	402	-	402
Internal balances	175	(175)	-
Promises to give donations in the future	-	1,229	1,229
Inventories	7,610	-	7,610
Prepaid items	4,859	29	4,888
Capital assets:			
Capital assets not being depreciated	86,625	18	86,643
Capital assets, net of accumulated depreciation	817,700	18,838	836,538
Right to use leased assets, net of accumulated amortization	1,648	300	1,948
Right to use subscription IT assets, net of accumulated amortization	4,019	-	4,019
Total assets	<u>1,462,947</u>	<u>69,305</u>	<u>1,532,252</u>
Deferred Outflows of Resources			
Deferred amount on refunding	1,414	-	1,414
Other postemployment benefits	3,693	-	3,693
Pension plans	283,237	77	283,314
Total deferred outflows of resources	<u>288,344</u>	<u>77</u>	<u>288,421</u>

Douglas County School District #0001

Omaha, Nebraska

Statement of Net Position

(Dollars in thousands)

August 31, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable and accrued liabilities	46,763	436	47,199
Accrued payroll liabilities	86,962	212	87,174
Contract retention	2,972	-	2,972
Accrued interest payable	6,930	-	6,930
Other liabilities	-	922	922
Unearned revenue	17,245	51	17,296
Long-term liabilities			
Due within one year, other than OPEB and pensions	30,284	38	30,322
Due in more than one year, other than OPEB and pensions	881,744	10,206	891,950
Due in more than one year, total OPEB liability	19,766	-	19,766
Due in more than one year, net pension liability	1,085,765	304	1,086,069
Total liabilities	2,178,431	12,169	2,190,600
Deferred Inflows of Resources			
Other postemployment benefits	10,469	-	10,469
Pension plans	8,557	457	9,014
Lease related	573	-	573
Total deferred outflows of resources	19,599	457	20,056
Net Position			
Net investment in capital assets	17,438	8,912	26,350
Restricted for			
Debt service	43,303	-	43,303
Capital projects	51,931	-	51,931
Scholarships	-	17,966	17,966
Other purposes	-	7,010	7,010
Unrestricted	(559,411)	22,868	(536,543)
Total net position	\$ (446,739)	\$ 56,756	\$ (389,983)

Douglas County School District #0001

Omaha, Nebraska

Statement of Activities

(Dollars in thousands)

Year Ended August 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
Basic instruction	\$ 417,341	\$ -	\$ 43,244	\$ -	\$ (374,097)	\$ -	\$ (374,097)
Special education	90,638	-	32,050	-	(58,588)	-	(58,588)
Student services	96,293	2,883	41,788	-	(51,622)	-	(51,622)
Staff support services	86,872	497	44,084	-	(42,291)	-	(42,291)
General administration and board of education	9,851	-	8,520	-	(1,331)	-	(1,331)
School administration	53,214	-	-	-	(53,214)	-	(53,214)
Business support services	51,022	4	27,423	-	(23,595)	-	(23,595)
Building and grounds	76,387	-	3,046	-	(73,341)	-	(73,341)
Building, construction, and renovation	71,241	-	-	-	(71,241)	-	(71,241)
Student transportation	35,849	8,577	-	-	(27,272)	-	(27,272)
Community use of facilities and regular preschool education	22,630	126	12,892	-	(9,612)	-	(9,612)
Early childhood special education	17,833	-	15,185	-	(2,648)	-	(2,648)
Regular summer school	14,301	-	6,353	-	(7,948)	-	(7,948)
Adult basic education	717	-	367	-	(350)	-	(350)
Debt service interest	26,069	-	-	-	(26,069)	-	(26,069)
Property tax recapture	3,028	-	-	-	(3,028)	-	(3,028)
Total governmental activities	<u>1,073,286</u>	<u>12,087</u>	<u>234,952</u>	<u>-</u>	<u>(826,247)</u>	<u>-</u>	<u>(826,247)</u>
Business-type activities							
Educare	19,479	73	17,429	-	-	(1,977)	(1,977)
Foundation	6,763	7,342	-	-	-	579	579
Other	351	474	-	-	-	123	123
Total business-type activities	<u>26,593</u>	<u>7,889</u>	<u>17,429</u>	<u>-</u>	<u>-</u>	<u>(1,275)</u>	<u>(1,275)</u>
Total primary government	<u>\$ 1,099,879</u>	<u>\$ 19,976</u>	<u>\$ 252,381</u>	<u>\$ -</u>	<u>(826,247)</u>	<u>(1,275)</u>	<u>(827,522)</u>
General revenues							
Taxes					359,326	-	359,326
State funding					330,858	-	330,858
Federal funding					3,014	-	3,014
Investment activity, net					13,294	3,178	16,472
Fines and licenses					2,043	-	2,043
Other revenue					23,350	9,440	32,790
Total general revenue and transfers					<u>731,885</u>	<u>12,618</u>	<u>744,503</u>
Change in net position					(94,362)	11,343	(83,019)
Net position - beginning, as adjusted (Note 12)					(352,377)	45,413	(306,964)
Net position - ending					<u>\$ (446,739)</u>	<u>\$ 56,756</u>	<u>\$ (389,983)</u>

Douglas County School District #0001

Omaha, Nebraska

Balance Sheet - Governmental Funds

(Dollars in thousands)

August 31, 2023

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 159,498	\$ 34,486	\$ 1,065	\$ 15,692	\$ 21,389	\$ 232,130
Investments	-	-	-	24,438	22,767	47,205
Receivables (net of allowance for uncollectibles)						
Property taxes	18,041	911	-	2,949	600	22,501
Accounts	548	-	85,622	-	143	86,313
Leases	-	573	-	-	-	573
Accrued interest	-	-	-	224	-	224
Due from other funds	18,268	-	41,359	-	7	59,634
Inventories	5,133	-	-	-	380	5,513
Prepaid items	3,013	25	1,124	-	303	4,465
Total assets	\$ 204,501	\$ 35,995	\$ 129,170	\$ 43,303	\$ 45,589	\$ 458,558
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities						
Accounts payable	\$ 5,838	\$ 2,504	\$ 33,923	\$ -	\$ 282	\$ 42,547
Payroll liabilities	44,273	-	16,442	-	1,420	62,135
Other payables	599	-	116	-	-	715
Due to other funds	16	5,066	53,859	-	15	58,956
Unearned revenue	-	-	17,243	-	2	17,245
Contract retention	-	2,817	155	-	-	2,972
Total liabilities	50,726	10,387	121,738	-	1,719	184,570
Deferred Inflows of Resources						
Lease related	-	573	-	-	-	573
Fund Balance						
Nonspendable	8,146	25	1,124	-	683	9,978
Restricted	-	25,010	6,308	43,303	28,057	102,678
Committed	12,539	-	-	-	577	13,116
Assigned	1,077	-	-	-	14,553	15,630
Unassigned	132,013	-	-	-	-	132,013
Total fund balance	153,775	25,035	7,432	43,303	43,870	273,415
Total liabilities, deferred inflows of resources, and fund balances	\$ 204,501	\$ 35,995	\$ 129,170	\$ 43,303	\$ 45,589	\$ 458,558

Douglas County School District #0001
Omaha, Nebraska
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
(Dollars in thousands)
August 31, 2023

Total Fund Balances - Governmental Funds	\$ 273,415
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	902,624
Certain assets and deferred outflows resources related to long-term liabilities do not reflect a current outflow of resources and are not recognized in the funds.	1,725
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds	260,876
Compensated absences included in accrued payroll liabilities represent amounts that are not due and payable in the current period and, therefore, are not reported in the funds.	(21,904)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,002,403)
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 the governmental activities in the statement of net position.	<u>138,928</u>
Net Position of Governmental Activities	<u><u>\$ (446,739)</u></u>

Douglas County School District #0001

Omaha, Nebraska

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

(Dollars in thousands)

Year Ended August 31, 2023

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 293,222	\$ 13,500	\$ -	\$ 43,869	\$ 8,734	\$ 359,325
Fees	39	-	-	-	-	39
Investment income (loss)	5,009	1,707	1,194	736	1,000	9,646
State funding	355,288	1,267	1,642	4,057	3,560	365,814
Federal funding	1,063	-	168,764	-	1,297	171,124
Fines and licenses	2,043	-	-	-	-	2,043
Other revenue	13,113	619	2	92	19,345	33,171
Total revenues	669,777	17,093	171,602	48,754	33,936	941,162
Expenditures						
Current						
Basic instruction	289,941	-	81,079	-	790	371,810
Special education	70,965	-	7,677	-	-	78,642
Student services	44,707	-	4,731	-	5,429	54,867
Staff supported services	18,013	-	41,221	-	11,683	70,917
General administration and board of education	14,322	-	10,232	-	13	24,567
School administration	44,534	-	-	-	-	44,534
Business support services	67,625	3,551	786	188	8,500	80,650
Building and grounds	66,497	-	5,000	-	-	71,497
Building, construction, and renovation	-	34,038	88	-	-	34,126
Student transportation	31,961	-	-	-	-	31,961
Community use of facilities and regular preschool education	4,853	-	14,480	-	-	19,333
Early childhood special education	1,664	-	13,610	-	-	15,274
Summer school	14,651	-	86	-	-	14,737
Adult education	219	-	450	-	-	669
Debt service						
Principal	2,223	-	1,523	16,700	2,217	22,663
Interest and fiscal charges	76	-	-	31,474	2,342	33,892
Property tax recapture	2,431	98	-	406	93	3,028
Total expenditures	674,682	37,687	180,963	48,768	31,067	973,167
Excess (Deficiency) of Revenues over (under) Expenditures	(4,905)	(20,594)	(9,361)	(14)	2,869	(32,005)
Other Financing Sources						
Leases	93	-	-	-	-	93
Subscription-based information technology arrangements	1,383	-	1,523	-	89	2,995
Total other financing sources	1,476	-	1,523	-	89	3,088
Net Change in Fund Balance	(3,429)	(20,594)	(7,838)	(14)	2,958	(28,917)
Fund Balance, Beginning of Year	157,204	45,629	15,270	43,317	40,912	302,332
Fund Balance, End of Year	\$ 153,775	\$ 25,035	\$ 7,432	\$ 43,303	\$ 43,870	\$ 273,415

Douglas County School District #0001

Omaha, Nebraska

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

(Dollars in thousands)

Year Ended August 31, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (28,917)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/ amortization expense.	(23,691)
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	68
In the statement of activities OPEB is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	(920)
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	(102,957)
In the statement of activities interest expense is recognized as it accrues. In the governmental funds, however, the expenditure is measured by the amount of financial resources used.	251
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	23,874
Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net position is reported within the governmental activities.	<u>37,930</u>
Change in Net Position of Governmental Activities	<u><u>\$ (94,362)</u></u>

Douglas County School District #0001

Omaha, Nebraska

Statement of Net Position

Proprietary Funds

(Dollars in thousands)

August 31, 2023

	Business-type Activities				Governmental Activities
	Educare	Foundation	Other	Total	Internal Service Funds
Assets					
Current Assets					
Cash and cash equivalents	\$ 8,346	\$ 1,914	\$ 178	\$ 10,438	\$ 146,725
Investments	-	35,718	-	35,718	2,902
Receivables (net of allowance for uncollectibles)					
Accounts	2,850	60	-	2,910	2,758
Promises to give	500	729	-	1,229	-
Inventories	-	-	-	-	2,097
Prepaid items	14	15	-	29	394
Total current assets	11,710	38,436	178	50,324	154,876
Noncurrent Assets					
Capital assets, not being depreciated	18	-	-	18	662
Capital assets, net of accumulated depreciation	18,816	22	-	18,838	6,706
Right-to-use leased assets, net of accumulated amortization	-	300	-	300	-
Total noncurrent assets	18,834	322	-	19,156	7,368
Total assets	30,544	38,758	178	69,480	162,244
Deferred Outflows of Resources					
Pension plans	-	-	77	77	7,211
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	315	109	12	436	3,501
Accrued payroll liabilities	-	182	30	212	4,254
Other liabilities	842	80	-	922	-
Due to other funds	-	-	175	175	503
Unearned revenue	-	3	48	51	-
Current portion of long-term debt	-	38	-	38	-
Total current liabilities	1,157	412	265	1,834	8,258
Noncurrent Liabilities					
Long-term debt, net of current portion					
Notes payable	9,940	-	-	9,940	-
Leases payable	-	266	-	266	-
Net pension liability	-	-	304	304	22,086
Total noncurrent liabilities	9,940	266	304	10,510	22,086
Total liabilities	11,097	678	569	12,344	30,344
Deferred Inflows of Resources					
Pension plans	-	-	457	457	183
Net Position					
Net investment in capital assets	8,894	18	-	8,912	7,368
Restricted for:					
Scholarships	-	17,966	-	17,966	-
Other purposes	3,114	3,002	894	7,010	-
Unrestricted	7,439	17,094	(1,665)	22,868	131,560
Total net position	\$ 19,447	\$ 38,080	\$ (771)	\$ 56,756	\$ 138,928

Douglas County School District #0001
Omaha, Nebraska
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
(Dollars in thousands)
Year Ended August 31, 2023

	Business-type Activities				Governmental Activities Internal Service Funds
	Educare	Foundation	Other	Total	
Operating Revenues					
Charges for services	\$ 73	\$ -	\$ -	\$ 73	\$ 789
Other operating revenues	17,429	7,342	474	25,245	43,623
Total operating revenues	17,502	7,342	474	25,318	44,412
Operating Expenses					
Salaries	10,962	2,228	185	13,375	10,437
Employee benefits	2,309	252	87	2,648	10,831
Purchased services	1,151	1,313	25	2,489	10,612
Supplies and materials	1,496	646	39	2,181	17,619
Depreciation/amortization	530	55	-	585	1,322
Other expenses	2,805	1,637	15	4,457	5,979
Commodities expense	-	632	-	632	-
Total operating expenses	19,253	6,763	351	26,367	56,800
Operating Income (Loss)	(1,751)	579	123	(1,049)	(12,388)
Nonoperating Revenues (Expenses)					
Employer contribution	-	-	-	-	6,239
Interest and investment income	-	1,355	-	1,355	3,649
Debt forgiveness	9,440	-	-	9,440	-
Unrealized/realized gain	-	1,823	-	1,823	-
Interest expense and bond fees	(226)	-	-	(226)	-
State subsidies	-	-	-	-	454
Federal subsidies	-	-	-	-	39,976
Total nonoperating revenues (expenses)	9,214	3,178	-	12,392	50,318
Change in Net Position (Deficit)	7,463	3,757	123	11,343	37,930
Total Net Position (Deficit), Beginning of Year	11,984	34,323	(894)	45,413	100,998
Total Net Position (Deficit), End of Year	\$ 19,447	\$ 38,080	\$ (771)	\$ 56,756	\$ 138,928

Douglas County School District #0001

Omaha, Nebraska

Statement of Cash Flows

Proprietary Funds

(Dollars in thousands)

Year Ended August 31, 2023

	Business-type Activities				Governmental Activities
	Educare	Foundation	Other	Total	Internal Service Funds
Operating Activities					
Receipts from customers and users	\$ 73	\$ 3,141	\$ 39	\$ 3,253	\$ 789
Receipts from nonrevenue sources	-	-	474	474	42,383
Receipts from grants and contributions	16,290	4,144	-	20,434	-
Payments to suppliers	(2,630)	(2,976)	(68)	(5,674)	(25,842)
Payments to and on behalf of employees	(13,271)	(2,487)	(393)	(16,151)	(19,277)
Payments for scholarships	-	(407)	-	(407)	-
Payments for grants	-	(921)	-	(921)	-
Payments for other expenses	(2,725)	-	(15)	(2,740)	(5,979)
Net Cash (Used for) from Operating Activities	(2,263)	494	37	(1,732)	(7,926)
Noncapital Financing Activities					
Federal and state subsidies	-	-	-	-	40,430
Employer contributions	-	-	-	-	6,239
Payments received on interfund borrowing	-	-	125	125	503
Net Cash from Noncapital Financing Activities	-	-	125	125	47,172
Capital and Related Financing Activities					
Acquisition of capital assets	(23)	-	-	(23)	(4,603)
Debt service					
Principal	-	(35)	-	(35)	-
Interest	(198)	-	-	(198)	-
Net Cash Used for Capital and Related Financing Activities	(221)	(35)	-	(256)	(4,603)
Investing Activities					
Proceeds from sale and maturity of investments	-	10,462	-	10,462	96
Purchase of investments	-	(11,933)	-	(11,933)	-
Interest and dividends from investments	-	1,469	-	1,469	3,649
Payments to investment managers	-	(149)	-	(149)	-
Net Cash Used for Investing Activities	-	(151)	-	(151)	3,745
Change in Cash and Cash Equivalents	(2,484)	308	162	(2,014)	38,388
Cash and Cash Equivalents, Beginning of Year	10,830	1,606	16	12,452	108,337
Cash and Cash Equivalents, End of Year	\$ 8,346	\$ 1,914	\$ 178	\$ 10,438	\$ 146,725

Douglas County School District #0001

Omaha, Nebraska

Statement of Cash Flows

Proprietary Funds

(Dollars in thousands)

Year Ended August 31, 2023

	Business-type Activities				Governmental Activities
	Educare	Foundation	Other	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash (Used for) from Operating Activities					
Operating income (loss)	\$ (1,751)	\$ 579	\$ 123	\$ (1,049)	\$ (12,388)
Adjustments to reconcile operating income (loss) to net cash (used for) from operating activities					
Depreciation/amortization	530	55	-	585	1,322
Changes in assets and liabilities					
Accounts receivable	(1,539)	(26)	-	(1,565)	(1,240)
Promises to give	400	(27)	-	373	-
Prepaid items	34	4	-	38	(75)
Inventories	-	-	-	-	145
Pension related deferred outflows	-	-	22	22	(4,785)
Accounts payable and accrued liabilities	(17)	(80)	(4)	(101)	2,319
Accrued payroll liabilities	-	(7)	4	(3)	(519)
Other liabilities	80	(7)	-	73	-
Unearned revenue	-	3	39	42	-
Net pension liability	-	-	(196)	(196)	9,867
Pension related deferred inflows	-	-	49	49	(2,572)
Net cash (used for) from operating activities	<u>\$ (2,263)</u>	<u>\$ 494</u>	<u>\$ 37</u>	<u>\$ (1,732)</u>	<u>\$ (7,926)</u>
Supplemental Schedule of Noncash Investing and Financing Activities					
Forgiveness of debt	<u>\$ 9,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,440</u>	<u>\$ -</u>

Douglas County School District #0001

Omaha, Nebraska

Statement of Fiduciary Net Position

Fiduciary Funds

(Dollars in thousands)

Year Ended August 31, 2023

	Employee Retirement Plan	Private-Purpose Trusts	Custodial Funds
Assets			
Cash and cash equivalents	\$ 12,482	\$ 192	\$ 234
Investments	1,437,160	-	-
Receivables (net of allowance for uncollectibles):			
Accounts	87,423	-	-
Other assets	20,581	-	-
Capital assets, net of accumulated depreciation	-	-	2
Total assets	1,557,646	192	236
Liabilities			
Accounts payable	5,269	10	-
Payroll liabilities	12,116	-	-
Other payables	20,581	-	-
Other liabilities	97,794	-	-
Total liabilities	135,760	10	-
Net Position			
Restricted for			
Pension benefits	1,421,886	-	-
Individuals, organizations, and other governments	-	182	236
Total net position	\$ 1,421,886	\$ 182	\$ 236

Douglas County School District #0001

Omaha, Nebraska

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

(Dollars in thousands)

Year Ended August 31, 2023

	Employee Retirement Plan	Private-Purpose Trusts	Custodial Funds
Additions			
Contributions			
Plan member contributions	\$ 40,550	\$ -	\$ -
Employer contributions	70,439	-	-
State contributions	10,439	-	-
Total contributions	121,428	-	-
Investment income			
Interest and dividends	22,547	7	7
Net decrease in fair value	(202,707)	-	-
Total investment income	(180,160)	7	7
Less investment expense	(4,657)	-	-
Net investment income (loss)	(184,817)	7	7
Other	1,027	157	148
Total additions	(62,362)	164	155
Deductions			
Retirement annuities	142,272	-	-
Refunds to employees, including interest	8,550	-	-
Administrative expenses			
Personnel costs	464	-	5
Professional fees	319	87	22
Other	69	76	21
Total deductions	151,674	163	48
Change in Net Position	(214,036)	1	107
Net Position, Beginning	1,635,922	181	129
Net Position, Ending	\$ 1,421,886	\$ 182	\$ 236

*The Employee Retirement Plan Fund is for the 16 months

Note 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).

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 Public Schools Foundation; Educational Service Unit No. 19; Educare of Omaha, Inc.; or Omaha School Employees' Retirement System.

Blended Component Units

- Educational Service Unit No. 19 – 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, 2023. ESU No. 19 is included within the other governmental funds.

- Friends of KIOS – 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, 2023. Friends of KIOS is included within the other governmental funds.
- The Omaha Public Schools Foundation – 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, 2023. The Foundation is presented as a major enterprise fund of the District.

- Educare of Omaha, Inc. – 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, 2022. Educare is presented as a major enterprise fund of the District.

- Omaha School Employees’ Retirement System – In 1909, the District began maintaining a retirement system for its teachers. Subsequently, the District added two more retirement systems, one covering non-teaching school employees and one covering school cafeteria employees. In 1951, the Nebraska State Legislature consolidated the three systems into one new system. The new system, Omaha School Employees’ Retirement System (“OSERS”), is a defined-benefit plan.

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

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

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

OSERS is included as a pension trust fiduciary fund of the District. The financial information included in the fiduciary fund financial statements is as of and for OSERS' audit year ending December 31, 2022.

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 – 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 – 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 – 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 both 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.

The District reports the following major governmental funds:

- General Fund – 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.
- Special Building Fund – 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.

- Grant Fund – 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.
- Debt Service Fund – 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 District reports the following major proprietary funds:

- Educare Fund – The Educare fund reports 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.
- Foundation Fund – The Foundation fund reports 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. The accounting for fiduciary funds is much like that used for proprietary funds. The District's fiduciary funds include a pension trust fund, a private purpose trust fund, and a custodial fund.

Pension trust funds accumulate resources held in trust for pension payments to qualified beneficiaries. The District acts as Administrator and includes the following pension trust fund in its financial statements:

- Omaha School Employees' Retirement System – OSERS accounts for the single employer defined benefit pension plan covering certain eligible employees of the District.

Private-purpose trust funds are used to report funds held in a qualifying trust that are not required to be reported in a pension or investment trust fund. These funds are used for specific purposes that were originally defined by the person or organization that gave the funds to the District.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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.

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.

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.

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.

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.

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.

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.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The District maintains a threshold level of \$5 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Land is not depreciated. Estimated useful lives for depreciable assets are as follows:

Buildings and improvements	10-30 years
Furniture	3-10 years
Equipment	3-10 years
Computers	3-10 years
Software	3-10 years
Art	3-10 years
Textbooks and library books	3-10 years
Vehicles	3-10 years

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

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 please the lease 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 5 years.

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

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.

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. 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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the District.

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.

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.

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.

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.

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.
- Unassigned Fund Balance – Consists of 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.

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.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 12 and the additional disclosures required by this standard are included in Notes 3 and 5.

Note 2 - Deposits and Investments

Douglas County School District #0001 (Primary Government)

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.

Custodial Credit Risk – Custodial credit risk is associated with the failure of a depository financial institution to recover its deposits or collateralized securities that are in the possession of outside parties. The District does not have a formal policy that addresses custodial credit risk for deposits. However, in accordance with state statutes, 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, 2023, the carrying amount of the District's deposits was \$87,999 and the bank balance was \$95,886. The District's deposits were secured by FDIC coverage of \$250 and pledged collateral of \$100,000.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal investment policy that specifically addresses credit risk.

The chart below summarizes the credit quality of the District's deposits.

	Credit Quality Distribution of Securities with Credit Exposure as a Percentage of Each Bond Fund				
	US Bank Sinking QSCB 2009	US Bank Sinking QSCB 2010	US Bank Bond Proceeds GO Bonds 2020	US Bank Bond Proceeds GO Bonds 2021	US Bank Bond Proceeds GO Bonds 2022
Percentage of Nebraska Liquid Asset Fund	0%	0%	100%	100%	100%
Percentage of State and Local Government Securities	99%	99%	0%	0%	0%
Percentage of cash and cash equivalents	1%	1%	0%	0%	0%

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's funds at August 31, 2023, contained no individual highly sensitive debt investments with exposure to interest rate changes.

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. The following table summarizes the maturity concentration of the District's cash and cash equivalents.

Maturity (Years)	As a Percentage of Market Value
0 to 5	100%

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The District does not have a formal investment policy that specifically addresses 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, 2023:

	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Common stocks	\$ 55	\$ 55	\$ -	\$ -
International equities	7	7	-	-
Interest earning investment contracts	2,902	-	2,902	-
U.S. Government and Treasury obligations	46,847	-	46,847	-
Total investments by fair value level	49,811	\$ 62	\$ 49,749	\$ -
Cash and cash equivalents, at cost	296			
Total investments	\$ 50,107			

Omaha Public Schools Foundation (Blended Component Unit)

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

Deposit Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Foundation’s deposits may not be returned. The Foundation does not have a deposit policy for custodial credit risk. At August 31, 2023, the Foundation had credit risk at two banks 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. The carrying value of the Foundation’s deposits is \$3,447.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Foundation does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

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 has investments in certificates of deposit, which are valued at amortized cost, with maturity dates of less than 1 year. The value of the investments in certificates of deposit are \$1,535 at August 31, 2023.

The Foundation had the following recurring fair value measurements at August 31, 2023:

	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Money market funds	\$ 1,515	\$ 1,515	\$ -	\$ -
Mutual funds	20,126	20,126	-	-
Common stocks	5,530	5,530	-	-
Municipal bonds	2,196	-	2,196	-
Corporate bonds	3,237	-	3,237	-
U.S. government obligations	276	-	276	-
Real estate investment trusts	597	-	597	-
Other investments	706	-	706	-
Total investments by fair value level	<u>\$ 34,183</u>	<u>\$ 27,171</u>	<u>\$ 7,012</u>	<u>\$ -</u>

Friends of KIOS (Blended Component Unit)

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.

Custodial Credit Risk – The Friends of KIOS does not have a deposit policy for custodial credit risk. KIOS’ deposits are pooled within the District’s deposits, which are fully insured or collateralized as of August 31, 2023.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. KIOS does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

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 does not have a formal policy for interest rate risk and credit risk. The Friends of KIOS currently has an investment in the Weitz Value fund. The cash composite of the fund was 3.4% of the fund balance as of August 31, 2023. 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:

	Equity Securities	Cash	Market value
Weitz Fund	\$ 55	\$ 2	\$ 57

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.

Educare of Omaha, Inc. (Blended Component Unit)

Legal and Contractual – 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. Currently, Educare does not have a formal policy governing concentration of credit risk, investment credit risk, and interest rate risk.

Custodial 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. As of December 31, 2022, the carrying amount of Educare's deposits was \$8,346 and the bank balance was \$8,131. Educare's deposits were secured by FDIC coverage of \$7,649.

Fair Value Measurement – Educare had no investments meeting the disclosure requirements of GASB Statement No. 72.

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

Note 3 - Capital Assets

Governmental activities capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 61,791	\$ -	\$ -	\$ 61,791
Construction in progress	85,303	33,646	94,115	24,834
Total capital assets, not being depreciated/amortized	147,094	33,646	94,115	86,625
Capital assets being depreciated				
Buildings	1,461,319	94,120		1,555,439
Furniture	130	-	11	119
Equipment	31,368	4,270	16	35,622
Computers	81,342	10,777	2,356	89,763
Software	38,230	171	-	38,401
Art	4,210	213	-	4,423
Textbooks and library books	121,641	23,676	-	145,317
Vehicles	21,758	3,172	-	24,930
Total capital assets being depreciated	1,759,998	136,399	2,383	1,894,014
Less accumulated depreciation for				
Buildings and improvements	730,689	71,834	-	802,523
Furniture	36	17	-	53
Equipment	22,982	4,469	14	27,437
Computers	69,552	10,256	2,352	77,456
Software	35,870	1,902	-	37,772
Textbooks and library books	108,438	5,518	-	113,956
Vehicles	15,508	1,609	-	17,117
Total accumulated depreciation	983,075	95,605	2,366	1,076,314
Net capital assets being depreciated	776,923	40,794	17	817,700
Right-to-use leased asses being amortized				
Right-to-use leased building	4,392	55	139	4,308
Right-to-use leased equipment	1,364	38	302	1,100
Total right-to-use leased assets being amortized	5,756	93	441	5,408
Less accumulated amortization for				
Right-to-use leased building	2,296	840	139	2,997
Right-to-use leased equipment	765	300	302	763
Total accumulated amortization	3,061	1,140	441	3,760
Net right-to-use leased assets	2,695	(1,047)	-	1,648
Right-to-use subscription IT assets being amortized	3,690	2,995	-	6,685
Less accumulated amortization	-	2,666	-	2,666
Net right-to-use subscription IT assets	3,690	329	-	4,019
Governmental Activities Capital Assets, Net	\$ 930,402	\$ 73,722	\$ 94,132	\$ 909,992

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

Depreciation/amortization expense was charged to functions/programs of the government as follows:

Governmental activities	
Basic instruction	\$ 9,506
Special education	330
Student services	779
Staff support services	1,004
General administration and board of education	5,621
School administration	16
Business support services	15,904
Building and grounds	787
Building, construction, and renovation	63,337
Student transportation	582
Community use of facilities and regular preschool education	1,112
Early childhood special education	17
Regular summer school	415
Adult basic education	<u>1</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 99,411</u>

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

Business-type activities capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated				
Construction in progress	\$ 17	\$ 1	\$ -	\$ 18
Capital assets, being depreciated				
Buildings and improvements	21,210	22	-	21,232
Furniture	338	-	-	338
Computers	73	-	-	73
Textbooks and library books	15	-	-	15
Total capital assets, being depreciated/ amortized	21,636	22	-	21,658
Less accumulated depreciation/amortization for				
Buildings and improvements	1,849	546	-	2,395
Furniture	337	-	-	337
Computers	73	-	-	73
Textbooks and library books	15	-	-	15
Total accumulated depreciation/amortization	2,274	546	-	2,820
Total capital assets, being depreciated/ amortized, net	19,362	(524)	-	18,838
Right-to-use leased assets being amortized	-	339	-	339
Less accumulated amortization	-	39	-	39
Net right-to-use leased assets	-	300	-	300
Business-Type Activities Capital Assets, Net	\$ 19,379	\$ (223)	\$ -	\$ 19,156

Depreciation expense was charged to functions/programs of the government as follows:

Business-type activities	
Educare	\$ 530
Foundation	55
Total depreciation/amortization expense - business-type activities	\$ 585

Note 4 - Leases**Lessor Activities**

The District has accrued a receivable for land leases. The remaining receivable for these leases was \$235 for the year ended August 31, 2023. Deferred inflows related to these leases were \$235 as of August 31, 2023. Interest revenue recognized on these leases was \$11 for the year ended August 31, 2023. Principal receipts of \$90 were recognized during the fiscal year. The interest rate on the leases ranged from 3.25% – 5.50%. Final receipt is expected in fiscal year 2028.

The District has also recognized a lease receivable for cell tower and antenna leases on its property. The remaining receivable for these leases was \$338 as of August 31, 2023. Deferred inflows related to these leases amounts to \$338 at August 31, 2023. Interest revenue recognized on the leases amounted to \$14 for the year ended August 31, 2023. Interest rates on the leases range from 3.5% to 5.50% and have various maturity dates through November 2027.

Lessee ActivitiesGovernmental Activities

The District has entered into lease agreements for the use of various building spaces and office equipment. The District is required to make principal and interest payments through May 2026. The lease agreements have interest rates between 3.25% and 4.75%. For leases with no interest rate stated, the District utilized its incremental borrowing rate for valuing the lease. Governmental activities leases payable are liquidated by the General Fund.

The future principal and interest lease payments as of August 31, 2023, for the governmental activities are as follows:

Years Ending August 31,	Governmental Activities
2024	\$ 984
2025	791
2026	142
Total lease payments	1,917
Less interest	(82)
	<u>\$ 1,835</u>

Business-type Activities

The Foundation has entered into a lease agreement for the use of office space. The Foundation is required to make principal and interest payments through June 2030. The lease agreement was valued using the 7-year treasury discount rate of 3.36%. The lease is liquidated by the Foundation fund.

The future principal and interest lease payments as of August 31, 2023, for the business-type activities are as follows:

<u>Years Ending August 31,</u>	<u>Business-Type Activities</u>
2024	\$ 47
2025	48
2026	49
2027	50
2028	51
2029-2030	96
Total lease payments	341
Less interest	(37)
	<u>\$ 304</u>

Note 5 - Subscription-Based Information Technology Arrangements (SBITAs)

The District has entered into various SBITA contracts for administrative and student learning software. The District is required to make principal and interest payments through May 2024, but the right of use asset will be through a longer period. The SBITA contracts have interest rates between 2.0237% and 3.238%. For SBITA contracts with no interest rate stated, the District utilized its incremental borrowing rate for valuing the SBITA.

Remaining principal and interest payments on subscriptions are as follows:

<u>Years Ending August 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	<u>\$ 5</u>	<u>\$ -</u>

Note 6 - Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the District for the year ended August 31, 2023:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
Build America Bonds	\$ 15,035	\$ -	\$ 815	\$ 14,220	\$ 855
Qualified school construction bonds	36,295	-	-	36,295	-
General obligation bonds	820,785	-	16,700	804,085	23,415
Total bonds payable	<u>872,115</u>	<u>-</u>	<u>17,515</u>	<u>854,600</u>	<u>24,270</u>
Premium on bonds payable	60,017	-	4,733	55,284	4,733
Special termination benefits	939	-	635	304	292
Leases payable	2,863	93	1,121	1,835	984
Subscription IT liabilities	1,037	2,995	4,027	5	5
	<u>\$ 936,971</u>	<u>\$ 3,088</u>	<u>\$ 28,031</u>	<u>\$ 912,028</u>	<u>\$ 30,284</u>
Business-Type Activities					
Leases payable	\$ -	\$ 339	\$ 35	\$ 304	\$ 38
Notes payable	19,352	-	9,412	9,940	-
	<u>\$ 19,352</u>	<u>\$ 339</u>	<u>\$ 9,447</u>	<u>\$ 10,244</u>	<u>\$ 38</u>

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

Bonds Payable

At August 31, 2023, the District had the following bond issuances outstanding:

	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
Governmental Activities:				
Build America Bonds				
Build America Bonds, 2009	12/15/2034	0.99 - 6.07%	\$ 22,620	\$ 14,220
Qualified School Construction Bonds				
Qualified School Construction Bonds of 2009	12/15/2025	1.875%	\$ 17,375	\$ 17,375
Qualified School Construction Bonds of 2010	12/9/2027	6.000%	18,920	18,920
Total qualified school construction bonds			<u>36,295</u>	<u>36,295</u>
General Obligation Bonds				
General obligation refunding bonds series 2012A	6/1/2025	1.00 - 5.00%	\$ 84,175	\$ 14,175
General obligation bonds, series 2015	6/1/2040	3.00 - 5.00%	141,000	141,000
General obligation bonds, series 2016	12/1/2040	3.00 - 5.00%	141,000	141,000
General obligation bonds, series 2017	12/1/2040	3.00 - 5.00%	105,470	105,470
General obligation bonds, series 2018	12/15/2043	3.125 - 5.00%	80,000	80,000
General obligation bonds, series 2020	12/15/2043	2.125 - 5.00%	125,000	125,000
General obligation refunding bonds, series 2020B	12/15/2024	5.00%	47,610	21,515
General obligation bonds, series 2021	12/15/2043	1.75 - 5.00%	140,000	140,000
General obligation bonds, series 2022	12/15/2043	4.00 - 5.00%	35,925	35,925
Total general obligation bonds			<u>900,180</u>	<u>804,085</u>
Total governmental activities			<u>\$ 959,095</u>	<u>\$ 854,600</u>

There are a number of limitations and restrictions contained in the various bond indentures. The District is in compliance with all significant limitations and restrictions.

The qualified school construction bonds of 2009 and 2010 require annual payments to a sinking fund for retirement of the bonds in fiscal years 2026 and 2028, respectively. As of August 31, 2023, the sinking funds established to pay for the bonds at maturity had market values of \$14,429 and \$8,246, respectively.

General obligation bonds are recorded in the governmental activities in the government-wide statement and are backed by the full faith and credit of the District. These bonds are payable from the debt service funds primarily through property tax levies.

The general obligation refunding bonds, series 2012 and series 2020B, resulted in deferred amounts on refunding, reported as a deferred outflow of resources with the governmental activities on the statement of net position. Amounts are amortized on the straight-line basis over the life of the bond. Remaining unamortized balances as of August 31, 2023, are \$896 on the series 2012 bonds and \$518 on the 2020B bonds.

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

The annual requirements to amortize the bonded debt outstanding for the governmental activities as of August 31, 2023, are as follows:

Years Ending August 31,	Build America Bonds		Quailified School Construction Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 855	\$ 814	\$ -	\$ 1,461
2025	900	769	-	1,461
2026	950	717	17,375	1,298
2027	1,005	660	-	1,135
2028	1,065	599	-	1,135
2029-2033	6,345	1,943	18,920	568
2034-2038	3,100	191	-	-
	<u>\$ 14,220</u>	<u>\$ 5,693</u>	<u>\$ 36,295</u>	<u>\$ 7,058</u>

Years Ending August 31,	General Obligation Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2024	\$ 23,415	\$ 30,476	\$ 24,270	\$ 32,751
2025	30,650	29,289	31,550	31,519
2026	22,195	27,874	40,520	29,889
2027	30,305	26,576	31,310	28,371
2028	31,525	25,046	32,590	26,780
2029-2033	177,550	101,163	202,815	103,674
2034-2038	211,120	65,230	214,220	65,421
2039-2043	223,550	27,265	223,550	27,265
2044	53,775	826	53,775	826
	<u>\$ 804,085</u>	<u>\$ 333,745</u>	<u>\$ 854,600</u>	<u>\$ 346,496</u>

Premium on Bonds Payable

When bonds are issued at a premium, the premium amount is amortized over the life of the bond. Bond premiums are liquidated by the debt service fund.

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

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, 2023, the District has obligations to 27 participants with a total liability of \$304. 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 \$453.

Leases Payable

Leases payable consists of long-term leases as described in Note 4. Leases payable of the governmental activities are liquidated by the general fund and other nonmajor governmental funds.

Subscription IT Liabilities

Subscription IT liabilities consist of long-term leases as described in Note 5. Subscription IT liabilities of the governmental activities are liquidated by the general fund, grant fund, and other nonmajor governmental funds.

Notes Payable

Educare has federal and state qualified low-income community investment (QLICI) loans amounting to \$10,463, respectively, under the federal and state new market tax credit laws, net of unamortized debt issuance costs of \$523. The proceeds were used to finance the development and construction of early learning center facilities at Kennedy elementary school and are collateralized through facility license agreements. The loans consist of interest only payments at 1.011042% through September 1, 2025. The loans are due September 23, 2048. At December 31, 2022, the unmatured balance was \$9,940.

Pursuant to a \$7,495,295 Loan Agreement (State Leverage Loan) dated May 6, 2015 and pursuant to a \$3,000,000 Loan Agreement (Federal Leverage Loan) dated May 6, 2015, in May 2022, the effective holders of the promissory notes due from the Organization, and the upstream effective owners, exercised their respective put options. Under the terms of the Put and Call Agreements, the Leverage Lender was assigned the security interests. As a result, the Leverage Lender canceled the Organization's outstanding debt of \$9,880,804 owed under the QLICI loans, with a gain being recorded and included in the consolidated statement of activities for the year ended December 31, 2022. Unamortized debt issuance costs of \$440,831 were also written off upon forgiveness of the QLICI Loans.

The annual requirements to amortize the notes payable outstanding of August 31, 2023, are as follows:

Years Ending August 31,	Business-Type Activities	
	Principal	Interest
2024	\$ -	\$ 106
2025	101	106
2026	407	106
2027	411	103
2028	415	99
2029-2033	2,141	432
2034-2038	2,252	321
2039-2043	2,369	207
2044-2048	2,367	87
	10,463	\$ 1,567
Less unamortized issuance costs	523	
	<u>\$ 9,940</u>	

Note 7 - 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. The obligation is funded through employer contributions on an ongoing basis. This liability is primarily liquidated by the general fund, with smaller amounts liquidated by the grant fund, nonmajor governmental funds, and internal service fund.

Accumulated sick leave payable of \$22,293 is included in accrued payroll liabilities in the statement of net position.

Note 8 - Other Post-Employments Benefit Plan**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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	169
Active employees	6,793
Total	6,962

Total OPEB Liability

The District's total OPEB liability of \$19,766 was measured as of August 31, 2023, and was determined by an actuarial valuation as of August 31, 2023.

Actuarial Assumptions

The total OPEB liability in the August 31, 2023, 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.

Inflation	2.25% per annum
Salary increases	3.25%, average, including inflation
Discount rate	3.81% per annum
Healthcare cost trend rate	5.00% per annum

Discount Rate

The discount rate used to measure the total OPEB liability was 3.81% 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.

Pre-retirement mortality rates were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the NPERS projection scale.

Post-retirement mortality rates for retirees were based on the Pub-2010 General Members (Median) Retiree Morality Table projected generationally using the NPERS projection scale.

Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the NPERS projection scale.

Post-disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table, without generational improvement.

The actuarial assumptions used in the August 31, 2023 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

Balance at August 31, 2022	\$ 26,659
Changes from the Prior Year:	
Service cost	1,556
Interest cost	937
Difference between expected and actual experience	(7,217)
Changes in assumptions	(1,087)
Changes of benefit terms	-
Benefit payments	(1,082)
Total Net Changes	(6,893)
Balance at August 31, 2023	<u>\$ 19,766</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.81%) or 1% higher (4.81%) than the current discount rate.

	<u>1% Decrease (2.81%)</u>	<u>Current Discount Rate (3.81%)</u>	<u>1% Increase (4.81%)</u>
Total OPEB liability	\$ 21,450	\$ 19,766	\$ 18,189

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.

	<u>1% Decrease (4.00%)</u>	<u>Healthcare Cost Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Total OPEB liability	\$ 17,366	\$ 19,766	\$ 22,632

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended August 31, 2023, the City recognized OPEB expense of \$2,003. At August 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,986	\$ 6,688
Changes of assumptions	1,707	3,781
	<u>\$ 3,693</u>	<u>\$ 10,469</u>

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

2024	\$	(492)
2025		(492)
2026		(492)
2027		(492)
2028		(492)
Thereafter		(4,316)

Note 9 - Defined Benefit Retirement Plan

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.

Membership Information

Membership consisted of the following as of January 1, 2023, the valuation date used to measure the total pension liability at August 31, 2023:

Retirees and beneficiaries currently receiving benefits	5,340
Inactive members entitled to but not yet receiving benefits	1,539
Inactive nonvested members entitled to refund of contributions	1,476
Active plan members	<u>6,712</u>
	<u><u>15,067</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) (Cum. Supp. 2022) 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, 2023, the actuarial determined contribution resulted in an additional required contribution of \$29,432. Total additional contributions made by the District during the year ended August 31, 2023, amounted to \$34,432. The State of Nebraska also contributes 2% of employees' compensation.

For the fiscal year ending August 31, 2023, total contributions by the District to OSERS, including the additional amounts to maintain solvency, amounted to \$77,238.

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 to §79-9,124 (Reissue 2014, Cum. Supp. 2022) known as the Class V School Employees Retirement Act.

Actuarial Methods and Assumptions

The total pension liability was measured as of December 31, 2022, and was determined by an actuarial valuation performed as of January 1, 2023, using standard actuarial formulae and the following key actuarial assumptions:

Price inflation	2.60%
Wage inflation	3.10%
Long-term rate of return	7.30%
Municipal bond index rate	3.65%
Single equivalent interest rate	7.30%
Salary increases	3.10 - 6.50%
Cost of living adjustments	1.50% for members hired before July 1, 2013 1.00% for members hired after July 1, 2013 Medical COLA of \$10/month for each year retired (max of \$250/month), if hired before July 1, 2016

Pre-retirement mortality rates for retirees were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using NPERS projection scale. Post-retirement mortality rates for retirees were based on the Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using NPERS projection scale. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using NPERS projection scale. Post-disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table, without generational improvement.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study dated December 6, 2021, which covered the four year period ending December 31, 2020.

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 December, 31, 2022 was 7.30%. The discount rate used to measure the total pension liability at August 31, 2021, was 7.50%.

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:

- Employee contribution rate: 9.78% of compensation.
- 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.
- State contribution rate: 2% of the members' compensation.
- Administrative expenses for the current and future years were assigned to be 0.24% of the proportionate share of covered payroll.

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 7.30% was applied to all periods of projected benefit payments to determine the total pension liability.

The fiduciary net position projections are based upon OSERS' financial status on the measurement date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 68. As such, the fiduciary net position projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of OSERS, or OSERS' ability to make benefit payments in future years.

Long-Term Rate of Return – The long-term expected rate of return on plan assets is reviewed as part of regular experience studies prepared periodically. The most recent analysis was performed, and results were included, in a report dated December 6, 2021. Generally, several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by OSERS' investment consultant. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the long-term inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Municipal bond rate – A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.65% on the measurement date.

Periods of projected benefit payments – Projected future benefit payments for all current OSERS members were projected through 2122.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.0%	4.3%
Non-U.S. Equity	11.5%	5.3%
Global Equity	19.0%	4.9%
Fixed Income	30.0%	1.1%
Private equity	5.0%	6.6%
Real Estate	7.5%	3.9%
Totals	100.0%	

Sensitivity analysis – The following presents the net pension liability, calculated using the discount rate of 7.3%, as well as the net pension liability calculated using a discount rate that is 1 percentage-point lower (6.3%) or 1 percentage-point higher (8.3%) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Net pension liability	\$ 1,543,268	\$ 1,204,659	\$ 923,514

Pension Plan Fiduciary Net Position

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

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

Net Pension Liability and Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2022	\$ 2,433,846	\$ 1,633,741	\$ 800,105
Changes from the Prior Year			
Service cost	65,615	-	65,615
Interest cost	242,449	-	242,449
Differences between expected and actual experience	60,409	-	60,409
Changes of assumptions	24,793	-	24,793
Contributions - employer	-	83,341	(83,341)
Contributions - member	-	53,324	(53,324)
Net investment loss	-	(157,714)	157,714
Benefit payments	(200,566)	(200,566)	-
Administrative expense	-	(1,155)	1,155
Other	-	3,382	(3,382)
Net Changes	192,700	(211,854)	404,554
Balances at August 31, 2023	<u>\$ 2,626,546</u>	<u>\$ 1,421,887</u>	<u>\$ 1,204,659</u>

OSERS has a special funding situation, in which, by statute, the State of Nebraska contributes 2.0% of members' compensation to fund the benefits provided by OSERS. At August 31, 2023, the District reported a liability of \$1,086,069 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2023. 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 December 31, 2022, measurement date, the District's proportionate share was 90.155709%, an increase of 1.460941%. The State of Nebraska's proportionate share of the collective net pension liability amounted to \$118,590. At the December 31, 2022, measurement date, the State's proportionate share was 9.844291%. The District recognized revenue in the amount of \$19,295 for the support provided by the State of Nebraska.

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

Douglas County School District #0001	\$ 1,086,069
State of Nebraska	<u>118,590</u>
Total net pension liability	<u>\$ 1,204,659</u>

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

For the year ended August 31, 2023, the District recognized pension expense of \$183,864. At August 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 118,939	\$ -
Changes of assumptions	17,196	-
Differences between expected and actual experience	69,786	4,864
Changes in proportion and differences between contributions and proportionate share of contributions	11,667	4,150
Employer contributions subsequent to the measurement date	<u>65,726</u>	<u>-</u>
Total	<u>\$ 283,314</u>	<u>\$ 9,014</u>

Deferred outflows of resources related to pensions included \$65,726 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, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended August 31,</u>	<u>Pension Expense</u>
2024	\$ 48,378
2025	39,925
2026	55,860
2027	57,486
2028	6,925

Payable to the Pension Plan

At August 31, 2023, the District reported a payable of \$4,045 for the outstanding amount of legally required District contributions for August 2023 and \$4,060 for legally required employee contributions withheld from employee wages which had not yet been remitted to OSERS.

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

Note 10 - Interfund Activity

Interfund receivables/payables are used when a fund has a cash deficit, as well as for other short-term amounts owed between funds.

Due to:	Due from:						Total
	General Fund	Special Building Fund	Grant Fund	Other Governmental Funds	Other Business-type Activities Funds	Internal Service Fund	
General Fund	\$ -	\$ 5,066	\$ 12,509	\$ 15	\$ 175	\$ 503	\$ 18,268
Grant Fund	9	-	41,350	-	-	-	41,359
Other Governmental Funds	7	-	-	-	-	-	7
	<u>\$ 16</u>	<u>\$ 5,066</u>	<u>\$ 53,859</u>	<u>\$ 15</u>	<u>\$ 175</u>	<u>\$ 503</u>	<u>\$ 59,634</u>

Note 11 - Fund Balances

The District classified fund balances within the governmental funds as follows at August 31, 2023:

	General Fund	Special Building Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total
Fund Balances						
Nonspendable						
Inventory	\$ 5,133	\$ -	\$ -	\$ -	\$ 380	\$ 5,513
Prepaid items	3,013	25	1,124	-	303	4,465
Total nonspendable	<u>8,146</u>	<u>25</u>	<u>1,124</u>	<u>-</u>	<u>683</u>	<u>9,978</u>
Restricted						
Debt service	-	-	-	43,303	-	43,303
Capital projects	-	25,010	-	-	-	25,010
Grants	-	-	6,308	-	-	6,308
Qualified purpose	-	-	-	-	26,921	26,921
ESU No. 19	-	-	-	-	1,136	1,136
Total restricted	<u>-</u>	<u>25,010</u>	<u>6,308</u>	<u>43,303</u>	<u>28,057</u>	<u>102,678</u>
Committed						
KIOS	-	-	-	-	577	577
Subsequent school year	12,539	-	-	-	-	12,539
Total committed	<u>12,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>577</u>	<u>13,116</u>
Assigned						
ESU No. 19	-	-	-	-	12,122	12,122
School activity	-	-	-	-	2,385	2,385
Student fees	-	-	-	-	46	46
Central office and school support	1,077	-	-	-	-	1,077
Total assigned	<u>1,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,553</u>	<u>15,630</u>
Unassigned	132,013	-	-	-	-	132,013
Total Fund Balances	<u>\$ 153,775</u>	<u>\$ 25,035</u>	<u>\$ 7,432</u>	<u>\$ 43,303</u>	<u>\$ 43,870</u>	<u>\$ 273,415</u>

Douglas County School District #0001

Omaha, Nebraska

Notes to Financial Statements

(Dollars in thousands)

August 31, 2023

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

Fiscal Year	Financial Statements Unassigned Fund Balance as a Percentage of Total General Fund Expenditures	Regulatory Fund Balance as a Percentage of Total General Fund Expenditures
2023	19.57%	6.71%
2022	15.92%	14.10%
2021	18.01%	15.25%

Note 12 - Adoption of New Standard

As of September 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

	Governmental Activities
Net position at September 1, 2022, as previously reported	\$ (355,030)
Recognition of right to use subscription IT assets	3,690
Recognition of subscription IT liabilities	(1,037)
Net Position at September 1, 2022, as adjusted	<u>\$ (352,377)</u>

Note 13 - 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, 2023.

Note 14 - 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.

Note 15 - Commitments and Contingencies

Grants and Grants Receivable

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

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, Series 2021, and Series 2022 General Obligation Bonds, the District has entered into various ongoing construction contracts amounting to approximately \$283,886 for the construction of new school facilities and renovation and improvement to existing facilities. The District has commitments of approximately \$8,878 remaining on various ongoing construction contracts at August 31, 2023.

Note 16 - 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, 2023, under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount</u>
City of Omaha	Tax Increment Financing	\$ 19,836
City of Bellevue	Tax Increment Financing	164
		<u>\$ 20,000</u>

Note 17 - Subsequent Events

Subsequent to year end, the District has entered into certain construction commitments for a building remodeling project and two other renovation projects in existing buildings. Total construction commitments entered into amount to approximately \$8,000 and are expected to be completed in the 2024-2025 fiscal year.



Required Supplementary Information
August 31, 2023

Douglas County School District #0001
Omaha, Nebraska

Douglas County School District #0001

Omaha, Nebraska

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund (with legally adopted budgets)

(Dollars in thousands)

Year Ended August 31, 2023

Function	Final Adopted Budget	Transfers In (Out)	Revised Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
FUND BALANCE, Beginning of year	\$ 189,957	\$ -	\$ 189,957	\$ 189,957	\$ -
RECEIPTS					
Local Sources					
Taxes					
1110 Property taxes - general purpose	290,167	-	290,167	269,200	(20,967)
1111 Property taxes - learning community	-	-	-	21	21
1115 Carline tax	80	-	80	59	(21)
1120 Public power district sales tax	5,000	-	5,000	4,436	(564)
1125 Motor vehicle taxes	28,800	-	28,800	27,133	(1,667)
1260 Adult education tuition and fees	-	-	-	39	39
1410 Interest	1,200	-	1,200	5,009	3,809
1610 Local license fees and fines	-	-	-	6	6
1620 Police court fines	900	-	900	760	(140)
1910 Rental of school facilities	360	-	360	391	31
Total local sources	326,507	-	326,507	307,054	(19,453)
County Sources					
2110 County fines and license fees	1,500	-	1,500	1,278	(222)
State Sources					
3110 State aid	286,454	-	286,454	286,454	-
3120 Special education	25,000	-	25,000	24,683	(317)
3125 Special education transportation	7,600	-	7,600	8,577	977
3130 Homestead exemption	-	-	-	9,943	9,943
3131 Property tax credit	-	-	-	14,609	14,609
3180 Pro-rate motor vehicle	400	-	400	611	211
3200 State apportionment	8,000	-	8,000	10,388	2,388
3990 Other state receipts	-	-	-	23	23
Total state sources	327,454	-	327,454	355,288	27,834
Federal sources					
4450 Medicaid in public schools	200	-	200	(158)	(358)
4690 Other federal non-categorical	-	-	-	726	726
4850 Universal service fund	-	-	-	685	685
4990 Other federal categorical receipts	500	-	500	337	(163)
Total federal sources	700	-	700	1,590	890
Nonrevenue receipts					
5400 Sale of property	485	-	485	171	(314)
5690 Other nonrevenue receipts	7,100	-	7,100	11,571	4,471
Total nonrevenue receipts	7,585	-	7,585	11,742	4,157
Total receipts	663,746	-	663,746	676,952	13,206

Douglas County School District #0001

Omaha, Nebraska

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund (with legally adopted budgets)

(Dollars in thousands)

Year Ended August 31, 2023

Function	Final Adopted Budget	Transfers In (Out)	Revised Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
DISBURSEMENTS					
1100 Regular instruction	349,962	(10,410)	339,552	304,767	34,785
1200 Special education	77,360	1,840	79,200	71,740	7,460
Support services					
2100 Pupils	39,877	1,131	41,008	44,822	(3,814)
2200 Staff	19,053	(267)	18,786	18,163	623
2520 Vehicle acquisition and maintenance	301	700	1,001	611	390
2600 Mainenance and operation of building/plant	65,581	848	66,429	68,302	(1,873)
2750 Regular pupil transportation	25,417	(1,274)	24,143	12,008	12,135
2760 Special education pupil transportation	18,906	420	19,326	18,082	1,244
General and administrative					
2310 Board of education	1,415	-	1,415	1,288	127
2320 Executive administration	16,391	352	16,743	14,292	2,451
2400 Office of the principal	42,545	(767)	41,778	44,046	(2,268)
2510 Business services	39,636	(254)	39,382	66,901	(27,519)
3000 State programs	5,510	110	5,620	4,833	787
4000 Federal programs	1,565	153	1,718	1,580	138
6000 Summer school	5,485	7,418	12,903	14,684	(1,781)
7000 Adult education	193	-	193	235	(42)
5000 Debt service	803	-	803	2,432	(1,629)
Total disbursements	710,000	-	710,000	688,786	21,214
DEFICIENCY OF RECEIPTS UNDER DISBURSEMENTS					
	(46,254)	-	(46,254)	(11,834)	34,420
FUND BALANCE, end of year	\$ 143,703	\$ -	\$ 143,703	\$ 178,123	\$ 34,420
ANALYSIS OF FUND BALANCE					
Cash and cash equivalents				\$ 159,256	
Receivables				16,171	
Prepays				39	
Inventory and other debits				4,719	
Payables				(2,062)	
				\$ 178,123	

Douglas County School District #0001

Omaha, Nebraska

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Grants Fund (with legally adopted budgets)

(Dollars in thousands)

Year Ended August 31, 2023

Function	Final Adopted Budget	Revised Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
FUND BALANCE, Beginning of year	\$ (7,236)	\$ (7,236)	\$ (7,236)	\$ -
RECEIPTS				
Local Sources				
1410 Interest	-	-	1,194	1,194
1925 Categorical grants from corporations	20,600	20,600	11,649	(8,951)
Total local sources	20,600	20,600	12,843	(7,757)
State Sources				
3135 High-ability learners	52	52	336	284
3155 Textbook loan	-	-	357	357
3540 State early childhood	1,586	1,586	949	(637)
Total state sources	1,638	1,638	1,642	4
Federal sources				
4200 Title I	30,357	30,357	25,522	(4,835)
4300 Title II	3,235	3,235	1,738	(1,497)
4400 IDEA	16,328	16,328	16,519	191
4450 Medicaid in public schools	-	-	1,788	1,788
4455 Medicaid administrative activities	4,500	4,500	1,717	(2,783)
4700 Federal vocational and applied technology ed	942	942	967	25
4910 Indian education	204	204	100	(104)
4915 Title I, Part C	1,024	1,024	1,733	709
4925 Title III, Part A	1,428	1,428	1,499	71
4940 Head Start	8,262	8,262	7,512	(750)
4990 Other federal categorical receipts	155,232	155,232	72,572	(82,660)
Total federal sources	221,512	221,512	131,667	(89,845)
Nonrevenue receipts				
5690 Other nonrevenue receipts	-	-	2	2
Total receipts	243,750	243,750	146,154	(97,596)

Douglas County School District #0001

Omaha, Nebraska

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Grants Fund (with legally adopted budgets)

(Dollars in thousands)

Year Ended August 31, 2023

Function	Final Adopted Budget	Revised Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
DISBURSEMENTS				
1100 Regular instruction	73,807	73,807	50,799	23,008
1200 Special education	5,346	5,346	7,532	(2,186)
Support services				
2100 Pupils	8,513	8,513	4,481	4,032
2200 Staff	8,432	8,432	40,986	(32,554)
2591 Building and sites	82	82	148	(66)
2600 Maintenance and operation of building/plant	1,306	1,306	4,693	(3,387)
General and administrative				
2320 Executive administration	105,980	105,980	10,445	95,535
2510 Business services	-	-	218	(218)
3000 State programs	18,057	18,057	14,507	3,550
4000 Federal programs	15,720	15,720	13,508	2,212
6000 Summer school	6,000	6,000	159	5,841
7000 Adult education	507	507	451	56
Total disbursements	243,750	243,750	147,927	95,823
DEFICIENCY OF RECEIPTS UNDER DISBURSEMENTS				
	-	-	(1,773)	(1,773)
FUND BALANCE, end of year	\$ (7,236)	\$ (7,236)	\$ (9,009)	\$ (1,773)
ANALYSIS OF FUND BALANCE				
Cash and cash equivalents			\$ 1,065	
Receivables			41,359	
Payables			(51,433)	
			<u>\$ (9,009)</u>	

Douglas County School District #0001

Omaha, Nebraska

Notes to the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

(with legally adopted budgets)

(Dollars in thousands)

August 31, 2023

The accompanying schedule of receipts, expenditures and change in fund balance budget to actual, presents comparison of legally adopted budget in accordance with the budget process in Note 1 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, 2023, are presented below.

General Fund

Deficiency of receipts under disbursements (budgetary basis)	\$ (11,834)
Adjustments	
Record change in receivables	(6,790)
Record change in inventories	(176)
Record change in prepaids	906
Record change in payables	14,465
	<u>14,465</u>
Change in fund balance (GAAP basis)	<u>\$ (3,429)</u>

Grant Fund

Deficiency of receipts under disbursements (budgetary basis)	\$ (1,773)
Adjustments	
Record change in receivables	30,048
Record change in prepaids	786
Record change in payables	(32,847)
Record change in unavailable revenue	(4,052)
	<u>(4,052)</u>
Change in fund balance (GAAP basis)	<u>\$ (7,838)</u>

Douglas County School District #0001

Omaha, Nebraska

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

(Dollars in thousands)

August 31, 2023

	2023	2022	2021	2020	2019
Service cost	\$ 1,556	\$ 1,934	\$ 1,188	\$ 1,202	\$ 1,254
Interest	937	597	823	839	796
Differences between expected and actual experience	(7,217)	-	2,583	-	-
Changes of assumptions	(1,087)	-	2,219	-	-
Changes of benefit terms	-	(3,278)	(1,313)	-	-
Benefit payments	(1,082)	(1,069)	(1,080)	(742)	(785)
Net change in total OPEB liability	(6,893)	(1,816)	4,420	1,299	1,265
Total OPEB liability - beginning	26,659	28,475	24,055	22,756	21,491
Total OPEB liability - ending	<u>\$ 19,766</u>	<u>\$ 26,659</u>	<u>\$ 28,475</u>	<u>\$ 24,055</u>	<u>\$ 22,756</u>
Covered payroll	\$ 452,374	\$ 408,402	\$ 393,199	\$ 381,090	\$ 382,977
District's total OPEB liability as a percentage of covered payroll	4.37%	6.53%	7.24%	6.31%	5.94%

*GASB Statements No. 74/75 require 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.

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, 2023	3.81%
Year ended August 31, 2022	3.59%
Year ended August 31, 2021	2.14%
Year ended August 31, 2020	3.50%

Douglas County School District #0001

Omaha, Nebraska

Schedule of Changes in Net Pension Liability and Related Ratios

(Dollars in thousands)

August 31, 2023

**Schedule of Changes in Net Pension Liability
Last 10 Fiscal Years***

	2022**	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 65,615	\$ 46,029	\$ 43,490	\$ 42,354	\$ 37,704	\$ 37,821	\$ 39,451	\$ 38,242	\$ 36,090
Interest	242,449	168,343	163,027	159,150	152,896	144,648	138,933	133,950	128,868
Difference between expected and actual experience	60,409	45,177	2,015	(17,657)	19,474	26,757	7,104	(2,960)	-
Changes of assumption	24,793	-	-	-	-	141,348	-	-	-
Other	-	2,290	1,808	1,992	1,832	2,088	1,946	2,920	2,276
Benefit payments, including refunds of member contributions	(200,566)	(142,546)	(136,485)	(131,896)	(125,272)	(118,997)	(113,106)	(106,735)	(100,810)
Net change in total pension liability	192,700	119,293	73,855	53,943	86,634	233,665	74,328	65,417	66,424
Beginning of year	2,433,846	2,314,553	2,240,698	2,186,755	2,100,121	1,866,456	1,792,128	1,726,711	1,660,287
End of year	\$ 2,626,546	\$ 2,433,846	\$ 2,314,553	\$ 2,240,698	\$ 2,186,755	\$ 2,100,121	\$ 1,866,456	\$ 1,792,128	\$ 1,726,711
Plan Fiduciary Net Position									
Contributions - employer	\$ 83,341	\$ 61,411	\$ 57,033	\$ 57,267	\$ 55,564	\$ 47,981	\$ 33,903	\$ 33,109	\$ 31,913
Contributions - state	7,534	7,290	7,302	7,420	7,111	6,897	6,661	6,453	6,285
Contributions - member	53,324	36,891	35,295	35,614	36,327	34,883	33,764	32,584	31,597
Net investment income	(157,714)	290,971	118,829	32,447	85,795	73,217	15,375	(51,214)	153,982
Benefit payments, including refunds of member contributions	(200,566)	(142,546)	(136,485)	(131,896)	(125,272)	(118,997)	(113,106)	(106,735)	(100,810)
Administrative expense	(1,155)	(952)	(890)	(1,087)	(867)	(1,384)	(1,290)	(814)	(897)
Other	3,382	2,289	1,841	2,012	1,844	2,090	2,082	3,002	2,305
Net change in plan fiduciary net position	(211,854)	255,354	82,925	1,777	60,502	44,687	(22,611)	(83,615)	124,375
Beginning of year	1,633,741	1,378,387	1,295,462	1,293,685	1,233,183	1,188,496	1,211,107	1,294,722	1,170,347
End of year	\$ 1,421,887	\$ 1,633,741	\$ 1,378,387	\$ 1,295,462	\$ 1,293,685	\$ 1,233,183	\$ 1,188,496	\$ 1,211,107	\$ 1,294,722
Net Pension Liability	\$ 1,204,659	\$ 800,105	\$ 936,166	\$ 945,236	\$ 893,070	\$ 866,938	\$ 677,960	\$ 581,021	\$ 431,989

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

** The measurement date was changed from 8/31 to 12/31 starting with year 2022.

Douglas County School District #0001
Omaha, Nebraska
Schedule of Employer Contributions
(Dollars in thousands)
August 31, 2023

**Schedule of Employer Contributions
Last 10 Fiscal Years**

	2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 72,213	\$ 61,457	\$ 59,466	\$ 55,501	\$ 54,211	\$ 55,526	\$ 50,777	\$ 31,245	\$ 28,161	\$ 27,940
Contributions in relation to the ADC										
Employer statutory	42,781	39,655	37,266	35,676	35,967	36,664	35,231	33,903	33,109	31,913
Employer additional	34,432	29,483	24,145	21,357	21,300	18,900	12,750	-	-	-
Total contributions	77,213	69,138	61,411	57,033	57,267	55,564	47,981	33,903	33,109	31,913
Contribution deficiency (excess)	\$ (5,000)	\$ (7,681)	\$ (1,945)	\$ (1,532)	\$ (3,056)	\$ (38)	\$ 2,796	\$ (2,658)	\$ (4,948)	\$ (3,973)
Covered Employee Payroll	\$ 433,105	\$ 401,451	\$ 377,207	\$ 360,891	\$ 364,154	\$ 371,440	\$ 356,676	\$ 345,231	\$ 333,166	\$ 323,074
Contributions as a Percent of Covered Payroll	17.83%	17.22%	16.28%	15.80%	15.73%	14.96%	13.45%	9.82%	9.94%	9.88%

** The measurement date was changed from 8/31 to 12/31 starting with year 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:

2022: The 2021 session of the Nebraska Legislature enacted Legislative Bill 147 (LB 147), which modified the eligibility requirements to participate in the System. Employees who are contracted for less than 30 hours per week are eligible to participate in the System if they average more than 30 hours per week during any three calendar months of a fiscal year. No census data was received to allow quantification of the impact of LB 147 on the January 1, 2022 valuation

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 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**1/1/2023 valuation:**

- The investment return assumption was lowered from 7.40% to 7.30%.
- The inflation assumption was lowered from 2.70% to 2.60%.
- The assumed interest rate credited on employee contributions was lowered from 2.70% to 2.60%.
- The general wage increase assumption was lowered from 3.20% to 3.10%.

1/1/2022 valuation:

- The investment return assumption was lowered from 7.50% to 7.40%.
- The inflation assumption was lowered from 2.75% to 2.70%.
- The assumed interest rate credited on employee contributions was lowered from 2.75% to 2.70%.
- The general wage increase assumption was lowered from 3.25% to 3.20%.
- The mortality assumption was changed to the Pub-2010 General Members (Median) Mortality Tables with generational mortality improvements modeled using the NPERS projection scale. No generational mortality improvement is reflected for disabled members.
- Retirement rates were modified for both Certificated and Classified employees.
- Termination rates were modified for both Certificated and Classified employees.
- The probability of a vested member electing a refund upon termination was adjusted for both Certificated and Classified members and is now based on years of service.
- The active member marriage assumption was reduced from 100% to 85%.
- The salary increase assumption was changed to reflect the lower general wage inflation, and the merit salary scale was adjusted to better reflect observed experience.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.24% of pay.
- The amortization period for future amortization bases was reduced from 30 to 25 years.

1/1/2019 valuation:

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

1/1/2017 valuation:

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

Douglas County School District #0001

Omaha, Nebraska

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios
and Schedule of Employer Contributions
(Dollars in thousands)

August 31, 2023

- 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%.

Douglas County School District #0001

Omaha, Nebraska

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios
and Schedule of Employer Contributions
(Dollars in thousands)

August 31, 2023

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. If the statutory contribution rate is less than the Actuarially Determined Contributions, the School District will contribute the difference. 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, 2022 (based on the January 1, 2023 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. Subsequent bases established prior to January 1, 2022, are amortized over a closed 30-year period beginning on the valuation date. All bases established subsequent to January 1, 2022, are amortized over a closed 25-year period beginning on the valuation date.
Asset valuation method	Market related smoothed value
Price inflation	2.60%
Salary increases, including wage inflation	3.20% to 6.60%
Long-term rate of return, net Of investment expense, and including inflation	7.30%
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



Other Supplementary Information
August 31, 2023

Douglas County School District #0001
Omaha, Nebraska

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – Special Building Fund
(Dollars in thousands)
Year Ended August 31, 2023

Function	Final Adopted Budget	Transfers In (Out)	Revised Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
FUND BALANCE, Beginning of year	\$ 53,704	\$ -	\$ 53,704	\$ 53,704	\$ -
RECEIPTS					
Taxes					
1110 Property taxes - general purpose	14,511	-	14,511	13,229	(1,282)
1115 Carline tax	5	-	5	3	(2)
1410 Interest	361	-	361	1,677	1,316
1990 Other local receipts	230	-	230	236	6
3990 Other state receipts	20	-	20	1,267	1,247
5100 Sale of bonds	55,700	-	55,700	-	(55,700)
5690 Other nonrevenue receipts	380	-	380	649	269
Total receipts	71,207	-	71,207	17,061	(54,146)
DISBURSEMENTS					
2515-300 Purchased services	10,000	-	10,000	5,469	4,531
2515-500 Capital outlay	-	-	-	1,700	(1,700)
2515-520 Building acquisition and improvements	81,650	(100)	81,550	36,823	44,727
2515-600 Other expenses	-	100	100	714	(614)
5000-607 Repayment of taxes paid	-	-	-	98	(98)
Total disbursements	91,650	-	91,650	44,804	46,846
DEFICIENCY OF RECEIPTS UNDER DISBURSEMENTS	(20,443)	-	(20,443)	(27,743)	(7,300)
FUND BALANCE, end of year	\$ 33,261	\$ -	\$ 33,261	\$ 25,961	\$ (7,300)

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – Debt Service Fund
(Dollars in thousands)
Year Ended August 31, 2023

<u>Function</u>	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget</u>
FUND BALANCE, Beginning of year	\$ 39,130	\$ 39,130	\$ -
RECEIPTS			
Taxes			
1110 Property taxes - general purpose	47,554	46,386	(1,168)
1115 Carline tax	22	10	(12)
3130 Homestead exemption	-	1,622	1,622
3180 Pro-rate motor vehicle	210	100	(110)
1410 Interest	175,712	605	(175,107)
1990 Other local receipts	923	856	(67)
3990 Other state receipts	29	3	(26)
Total receipts	<u>224,450</u>	<u>49,582</u>	<u>(174,868)</u>
DISBURSEMENTS			
5000-607 Repayment of taxes paid	200	406	(206)
5000-610 Redemption of principal	18,250	16,700	1,550
5000-620 Debt service interest	30,893	31,474	(581)
5000-690 Other miscellaneous expense	165,000	-	165,000
Total disbursements	<u>214,343</u>	<u>48,580</u>	<u>165,763</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>10,107</u>	<u>1,002</u>	<u>(9,105)</u>
FUND BALANCE, end of year	<u>\$ 49,237</u>	<u>\$ 40,132</u>	<u>\$ (9,105)</u>

Douglas County School District #0001

Omaha, Nebraska

Budgetary Comparison Schedule – Qualified Capital Purpose Fund

(Dollars in thousands)

Year Ended August 31, 2023

Function	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
FUND BALANCE, Beginning of year	\$ 2,327	\$ 2,327	\$ -
RECEIPTS			
Taxes			
1110 Property taxes - general purpose	4,805	4,969	164
1115 Carline tax	-	1	1
3130 Homestead exemption	-	179	179
3180 Pro-rate motor vehicle	-	10	10
1990 Other local receipts	333	72	(261)
Total receipts	5,138	5,231	93
DISBURSEMENTS			
5000-607 Repayment of taxes paid	60	41	19
5000-610 Redemption of principal	3,001	2,577	424
5000-620 Debt service interest	2,320	1,023	1,297
Total disbursements	5,381	3,641	1,740
(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS	(243)	1,590	1,833
FUND BALANCE, end of year	\$ 2,084	\$ 3,917	\$ 1,833

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – Student Fee Funds
(Dollars in thousands)
Year Ended August 31, 2023

<u>Function</u>	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget</u>
FUND BALANCE, Beginning of year	\$ 124	\$ 124	\$ -
RECEIPTS			
Local Sources			
1741 Extracurricular activity fees	<u>927</u>	<u>731</u>	<u>(196)</u>
DISBURSEMENTS			
2100-600 Other expenses	<u>1,000</u>	<u>809</u>	<u>191</u>
DEFICIENCY OF RECEIPTS UNDER DISBURSEMENTS	<u>(73)</u>	<u>(78)</u>	<u>(5)</u>
FUND BALANCE, end of year	<u><u>\$ 51</u></u>	<u><u>\$ 46</u></u>	<u><u>\$ (5)</u></u>

Douglas County School District #0001

Omaha, Nebraska

Budgetary Comparison Schedule – Activity Funds

(Dollars in thousands)

Year Ended August 31, 2023

Function	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
FUND BALANCE, Beginning of year	\$ 2,489	\$ 2,489	\$ -
RECEIPTS			
1710 Activities receipts	-	810	810
1990 Other local receipts		1,134	1,134
5690 Other nonrevenue receipts	4,842	2,833	(2,009)
Total receipts	4,842	4,777	(65)
DISBURSEMENTS			
2515-300 Purchased services	-	892	(892)
2515-400 Supplies and materials	-	865	(865)
2515-600 Other expenses	6,500	3,109	3,391
Total disbursements	6,500	4,866	1,634
DEFICIENCY OF RECEIPTS UNDER DISBURSEMENTS	(1,658)	(89)	1,569
FUND BALANCE, end of year	\$ 831	\$ 2,400	\$ 1,569

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – ESU No. 19 Fund
(Dollars in thousands)
Year Ended August 31, 2023

<u>Function</u>	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget</u>
FUND BALANCE, Beginning of year	\$ 14,921	\$ 14,921	\$ -
RECEIPTS			
1000 Local sources	14,967	15,300	333
3000 State sources	2,752	3,109	357
5000 Nonrevenue receipts	2,461	2,108	(353)
Total receipts	<u>20,180</u>	<u>20,517</u>	<u>337</u>
DISBURSEMENTS			
2100 Student non-instructional support services	3,479	3,329	150
2200 Support services - staff	616	649	(33)
2300 Board of control and general administration	15	13	2
2900 Materials and equipment services	1,460	1,352	108
3550 Core services & technology infrastructure	15,840	15,296	544
5000 Debt service	90	36	54
Total disbursements	<u>21,500</u>	<u>20,675</u>	<u>825</u>
DEFICIENCY OF RECEIPTS UNDER DISBURSEMENTS	<u>(1,320)</u>	<u>(158)</u>	<u>1,162</u>
FUND BALANCE, end of year	<u>\$ 13,601</u>	<u>\$ 14,763</u>	<u>\$ 1,162</u>

Douglas County School District #0001

Omaha, Nebraska

Budgetary Comparison Schedule – KIOS Fund

(Dollars in thousands)

Year Ended August 31, 2023

Function	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
FUND BALANCE, Beginning of year	\$ 1,048	\$ 1,048	\$ -
RECEIPTS			
Local Sources			
1410 Interest	-	21	21
1925 Categorical grants from corporations	1,250	-	(1,250)
1990 Other local receipts	-	802	802
Total local sources	<u>1,250</u>	<u>823</u>	<u>(427)</u>
Nonrevenue receipts			
5690 Other nonrevenue receipts	-	54	(54)
Total receipts	<u>1,250</u>	<u>877</u>	<u>(481)</u>
DISBURSEMENTS			
Support services			
2200 Staff	<u>1,250</u>	<u>1,195</u>	<u>55</u>
DEFICIENCY OF RECEIPTS UNDER DISBURSEMENTS	<u>-</u>	<u>(318)</u>	<u>(318)</u>
FUND BALANCE, end of year	<u>\$ 1,048</u>	<u>\$ 730</u>	<u>\$ (318)</u>

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – Depreciation Funds
(Dollars in thousands)
Year Ended August 31, 2023

<u>Function</u>	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget</u>
FUND BALANCE, Beginning of year	\$ 44,633	\$ 44,633	\$ -
RECEIPTS			
1410 Interest	-	1,596	1,596
5500 Transfers from general fund	<u>5,733</u>	<u>34,000</u>	<u>28,267</u>
Total receipts	<u>5,733</u>	<u>35,596</u>	<u>29,863</u>
DISBURSEMENTS			
2500-500 Capital outlay	<u>38,000</u>	<u>4,445</u>	<u>33,555</u>
(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS	<u>(32,267)</u>	<u>31,151</u>	<u>63,418</u>
FUND BALANCE, end of year	<u>\$ 12,366</u>	<u>\$ 75,784</u>	<u>\$ 63,418</u>

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – Employee Benefit Funds
(Dollars in thousands)
Year Ended August 31, 2023

<u>Function</u>	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget</u>
FUND BALANCE, Beginning of year	\$ 14,296	\$ 14,296	\$ -
RECEIPTS			
1410 Interest	-	835	835
5500 Transfers from general fund	-	5,361	5,361
5690 Other nonrevenue receipts	1,200	3,021	1,821
Total receipts	<u>1,200</u>	<u>9,217</u>	<u>8,017</u>
DISBURSEMENTS			
2500-200 Employee benefits	<u>15,300</u>	<u>7,508</u>	<u>7,792</u>
(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS	<u>(14,100)</u>	<u>1,709</u>	<u>15,809</u>
FUND BALANCE, end of year	<u>\$ 196</u>	<u>\$ 16,005</u>	<u>\$ 15,809</u>

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – Contingency Fund
(Dollars in thousands)
Year Ended August 31, 2023

<u>Function</u>	<u>Final Adopted Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget</u>
FUND BALANCE, Beginning of year	\$ 20,676	\$ 20,676	\$ -
RECEIPTS			
1410 Interest	-	713	713
5500 Transfers from general fund	599	6,667	6,068
Total receipts	599	7,380	6,781
DISBURSEMENTS			
2310-643 Judgments/settlements	20,200	6,185	14,015
(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS	(19,601)	1,195	20,796
FUND BALANCE, end of year	\$ 1,075	\$ 21,871	\$ 20,796

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – School Lunch Fund
(Dollars in thousands)
Year Ended August 31, 2023

Function	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
FUND BALANCE, Beginning of year	\$ 30,683	\$ 30,683	\$ -
RECEIPTS			
1410 Interest	2	951	949
1720 Sale of lunches/milk	3,062	701	(2,361)
1990 Other local receipts	-	77	77
3150 State reimbursement	216	454	238
4800 Federal reimbursement	15,707	38,666	22,959
4945 Child and adult food care program	1,158	1,310	152
5690 Other nonrevenue receipts	-	21	21
Total receipts	20,145	42,180	22,035
DISBURSEMENTS			
2100-100 Salaries	14,765	10,254	4,511
2100-200 Employee benefits	3,804	4,669	(865)
2100-300 Purchased services	3,249	3,710	(461)
2100-400 Supplies and materials (excluding food)	3,089	2,157	932
2100-470 Food	19,720	14,594	5,126
2100-500 Capital outlay	5,730	1,571	4,159
2100-600 Other expenses	32	40	(8)
Total disbursements	50,389	36,995	13,394
(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS	(30,244)	5,185	35,429
FUND BALANCE, end of year	\$ 439	\$ 35,868	\$ 35,429

Douglas County School District #0001
Omaha, Nebraska
Budgetary Comparison Schedule – Cooperative Fund
(Dollars in thousands)
Year Ended August 31, 2023

Function	Final Adopted Budget	Actual Amounts Budgetary Basis	Variance With Final Budget
FUND BALANCE, Beginning of year	\$ (46)	\$ (46)	\$ -
RECEIPTS			
1990 Other local receipts	3,000	346	(2,654)
5690 Other nonrevenue receipts	1,316	162	(1,154)
Total receipts	4,316	508	(3,808)
DISBURSEMENTS			
1160-110 Salary - teachers	1,500	279	1,221
1160-140 Salary - clerical and paraprofessional staff	-	21	(21)
1160-200 Employee benefits	250	87	163
1160-300 Purchased services	500	19	481
1160-400 Supplies and materials	500	42	458
1160-600 Other expenses	250	15	235
2510 General administration - business services	1,500	6	1,494
Total disbursements	4,500	469	4,031
(DEFICIENCY) EXCESS OF RECEIPTS (UNDER) OVER DISBURSEMENTS	(184)	39	223
FUND BALANCE, end of year	\$ (230)	\$ (7)	\$ 223

Douglas County School District #0001
Omaha, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
Department of Agriculture				
Child Nutrition Cluster				
<i>Passed through Nebraska Department of Education</i>				
School Breakfast Program	10.553	13898414	\$ 9,249,138	\$ -
National School Lunch Program	10.555	13898414	27,870,330	-
Summer Food Service Program for Children	10.559	13898114	769,994	-
<i>Passed through Nebraska Department of Health and Human Services</i>				
School Breakfast Program (noncash)	10.553	47600262900	2,726,872	-
Total Child Nutrition Cluster			\$ 40,616,334	-
<i>Passed through Nebraska Department of Education</i>				
Child and Adult Food Care Program	10.558	13899414	1,315,400	-
Fresh Fruit and Vegetable Program	10.582	13897314	771,320	-
Total Department of Agriculture			\$ 42,703,054	-
Department of Defense				
ROTC Language and Culture Training Grants	12.357	N/A	337,070	-
Department of Education				
Indian Education Grants to Local Educational Agencies	84.060A	N/A	124,256	-
<i>Passed through Nebraska Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010A	22-6200-00-19-028-0001	23,991,248	-
Title I Grants to Local Educational Agencies	84.010	22-6230-00-19-028-0001-P	271,209	-
Title I Grants to Local Educational Agencies	84.010	22-6212-XX-19-028-0001	301,782	-
Total Title I Grants to Local Educational Agencies				-
Migrant Education State Grant Program	84.011	22-6915-00-19-028-0001	1,334,153	-
Special Education Cluster				
Special Education Grants to States	84.027	22-6408-00-19-028-0001	13,107,979	-
Special Education Grants to States	84.027	22-6418-132-28-0001-P	358,782	-
COVID-19 Special Education Grants to States	84.027	22-6412-00-19-028-0001	3,396,417	-
Special Education Preschool Grants	84.173	22-6406-00-19-028-0001	41,694	-
COVID-19 Special Education Preschool Grants	84.173	22-6406-00-19-028-0001	277,203	-
Total Special Education Cluster			17,182,075	-
Career and Technical Education - Basic Grants to States	84.048	22-6700-00-19-028-0001	1,272,276	-
Special Education - Grants for Infants and Families	84.181	22-6416-00-19-028-0001	27,322	-
Education for Homeless Children and Youth	84.196	22-6991-00-19-028-0001	220,973	-
English Language Acquisition State Grants	84.365A	22-6925-00-19-028-0001	1,519,325	-
Supporting Effective Instruction State Grants	84.367	22-6310-00-19-028-0001	1,391,239	-
Student Support and Academic Enrichment	84.424A	22-6969-00-19-028-0001	1,040,517	-
COVID-19 Education Stabilization Fund	84.425D	21-6997-00-19-028-0001	49,144,366	-
COVID-19 Education Stabilization Fund	84.425W	21-6998-00-19-028-0001	29,579,102	-
Total COVID-19 Education Stabilization Fund			78,723,468	-
Total Department of Education			127,399,843	-
Department of Health and Human Services				
Head Start Cluster				
Head Start	93.600	N/A	8,554,807	2,951,391
COVID-19 Head Start	93.600	N/A	138,840	38,953
COVID-19 Head Start	93.600	N/A	561,264	201,251
Total Head Start Cluster			9,254,911	3,191,595
<i>Passed through Nebraska Department of Health and Human Services</i>				
Refugee School Impact Grant	93.566	2101NERSSS	131,917	-
Refugee School Impact Grant	93.566	2201NERSSS	147,639	-
Total Refugee School Impact Grant			279,556	-
Medical Assistance Program	93.778	052105NE5ADM	1,717,002	-
Total Department of Health and Human Services			11,251,469	3,191,595
Department of Homeland Security				
<i>Passed through Nebraska Emergency Management Agency</i>				
Disaster Grants - Public Assistance	97.036	4521DRNEP00001651	725,529	-
Total Federal Financial Assistance			\$ 182,416,965	\$ 3,191,595

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2023. The information 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 or changes in net position or fund balance of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the cash basis of accounting 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. The District has passed funds through to subrecipients and those are recorded on the cash basis of accounting.

Note 3 – Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

Note 4 – Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of commodities received and disbursed. At August 31, 2023 the District had food commodities totaling \$2,096,613 in inventory.



Additional Reports
August 31, 2023

Douglas County School District #0001 Omaha, Nebraska



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

The Governing Board
Douglas County School District #0001
Omaha, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Douglas County School District #0001 (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 29, 2024, in which we expressed a qualified opinion on the governmental activities due to sixteen-month measurement period for the net pension liability.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Item No. 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

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

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

Omaha, Nebraska
March 29, 2024



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

The Board of Education
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 (the District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

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 Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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.

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

Omaha, Nebraska

March 29, 2024

Douglas County School District #0001
Omaha, Nebraska
Schedule of Findings and Questioned Costs
Year Ended August 31, 2023

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Assistance Listing Number</u>
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D 84.425W
Head Start	93.600
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 3,000,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2023-001 Preparation of Financial Statements, Including Adjusting Journal Entries
Material Weakness**

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 and ensure all account balances are adjusted accurately for reporting.

Condition: The preparation of financial statements requires tremendous detail. The financial statements prepared by management for the audit required several adjusting entries, including additional entries identified by management and others *identified* by the audit process, in order to fairly state the District's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). 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. After management provided its initial financial statements, several audit adjustments and a number of additional entries provided by management as well as identified by the audit process were required to fairly state the District's financial statements in accordance with GAAP.

Cause: Due to recent turnover in the accounting department of the District as well as time constraints related to the period between the *end* of the District's fiscal year and the scheduled inception of the audit of the financial statements, 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 and adjusting journal entries. Management will review and revise where necessary the processes for preparing financial *statements* and adjust account balances for reporting. This review will focus on areas that inhibit the timely and accurate preparation of the District's financial statements and will include:

- Increased review of roles in the financial reporting process to create efficiencies and effectiveness.
- Increased use of analytics to review activity in key accounts on at least a quarterly basis.
- Documented reviews of quarterly reconciliations of key accounts by the Accounting Manager and Controller as part of the process of improving internal controls over financial reporting.

Management expects this finding to be resolved by August 31, 2024.

Section III – Federal Award Findings and Questioned Costs

None reported.