

OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM



GASB STATEMENT NO. 68 REPORT

**PREPARED AS OF DECEMBER 31, 2023
FOR AUGUST 31, 2024 FINANCIAL REPORTING**



July 17, 2024

Board of Trustees
Omaha School Employees' Retirement System
3215 Cuming
Omaha, NE 68131

Dear Members of the Board:

Presented in this report is information to assist the Omaha School Employees' Retirement System (OSERS) in providing information required under the Governmental Accounting Standards Board (GASB) Statement No. 68 to the Omaha Public Schools Board of Education of the Douglas County School District 0001 and the state of Nebraska (a non-employer contributing entity in a special funding situation). GASB Statement No. 68 establishes accounting and financial reporting requirements for governmental employers who provide pension benefits to their employees through a trust. This report, which has been prepared as of the Measurement Date of December 31, 2023, is intended for use in the School District's financial reporting for fiscal year 2024. The calculations in this report have been made on a basis that is consistent with our understanding of this accounting standard (GASB 68). Please note that the discount rate used to determine the Total Pension Liability (TPL) changed from 7.30% at the Prior Measurement Date to 7.20% at the current Measurement Date.

The annual actuarial valuation used as a basis for much of the information presented in this report was performed as of January 1, 2024. The valuation was based upon data, furnished by the Omaha School Employees' Retirement System staff, concerning active, inactive and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised. Please see the actuarial valuation for additional details on the funding requirements for the System including actuarial assumptions and methods and the funding policy.

To the best of our knowledge, the information contained in this report is complete and accurate. Certain information about the System and where additional information can be found was provided by the Omaha School Employees' Retirement System and used in this report. The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the



output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. The calculations are based on the current provisions of the System, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the System. In addition, the calculations were completed in compliance with applicable law and, in our opinion, meet the requirements of GASB 68.

These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 68 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

We, Patrice A. Beckham, FSA, and Bryan K. Hoge, FSA, are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in this report or to provide explanations or further details as may be appropriate.

Respectfully submitted,

A handwritten signature in blue ink that reads "Patrice Beckham". The signature is fluid and cursive.

Patrice Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

A handwritten signature in blue ink that reads "Bryan K. Hoge". The signature is fluid and cursive.

Bryan K. Hoge, FSA, EA, FCA, MAAA
Consulting Actuary



TABLE OF CONTENTS

| | <u>Page</u> |
|--------------------|--|
| Section I | Summary of Principal Results 1 |
| Section II | Introduction 2 |
| Section III | Pension Expense 4 |
| Section IV | Notes to Financial Statements 6 |
| Section V | Required Supplementary Information 21 |
| Appendix A | Required Supplementary Information Tables 26 |
| | Exhibit A – Schedule of Changes in the Net Pension Liability |
| | Exhibit B – Schedule of Employer Contributions |
| Appendix B | Summary of Plan Provisions 28 |
| Appendix C | Statement of Actuarial Assumptions 31 |





SECTION I – SUMMARY OF PRINCIPAL RESULTS

GASB STATEMENT NO. 68

OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

| | |
|--|----------------------|
| Valuation Date (VD): | January 1, 2024 |
| Prior Measurement Date: | December 31, 2022 |
| Measurement Date (MD): | December 31, 2023 |
| Membership Data: | |
| Retirees and Beneficiaries | 5,411 |
| Inactive Vested Members | 1,628 |
| Inactive Nonvested Members | 1,657 |
| Active Employees | <u>6,713</u> |
| Total | 15,409 |
| Single Equivalent Interest Rate (SEIR): | |
| Long-Term Expected Rate of Return | 7.20% |
| Municipal Bond Index Rate at Prior Measurement Date | 3.65% |
| Municipal Bond Index Rate at Measurement Date | 3.38% |
| Year in which Fiduciary Net Position is Projected to be Depleted | N/A |
| Single Equivalent Interest Rate at Prior Measurement Date | 7.30% |
| Single Equivalent Interest Rate at Measurement Date | 7.20% |
| Collective Net Pension Liability: | |
| Total Pension Liability (TPL) | \$2,760,000,889 |
| Fiduciary Net Position (FNP) | <u>1,580,277,697</u> |
| Net Pension Liability (NPL = TPL – FNP) | \$1,179,723,192 |
| Portion Allocated to State of Nebraska* | \$122,031,511 |
| Portion Allocated to Omaha School District* | \$1,057,691,681 |
| FNP as a percentage of TPL | 57.26% |
| Pension Expense: | \$135,528,896 |
| Deferred Outflows of Resources: | \$298,119,061 |
| Deferred Inflows of Resources: | \$150,013,360 |

* See Paragraph 44(d)





SECTION II - INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 68 (GASB 68), “Accounting and Financial Reporting for Pensions” in June 2012. GASB 68’s effective date for employers was the first fiscal year beginning after June 15, 2014, which was FY 2015 for the Omaha Public Schools Board of Education of the Douglas County School District 0001 (OPS). The Omaha School Employees’ Retirement System (System) is a single-employer defined benefit pension plan as defined by GASB 68. Under state statutes, the state of Nebraska also contributes 2% of members’ payroll to the System so a special funding situation exists.

Paragraph 20 of GASB Statement 68 permits the measurement date of the Net Pension Liability reported by a single employer to be “as of” a date no earlier than the end of its prior fiscal year provided that the actuarial valuation used to determine the Net Pension Liability meets the timing requirements of paragraph 22 of GASB 68. This option is available to OPS (employer) which has a fiscal year-end of August 31. A Measurement Date of December 31, 2023 was used to determine the Net Pension Liability and Pension Expense for the employer’s fiscal year ending August 31, 2024.

This report, prepared as of December 31, 2023 (the Measurement Date), presents information to assist the Omaha School Employees’ Retirement System in providing the required information under GASB 68 to the Omaha Public Schools Board of Education of the Douglas County School District 0001 and the state of Nebraska.

GASB 68 requires the inclusion of a Net Pension Liability (NPL) on the employer’s Statement of Net Position and a determination of a Pension Expense (PE) in the Notes to the Financial Statements, that may bear little relationship to the employer’s funding requirements. In fact, it is possible in some years for the NPL to be an asset or the PE to be an income item. The NPL is set equal to the Total Pension Liability (TPL) minus the Fiduciary Net Position (FNP). The benefit provisions recognized in the calculation of the TPL are summarized in Appendix B.

PE includes amounts for Service Cost (the Normal Cost under Entry Age Normal (EAN) for the year), interest on the TPL, employee contributions, administrative expenses, other cash flows during the year, recognition of increases/decreases in the TPL due to changes in the benefit structure, actual versus expected experience, actuarial assumption changes, and recognition of investment gains/losses. The actual experience and assumption change impacts are recognized over the average expected remaining service life of the System membership as of the beginning of the measurement period, while investment gains/losses are recognized equally over five years. The development of the PE is shown in Section III. The unrecognized portions of each year’s experience, assumption changes and investment gains/losses are used to develop Deferred Inflows of Resources and Deferred Outflows of Resources, which also must be included on the employer’s Statement of Net Position.

Among the items needed for the TPL calculation is a discount rate, as defined by GASB, or a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into





SECTION II - INTRODUCTION

the future for as long as there are anticipated benefits payable under the plan provisions applicable to the membership and beneficiaries of the System on the Measurement Date. Future contributions were projected to be made at the current levels set in statute, including any additional District contributions. If the FNP is not projected to be depleted at any point in the future, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, the FNP is projected to be depleted at a future measurement date, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return and the present value determined by discounting those benefits after the depletion date by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate (Municipal Bond Index Rate). The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index (formerly published monthly by the Board of Governors of the Federal Reserve System).

Our calculations indicate that the FNP is not projected to be depleted, so the Municipal Bond Index Rate is not used in the determination of the SEIR for either the December 31, 2022 or the December 31, 2023 TPL. The SEIR for the Measurement Date is 7.20% and for the Prior Measurement Date is 7.30%, the long-term assumed rate of return on investments, which meets the requirements of GASB 67 and 68.

The FNP projections are based upon the System's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 68. As such, the FNP 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 the System, or the System's ability to make benefit payments in future years.

Once members have retired, the System serves as the administrator for the service annuity benefit provided to employees of OPS who qualify under Tiers One and Two of the OSERS plan. The benefit is provided by the state of Nebraska. The service annuity is funded within the Nebraska School Employees Retirement System by contributions from the state. Asset transfers are made to the Omaha School Employees' Retirement System each year in an amount theoretically equal to the liability transferred to the System for the service annuity benefit. This transaction increases the TPL and the FNP by the same amount, and thus has no impact on the Net Pension Liability.

The sections that follow provide the results of all the required calculations, presented in the order laid out in GASB 68 for note disclosure and Required Supplementary Information (RSI). Some of this information was provided by the Omaha School Employees' Retirement System for use in this report. These sections, not prepared by CavMac, are: Paragraphs 40(e), 43 and 45(f).





SECTION III – PENSION EXPENSE

As noted earlier, the Pension Expense (PE) consists of a number of different items. GASB 68 refers to the first item as Service Cost, which is the Normal Cost using the Entry Age Normal (EAN) actuarial funding method. The second item is interest on the TPL at 7.30%, the SEIR in effect as of the Prior Measurement Date.

The next three items refer to any changes that occurred in the TPL due to:

- benefit changes,
- actual versus expected experience, or
- changes in actuarial assumptions or other inputs.

Benefit changes, which are reflected immediately, will increase PE if there is a benefit improvement for existing System members, or decrease PE if there is a benefit reduction. For the period ended December 31, 2023, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current period changes in TPL due to actual versus expected experience for the period. The portion to recognize in the current period is determined by spreading the total change over the average expected remaining service life of the entire System membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. At the beginning of the measurement period, this number is 12.19 years. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts or 5.43 years.

The last item under changes in TPL is changes in actuarial assumptions or other inputs. There were a number of changes in the actuarial assumptions or other inputs since the Prior Measurement Date. These changes are detailed in Appendix C of this report and will be recognized over the average expected remaining service life of the entire System membership, using the same approach that applied to experience gains and losses, as described in the prior paragraph.

Employee contributions for the year and projected earnings on the FNP at the long-term expected rate of return are subtracted from the amount determined thus far. One-fifth of the current-period differences between projected and actual earnings on the FNP is recognized in the PE. For the long measurement period, four-fifteenths are recognized in the current period.

The current year portions of previously determined experience, assumption changes and earnings amounts, recognized as Deferred Outflows of Resources and Deferred Inflows of Resources are included next. Deferred Outflows of Resources are added to the PE while Deferred Inflows of Resources are subtracted from the PE. Finally, administrative expenses and other miscellaneous items are included.

The calculation of the PE for the year ended December 31, 2023 is shown in the following table.



SECTION III – PENSION EXPENSE



Pension Expense For the Year Ended

| December 31, 2023 | |
|---|----------------------|
| Service Cost at end of year | \$50,891,653 |
| Interest on the Total Pension Liability | 186,149,842 |
| Benefit changes | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 4,241,833 |
| Expensed portion of current-period assumption changes | 5,381,397 |
| Contributions – member | (42,900,373) |
| Projected earnings on plan investments | (102,544,114) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (16,455,727) |
| Administrative expense | 903,317 |
| Other | (1,851,123) |
| Recognition of beginning Deferred Outflows of Resources | 97,219,428 |
| Recognition of beginning Deferred Inflows of Resources | (45,507,237) |
| Total Pension Expense | \$135,528,896 |

Note: Average expected remaining service life for all members is 5.43 years.

Because the state of Nebraska is a non-employer contributing entity in a special funding situation, OPS will recognize \$14,019,217 as revenue from the state. See page 14 for more detail on the calculation of the State's proportionate share.





SECTION IV – NOTES TO FINANCIAL STATEMENTS

The material presented herein will follow the order presented in GASB 68. Paragraph numbers are provided for ease of reference.

Paragraph 37: The total of the employer's pension liabilities, pension assets, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense are disclosed in various sections of this report.

Paragraph 38: The Omaha School District is the plan sponsor for the Omaha School Employees' Retirement System, and the System is a single-employer defined benefit pension plan. To our knowledge this is one of the two pension plans in which employees of OPS are covered. The other is the Service Annuity Plan which is entirely funded by the state of Nebraska and administered by the Nebraska Public Employees Retirement System. Information for paragraphs 39 to 45 for the Omaha School Employees' Retirement System can be found on the following pages.

Paragraph 39: Not Applicable

Paragraph 40(a): The name of the pension plan is the School Employees' Retirement System of Douglas County School District 0001, commonly known as Omaha School Employees' Retirement System. It is administered by the Omaha Public Schools Board of Education of the Douglas County School District 0001. The Omaha School Employees' Retirement System was created in 1909 and is a single-employer defined benefit plan.

Paragraph 40(b):

(1) Classes of employees covered: The membership includes all school employees of OPS as defined in Neb. Rev. Stat., Sec. 79-978 "membership."

(2) Types of benefits: The main benefits provided are retirement benefits. However, the System also provides ancillary benefits in the event of pre-retirement death, disability, or termination of employment prior to meeting the eligibility requirements to retire.

(3) Key elements of the pension formulas: The Plan is now comprised of four Tiers. Benefits vest when a member has five or more years of creditable service. Normal retirement is age 65 and 5 years of OPS membership service. Unreduced retirement benefits for those who became OSERS members before July 1, 2016 are payable upon meeting the following criteria: (1) age 62 and 10 years of service, or (2) age plus service is at least 85 ("Rule of 85") (must be at least age 55 if became OSERS member on or after July 1, 2016 and before July 1, 2018 and must be at least age 60 if hired on or after July 1, 2018). The retirement benefit is calculated using the compensation for the three highest years' annual wages (highest five for those who became OSERS members on or after July 1, 2013), multiplied by the total years of service and the formula factor of 2.0 percent. The benefit amount is reduced under early retirement which is available at age 55 and 10





SECTION IV – NOTES TO FINANCIAL STATEMENTS

years of OPS service (age 60 and 5 years of service for those who became OSERS members on or after July 1, 2016). Benefits vest when the member has five or more years of creditable OPS service.

(4) Terms with respect to automatic postemployment benefit changes, including automatic COLAs and ad hoc COLAs: On January 3rd of each year a cost of living adjustment is made to each retirement benefit being paid. The COLA is 1.5 percent of the retirement benefit for those who became OSERS members prior to July 1, 2013 (1.0 percent of the retirement benefit for those who became OSERS members on or after July 1, 2013), not to exceed the increase in the Consumer Price Index over the members' years of retirement. If the Consumer Price Index has increased more than 1.5 percent and if the Board of Trustees determines that a supplemental COLA is prudent and actuarially permissible, then upon the recommendation of the Board of Trustees, the Board of Education may authorize a supplemental COLA payment.

In addition, a medical COLA may be granted. On October 3rd of each year, a medical cost of living adjustment is made, but only to members who have been retired at least 10 years as of September 1st. If the member had 20 or more years of service at retirement, the medical COLA begins at \$100 per month and then increases by \$10 per month for each additional year of retirement. If the member had less than 20 years of service, the medical COLA is calculated by multiplying the unreduced medical COLA by the fraction that results when the member's years of service are divided by twenty. Those who became OSERS members on or after July 1, 2016 are not eligible to receive a medical COLA.

(5) Authority under which benefit terms are established or may be amended: Benefit and contribution provisions are established by law and may be amended only by the Nebraska Legislature.





SECTION IV – NOTES TO FINANCIAL STATEMENTS

Paragraph 40(c): The data required regarding the membership of the System were furnished by the System. The following table summarizes the membership of the System as of January 1, 2024 (the Valuation Date). The January 1, 2024 valuation was used to determine the December 31, 2023 TPL.

Membership

| Number as of January 1, 2024 | |
|--|---------------|
| Inactive Members Or Their Beneficiaries Currently Receiving Benefits | 5,411 |
| Inactive Members Entitled To But Not Yet Receiving Benefits | 1,628 |
| Inactive Nonvested Members Entitled to a Refund of Member Contributions | 1,657 |
| Active Members | 6,713 |
| Total | 15,409 |

Paragraph 40(d):

- (1) **Basis for determining the employer’s contributions to the plan:** Pursuant to state statute, the School District contributes the greater of 101% of the member’s contribution rate of 9.78% (9.8778%) or an amount necessary to maintain the solvency of the System. An actuarial valuation is performed each year to determine the actuarial required contribution rate, based on the funding policy set by the Board of Trustees. If the School District’s statutory contribution is less than the amount necessary to maintain the solvency of the System (actuarial required contribution), the School District must contribute the difference by the end of the fiscal year (August 31).
- (2) **Identification of the authority under which contribution requirements of the employer and employees are established or may be amended:** Benefit and contribution provisions are established by law and may be amended only by the Nebraska Legislature.
- (3) **The contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period:**

Members: Each member contributes 9.78 percent of compensation.

Employer: The Omaha School District contributes the greater of:

- 1) 101 percent of the member contribution rate, or
- 2) An amount necessary to maintain the solvency of the System.

State Contributions: The state of Nebraska contributes 2.00 percent of the members’ compensation.





SECTION IV – NOTES TO FINANCIAL STATEMENTS

Amount of contributions recognized by the pension plan from the employer during the reporting period (only the total amounts recognized as additions to the plan's fiduciary net position are reflected here): For the fiscal year ending December 31, 2023, the System received \$77,762,451 in School District contributions and \$7,798,499 in contributions from the state of Nebraska.

Paragraph 40(e): Whether the pension plan issues a stand-alone financial report (or the pension plan is included in the report of a public employee retirement system or another government) that is available to the public and, if so, how to obtain the report: Standalone financial statements, prepared annually for the Omaha Schools Employees Retirement System, are available to the public at:

<https://www.ops.org/Page/1502>





SECTION IV – NOTES TO FINANCIAL STATEMENTS

Paragraph 41: This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TPL. The complete set of actuarial assumptions and other inputs utilized in developing the TPL are outlined in Appendix C. The TPL as of December 31, 2023 was determined based on an actuarial valuation as of January 1, 2024 using the following actuarial assumptions:

| | |
|---|---|
| Price Inflation | 2.55 percent |
| Wage Inflation | 3.05 percent |
| Salary increases, including price inflation | 3.05 to 6.45 percent |
| Long-term rate of return, net of investment expense, including price inflation | 7.20 percent |
| Municipal Bond Index Rate | 3.38 percent |
| Year FNP is projected to be depleted | N/A |
| Single Equivalent Interest Rate, net of investment expense, including price inflation | 7.20 percent |
| Cost-of-Living Adjustments | 1.50 percent for those who became OSERS members prior to July 1, 2013 1.00 percent for those who became OSERS members on or after July 1, 2013 Medical COLA of \$10/month for each year retired (max \$250/month), for those who became OSERS members prior to July 1, 2016 |
| Mortality | 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 Mortality Table projected generationally using the NPERS projection scale. |





SECTION IV – NOTES TO FINANCIAL STATEMENTS

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 this valuation were based on the results of the most recent actuarial experience study, which covered the four-year period ending December 31, 2020. The experience study report is dated December 6, 2021.

Paragraph 42:

(a): Discount rate (SEIR). The discount rate used to measure the TPL at December 31, 2023 was 7.20 percent. The discount rate used to measure the TPL at December 31, 2022 was 7.30 percent.

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

- a. Employee contribution rate: 9.78% of compensation.
- b. School District contribution rate: 101% of the employee contribution rate. In addition, if the statutory contribution rate is less than the actuarial determined contribution, the School District will contribute the difference.
- c. State contribution rate: 2% of the members' compensation.
- d. Administrative expenses for the current and future years were assumed to be 0.24% of the current members' proportionate share of covered payroll.

Based on those assumptions, the System's FNP was projected to be available to make all projected future benefit payments of current System members. Therefore, the long-term expected rate of return on System investments of 7.20% was applied to all periods of projected benefit payments to determine the TPL.

The FNP projections are based upon the System's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 68. As such, the FNP 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





SECTION IV – NOTES TO FINANCIAL STATEMENTS

actually run out of money, the financial condition of the System, or the System's ability to make benefit payments in future years.

(c): 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 the System's 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.

(d): Municipal bond rate. A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.38% on the Measurement Date.

(e): Periods of projected benefit payments. Projected future benefit payments for all current System members were projected through 2123.

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





SECTION IV – NOTES TO FINANCIAL STATEMENTS

| 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 | <u>7.5%</u> | 3.9% |
| Total | 100.0% | |

*Arithmetic mean, net of investment expenses

(g): Sensitivity analysis. This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the System, calculated using the discount rate of 7.20 percent, as well as the System's NPL calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

| | 1% Decrease (6.20%) | Current Discount Rate (7.20%) | 1% Increase (8.20%) |
|-------------------------|------------------------|----------------------------------|------------------------|
| Total Pension Liability | \$3,118,519,944 | \$2,760,000,889 | \$2,462,554,090 |
| Fiduciary Net Position | <u>1,580,277,697</u> | <u>1,580,277,697</u> | <u>1,580,277,697</u> |
| Net Pension Liability | \$1,538,242,247 | \$1,179,723,192 | \$882,276,393 |

Paragraph 43: OSERS' financial activity is accounted for on an economic-resources measurement focus using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to OSERS are recognized when due. The employer is required, by statute, to pay any additional amount above the statutory fixed contribution rate that is necessary to meet the full actuarially determined contribution for the plan year by August 31 of that year. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan provisions.

Effective January 1, 2017, the Nebraska Investment Council became responsible for managing the investments of OSERS. The market value of the investments will fluctuate as a result of interest rate changes and general economic conditions. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales





SECTION IV – NOTES TO FINANCIAL STATEMENTS

price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Limited partnership investments that do not have an established market are reported at estimated fair value.





SECTION IV – NOTES TO FINANCIAL STATEMENTS

Paragraph 44 (a) – (c): This paragraph requires a schedule of changes in NPL. The necessary information is provided in the table below for the fiscal year ended December 31:

| | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
|--|-----------------------------------|----------------------------------|---------------------------------------|
| Balances at December 31, 2022 | \$2,626,545,627 | \$1,421,886,185 | \$1,204,659,442 |
| Changes for the year: | | | |
| Service Cost at end of year | 50,891,653 | | 50,891,653 |
| Interest on TPL | 186,149,842 | | 186,149,842 |
| Benefit changes | 0 | | 0 |
| Differences between expected and actual experience | 23,033,151 | | 23,033,151 |
| Changes of assumptions | 29,220,983 | | 29,220,983 |
| Contributions – employer | | 77,762,451 | (77,762,451) |
| Contributions – State | | 7,798,499 | (7,798,499) |
| Contributions – member | | 42,900,373 | (42,900,373) |
| Net investment income | | 184,822,750 | (184,822,750) |
| Benefit payments, including member refunds | (155,840,367) | (155,840,367) | 0 |
| Administrative expense | | (903,317) | 903,317 |
| Other* | 0 | 1,851,123 | (1,851,123) |
| Net changes | <u>133,455,262</u> | <u>158,391,512</u> | <u>(24,936,250)</u> |
| Balances at December 31, 2023 | \$2,760,000,889 | \$1,580,277,697 | \$1,179,723,192 |

* Includes transfer of assets for State Service Annuity liabilities transferred to OSERS (\$1,776,582) and purchases of service (\$63,342).





SECTION IV – NOTES TO FINANCIAL STATEMENTS

Paragraph 44(d)(1): The Omaha School Employees' Retirement System has a special funding situation. By statute, the state of Nebraska contributes 2.0% of members' compensation to fund the benefits provided by the System. The School District contributes 101% of the employee contribution rate. In addition, if the statutory contribution rate is less than the actuarial determined contribution, the School District contributes the difference. To determine the proportionate share for both the State and the School District, we used a 30-year projection of contributions, discounted all contributions back to the Measurement Date using the current measurement period discount rate and found the ratio of the present value of future contributions. This methodology is consistent with GASB Statement 68, paragraph 97(a) which states the use of the governmental non-employer contributing entity's projected long-term contribution effort to the pension plan as compared to the total projected long-term contribution effort of all employers and all non-employer contributing entities to determine the governmental non-employer contributing entity's proportion is encouraged. Therefore, the State's proportionate share of the collective NPL at December 31, 2023 is $10.344080\% \times \$1,179,723,192$, or \$122,031,511.

(2): The employer's proportionate share of the collective NPL at December 31, 2023 is $89.655920\% \times \$1,179,723,192$, or \$1,057,691,681.

Paragraph 45:

(a): The Measurement Date of the NPL is December 31, 2023. The TPL as of December 31, 2023 was determined based upon an actuarial valuation performed as of the Valuation Date, January 1, 2024.

(b): There is a special funding situation since the state of Nebraska contributes 2.0% of members' compensation to fund the benefits provided by the System. The employer's proportion of the collective NPL, as of the current Measurement Date is 89.655920%, based on the present value of contributions over the next 30 years. This is a change from the Prior Measurement Date when the employer's proportion of the collective NPL was 90.155709%.

(c): There were a number of changes in the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the Prior Measurement Date. These changes are detailed in Appendix C of this report.

(d): There were no changes in the benefit terms that affected the measurement of the total pension liability since the Prior Measurement Date.

(e): There were no benefit payments in the measurement period attributable to the purchase of allocated insurance contracts.





SECTION IV – NOTES TO FINANCIAL STATEMENTS

(f): Based on the available information, the Omaha School Employees' Retirement System believes that there are no changes between the Measurement Date of the NPL (December 31, 2023) and the employer's reporting date (August 31, 2024) that are expected to have a significant effect on the NPL as of the measurement date. Employer contributions to OSERS that occurred from December 31, 2023 through August 31, 2024 may need to be booked in accordance with Paragraph 57.

(g): Please see Section III for the development of the PE.

(h): Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce PE, they are labeled Deferred Inflows of Resources. If they will increase PE, they are labeled Deferred Outflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are recognized over the average expected remaining service life of the active and inactive System members at the beginning of the measurement period. Investment gains and losses are recognized equally over a five-year period.

The following tables provide a summary of the amounts of the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (December 31, 2023). Per GASB 68, reporting of the differences between projected and actual earnings should be on a net basis, with only one Deferred Outflow or Inflow. This information is provided in the following table:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows/(Inflows) of Resources |
|---|-----------------------------------|----------------------------------|--|
| Differences between expected and actual experience | \$75,188,949 | \$2,565,538 | \$72,623,411 |
| Changes of assumptions | 38,623,658 | 0 | 38,623,658 |
| Differences between projected and actual earnings | 169,066,500 | 132,207,868 | 36,858,632 |
| Changes in proportion | <u>15,239,954</u> | <u>15,239,954</u> | <u>0</u> |
| Total | \$298,119,061 | \$150,013,360 | \$148,105,701 |





SECTION IV – NOTES TO FINANCIAL STATEMENTS

The following tables show the Deferred Outflows of Resources and Deferred Inflows of Resources separately to provide additional detail.

| Deferred Outflows of Resources | | | | | |
|--|-------------------|-------------------|------------------|-------------------|-------------------|
| | December 31, 2022 | Additions | Recognition | December 31, 2023 | |
| Differences between expected and actual experience | | | | | |
| FY 2018 Base | \$ 2,613,370 | \$ 0 | \$ 2,613,370 | \$ | 0 |
| FY 2019 Base | 0 | 0 | 0 | | 0 |
| FY 2020 Base | 888,047 | 0 | 338,090 | | 549,957 |
| FY 2021 Base | 27,430,834 | 0 | 7,605,592 | | 19,825,242 |
| FY 2022 Base | 46,473,815 | 0 | 10,451,383 | | 36,022,432 |
| FY 2023 Base | <u>0</u> | <u>23,033,151</u> | <u>4,241,833</u> | | <u>18,791,318</u> |
| Total | \$ 77,406,066 | \$ 23,033,151 | \$ 25,250,268 | \$ | 75,188,949 |
| Changes of assumptions | | | | | |
| FY 2018 Base | \$ 0 | \$ 0 | \$ 0 | \$ | 0 |
| FY 2019 Base | 0 | 0 | 0 | | 0 |
| FY 2020 Base | 0 | 0 | 0 | | 0 |
| FY 2021 Base | 0 | 0 | 0 | | 0 |
| FY 2022 Base | 19,073,455 | 0 | 4,289,383 | | 14,784,072 |
| FY 2023 Base | <u>0</u> | <u>29,220,983</u> | <u>5,381,397</u> | | <u>23,839,586</u> |
| Total | \$ 19,073,455 | \$ 29,220,983 | \$ 9,670,780 | \$ | 38,623,658 |
| Differences between projected and actual earnings | | | | | |
| FY 2019 Base | \$ 8,521,672 | \$ 0 | \$ 8,521,672 | \$ | 0 |
| FY 2020 Base | 0 | 0 | 0 | | 0 |
| FY 2021 Base | 0 | 0 | 0 | | 0 |
| FY 2022 Base | 232,466,438 | 0 | 63,399,938 | | 169,066,500 |
| FY 2023 Base | <u>0</u> | <u>0</u> | <u>0</u> | | <u>0</u> |
| Total | \$ 240,988,110 | \$ 0 | \$ 71,921,610 | \$ | 169,066,500 |
| Changes in proportion | | | | | |
| FY 2018 Base | \$ 11,521 | \$ 0 | \$ 11,521 | \$ | 0 |
| FY 2019 Base | 1,815,706 | 0 | 952,295 | | 863,411 |
| FY 2020 Base | 2,443,431 | 0 | 930,240 | | 1,513,191 |
| FY 2021 Base | 1,694,559 | 0 | 469,840 | | 1,224,719 |
| FY 2022 Base | 9,851,458 | 0 | 2,215,470 | | 7,635,988 |
| FY 2023 Base | <u>0</u> | <u>4,906,176</u> | <u>903,531</u> | | <u>4,002,645</u> |
| Total | \$ 15,816,675 | \$ 4,906,176 | \$ 5,482,897 | \$ | 15,239,954 |
| Total | \$ 353,284,306 | \$ 57,160,310 | \$ 112,325,555 | \$ | 298,119,061 |





SECTION IV – NOTES TO FINANCIAL STATEMENTS

| Deferred Inflows of Resources | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|----|----------|
| | December 31, 2022 | Additions | Recognition | December 31, 2023 | | |
| Differences between expected and actual experience | | | | | | |
| FY 2018 Base | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ | 0 |
| FY 2019 Base | 5,395,179 | 0 | 2,829,641 | 2,565,538 | | |
| FY 2020 Base | 0 | 0 | 0 | 0 | | |
| FY 2021 Base | 0 | 0 | 0 | 0 | | |
| FY 2022 Base | 0 | 0 | 0 | 0 | | |
| FY 2023 Base | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | | <u>0</u> |
| Total | \$ 5,395,179 | \$ 0 | \$ 2,829,641 | \$ 2,565,538 | | |
| Changes of assumptions | | | | | | |
| FY 2018 Base | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ | 0 |
| FY 2019 Base | 0 | 0 | 0 | 0 | | 0 |
| FY 2020 Base | 0 | 0 | 0 | 0 | | 0 |
| FY 2021 Base | 0 | 0 | 0 | 0 | | 0 |
| FY 2022 Base | 0 | 0 | 0 | 0 | | 0 |
| FY 2023 Base | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | | <u>0</u> |
| Total | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ | 0 |
| Differences between projected and actual earnings | | | | | | |
| FY 2019 Base | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ | 0 |
| FY 2020 Base | 7,907,273 | 0 | 4,744,365 | 3,162,908 | | |
| FY 2021 Base | 101,155,282 | 0 | 37,933,231 | 63,222,051 | | |
| FY 2022 Base | 0 | 0 | 0 | 0 | | 0 |
| FY 2023 Base | <u>0</u> | <u>82,278,636</u> | <u>16,455,727</u> | <u>65,822,909</u> | | <u>0</u> |
| Total | \$ 109,062,555 | \$ 82,278,636 | \$ 59,133,323 | \$ 132,207,868 | \$ | |
| Changes in proportion | | | | | | |
| FY 2018 Base | \$ 11,521 | \$ 0 | \$ 11,521 | \$ 0 | \$ | |
| FY 2019 Base | 1,815,706 | 0 | 952,295 | 863,411 | | |
| FY 2020 Base | 2,443,431 | 0 | 930,240 | 1,513,191 | | |
| FY 2021 Base | 1,694,559 | 0 | 469,840 | 1,224,719 | | |
| FY 2022 Base | 9,851,458 | 0 | 2,215,470 | 7,635,988 | | |
| FY 2023 Base | <u>0</u> | <u>4,906,176</u> | <u>903,531</u> | <u>4,002,645</u> | | |
| Total | \$ 15,816,675 | \$ 4,906,176 | \$ 5,482,897 | \$ 15,239,954 | \$ | |
| Total | \$ 130,274,409 | \$ 87,184,812 | \$ 67,445,861 | \$ 150,013,360 | \$ | |





SECTION IV – NOTES TO FINANCIAL STATEMENTS

- (i) (1): The following table provides the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (December 31, 2023) that will be recognized in PE in future years. **These amounts do not reflect the deferred recognition of changes in proportionate share, recognition of actual contributions that differ from the proportionate share, or employer contributions subsequent to the Measurement Period.**

| Year Ended August 31: | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows/(Inflows) of Resources |
|-----------------------|--------------------------------|-------------------------------|--|
| 2025 | \$95,707,616 | \$60,117,404 | \$35,590,212 |
| 2026 | 95,581,393 | 41,744,547 | 53,836,846 |
| 2027 | 71,244,678 | 16,455,727 | 54,788,951 |
| 2028 | 16,207,436 | 16,455,728 | (248,292) |
| 2029 | 4,137,984 | 0 | 4,137,984 |
| Thereafter | 0 | 0 | 0 |

(2): Not applicable.

(3): There are no Deferred Outflows of Resources that will be included as a reduction of the collective NPL.

(j): The state of Nebraska is a non-employer contributing entity in a special funding situation. Therefore, OPS should recognize the full amount of PE, but then recognize revenue equal to the State's proportionate share of the collective NPL times PE, or \$14,019,217, measured in conformity with paragraph 90 of GASB 68.





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

There are several tables of Required Supplementary Information (RSI) that need to be included in the System's financial statements:

Paragraphs 46(a) - (c): The required tables of schedules are provided in Appendix A.

Paragraph 47: Significant methods and assumptions used in calculating the Actuarially Determined Contributions, if any, should be presented as notes to the schedule required by paragraph 46(c). In addition, for each of the schedules required by paragraph 46, information should be presented about factors that significantly affect trends in the amounts reported.

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

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

2017: The 2016 session of the Nebraska Legislature enacted Legislative Bill 447 (LB 447), which changed the retirement provisions for those becoming OSERS members on or after July 1, 2016 to match the School Employees Retirement System of the State of Nebraska. Retirement eligibility for those becoming OSERS members on or after July 1, 2016 is set at 35 years of service, 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 those who became OSERS members on or after July 1, 2016.





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

Changes in actuarial assumptions and methods:

1/1/2024 valuation:

- The investment return assumption was lowered from 7.30% to 7.20%.
- The inflation assumption was lowered from 2.60% to 2.55%.
- The assumed interest rate credited on employee contributions was lowered from 2.60% to 2.55%.
- The general wage increase assumption was lowered from 3.10% to 3.05%.

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 UAAL was changed to reset the legacy UAAL over a 30-year period beginning on January 1, 2019. New layers of UAAL that occur in the future are also amortized over a 30-year period beginning on the valuation date.





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

1/1/2017 valuation:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The inflation assumption was lowered from 3.00% to 2.75%.
- The assumed interest rate credited on employee contributions was lowered from 3.00% to 2.75%.
- The general wage increase assumption was lowered from 4.00% 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 for females. Generational mortality improvements are modeled using the MP-2016 scale.
- Retirement rates were modified for both Certificated and Classified employees.
- The probability of electing a refund at termination was modified for Classified employees.
- Termination rates for Certificated employees were changed to be the same regardless of gender, and are purely service-based for both Certificated and Classified employees.
- The salary increase assumption was changed to a service-based assumption for both Certificated and Classified employees.
- The amortization of the UAAL was changed to a “layered” approach with new pieces of UAAL amortized over a 25-year period beginning on the valuation date. The legacy UAAL continues to be amortized on its current schedule.
- The valuation date changed from September 1 to January 1.





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

Method and assumptions used in calculations of Actuarially Determined Contributions.

The System is funded by statutory contribution rates for members, the School District and the state of Nebraska. If the statutory contribution rate is less than the Actuarially Determined Contribution, the School District must contribute the difference. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the valuation date that falls within the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent Measurement Date, December 31, 2023 (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 bases 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 on or after 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 percent |
| Salary increases, including price inflation | 3.10 to 6.50 percent |
| Long-term rate of return, net of investment expense, and including price inflation | 7.30 percent |
| Cost-of-Living Adjustments | 1.50 percent for those who became OSERS members prior to July 1, 2013 1.00 percent for those who became OSERS members on or after July 1, 2013 Medical COLA of \$10/month for each year retired (max \$250/month), for those who became OSERS members prior to July 1, 2016 |





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

Please see the information presented earlier in regard to Paragraph 47 for detailed information on the benefit changes and assumption changes that may have impacted the Actuarially Determined Contributions shown in the *Schedule of Employer Contributions*.





APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

Exhibit A

GASB 68 Paragraphs 46(a) – (b) SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY Fiscal Year Ended August 31 (December 31 for 2022 and After)

| | 2023 | 2022** | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost at end of year | \$50,891,653 | \$65,615,356 | \$46,028,450 | \$43,490,590 | \$42,354,378 | \$37,704,370 | \$37,821,192 | \$39,451,282 | \$38,242,041 | \$36,090,083 |
| Interest on TPL | 186,149,842 | 242,449,488 | 168,342,662 | 163,026,691 | 159,149,977 | 152,896,352 | 144,648,218 | 138,933,056 | 133,949,622 | 128,868,116 |
| Benefit changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Differences between expected and actual experience | 23,033,151 | 60,408,992 | 45,177,215 | 2,015,014 | (17,656,957) | 19,473,802 | 26,756,700 | 7,104,235 | (2,959,579) | 0 |
| Changes of assumptions | 29,220,983 | 24,792,632 | 0 | 0 | 0 | 0 | 141,347,798 | 0 | 0 | 0 |
| Other | 0 | 0 | 2,289,779 | 1,807,981 | 1,991,182 | 1,831,154 | 2,087,961 | 1,945,587 | 2,919,808 | 2,276,055 |
| Benefit payments, including member refunds | <u>(155,840,367)</u> | <u>(200,566,435)</u> | <u>(142,545,715)</u> | <u>(136,485,169)</u> | <u>(131,895,918)</u> | <u>(125,271,851)</u> | <u>(118,996,726)</u> | <u>(113,105,870)</u> | <u>(106,734,649)</u> | <u>(100,810,152)</u> |
| Net change in Total Pension Liability | \$133,455,262 | \$192,700,033 | \$119,292,391 | \$73,855,107 | \$53,942,662 | \$86,633,827 | \$233,665,143 | \$74,328,290 | \$65,417,243 | \$66,424,102 |
| Total Pension Liability - beginning | \$2,626,545,627 | \$2,433,845,594 | \$2,314,553,203 | \$2,240,698,096 | \$2,186,755,434 | \$2,100,121,607 | \$1,866,456,464 | \$1,792,128,174 | \$1,726,710,931 | \$1,660,286,829 |
| Total Pension Liability - ending (a) | \$2,760,000,889 | \$2,626,545,627 | \$2,433,845,594 | \$2,314,553,203 | \$2,240,698,096 | \$2,186,755,434 | \$2,100,121,607 | \$1,866,456,464 | \$1,792,128,174 | \$1,726,710,931 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions – employer | \$77,762,451 | \$83,340,516 | \$61,410,593 | \$57,032,992 | \$57,267,403 | \$55,563,681 | \$47,980,640 | \$33,903,096 | \$33,109,022 | \$31,913,386 |
| Contributions – State | 7,798,499 | 7,534,456 | 7,290,168 | 7,301,786 | 7,420,302 | 7,110,542 | 6,896,500 | 6,660,783 | 6,452,650 | 6,285,320 |
| Contributions – member | 42,900,373 | 53,323,641 | 36,890,867 | 35,295,109 | 35,614,301 | 36,326,868 | 34,882,933 | 33,763,586 | 32,583,648 | 31,596,601 |
| Net investment income | 184,822,750 | (157,713,930) | 290,971,058 | 118,828,855 | 31,298,187 | 85,794,483 | 73,216,821 | 15,374,507 | (51,214,081) | 153,981,699 |
| Benefit payments, including member refunds | (155,840,367) | (200,566,435) | (142,545,715) | (136,485,169) | (131,895,918) | (125,271,851) | (118,996,726) | (113,105,870) | (106,734,649) | (100,810,152) |
| Administrative expense | (903,317) | (1,155,025) | (952,326) | (890,237) | (1,086,870) | (865,431) | (1,383,340) | (1,289,432) | (813,867) | (897,400) |
| Other* | <u>1,851,123</u> | <u>3,382,012</u> | <u>2,289,311</u> | <u>1,841,734</u> | <u>3,159,361</u> | <u>1,843,864</u> | <u>2,089,867</u> | <u>2,082,980</u> | <u>3,002,628</u> | <u>2,304,998</u> |
| Net change in Plan Fiduciary Net Position | \$158,391,512 | (\$211,854,765) | \$255,353,956 | \$82,925,070 | \$1,776,766 | \$60,502,156 | \$44,686,695 | (\$22,610,350) | (\$83,614,649) | \$124,374,452 |
| Plan Fiduciary Net Position – beginning | \$1,421,886,185 | \$1,633,740,950 | \$1,378,386,994 | \$1,295,461,924 | \$1,293,685,158 | \$1,233,183,002 | \$1,188,496,307 | \$1,211,106,657 | \$1,294,721,306 | \$1,170,346,854 |
| Plan Fiduciary Net Position - ending (b) | \$1,580,277,697 | \$1,421,886,185 | \$1,633,740,950 | \$1,378,386,994 | \$1,295,461,924 | \$1,293,685,158 | \$1,233,183,002 | \$1,188,496,307 | \$1,211,106,657 | \$1,294,721,306 |
| Net Pension Liability - ending (a) - (b) | \$1,179,723,192 | \$1,204,659,442 | \$800,104,644 | \$936,166,209 | \$945,236,172 | \$893,070,276 | \$866,938,605 | \$677,960,157 | \$581,021,517 | \$431,989,625 |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 57.26% | 54.14% | 67.13% | 59.55% | 57.82% | 59.16% | 58.72% | 63.68% | 67.58% | 74.98% |
| Covered payroll | \$438,654,121 | \$545,231,503 | \$377,207,229 | \$360,890,685 | \$364,154,407 | \$371,440,368 | \$356,676,207 | \$345,230,941 | \$333,166,135 | \$323,073,630 |
| Employers' Net Pension Liability as a percentage of covered payroll | 268.94% | 220.94% | 212.11% | 259.40% | 259.57% | 240.43% | 243.06% | 196.38% | 174.39% | 133.71% |

* For 2023, other amounts include transfer of assets for State Service Annuity liabilities transferred to OSERS (\$1,776,582) and purchases of service (\$63,342).

** Results shown for the sixteen month period August 31, 2021 through December 31, 2022.





APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

Exhibit B

GASB 68 Paragraphs 46(c) SCHEDULE OF EMPLOYER CONTRIBUTIONS (\$ in Thousands)

Fiscal Year Ended August 31

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|
| Actuarially determined contribution | TBD | 72,213 | 61,457 | 59,466 | 55,501 | 54,211 | 55,526 | 50,777 | 31,004 | 28,161 |
| Employer statutory | TBD | 42,781 | 39,655 | 37,266 | 35,676 | 35,967 | 36,664 | 35,231 | 33,903 | 33,109 |
| Employer additional | <u>TBD</u> | <u>34,432</u> | <u>29,483</u> | <u>24,145</u> | <u>21,357</u> | <u>21,300</u> | <u>18,900</u> | <u>12,750</u> | <u>0</u> | <u>0</u> |
| Total contributions | TBD | 77,213 | 69,138 | 61,411 | 57,033 | 57,267 | 55,564 | 47,981 | 33,903 | 33,109 |
| Annual contribution deficiency (excess) | <u>TBD</u> | <u>(5,000)</u> | <u>(7,681)</u> | <u>(1,945)</u> | <u>(1,532)</u> | <u>(3,056)</u> | <u>(38)</u> | <u>2,796</u> | <u>(2,899)</u> | <u>(4,948)</u> |
| Covered payroll | TBD | 433,105 | 401,451 | 377,207 | 360,891 | 364,154 | 371,440 | 356,676 | 345,231 | 333,166 |
| Actual contributions as a percentage of covered payroll | TBD | 17.83% | 17.22% | 16.28% | 15.80% | 15.73% | 14.96% | 13.45% | 9.82% | 9.94% |





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Contributions

Employee Contributions: Employees contribute 9.78% of compensation, effective September 1, 2013. Such contributions are payable each year while employed. Contributions accumulated with interest are refundable at resignation unless the vested retirement benefit has been elected and at death unless the pre-retirement survivor's benefit has been elected.

State Contribution: The State contributes annually an amount equal to 2.0% of the members' compensation, effective July 1, 2014.

School District Contribution: The School District contributes the greater of (a) one hundred and one percent of the contributions by the employees or (b) such amount as may be necessary to maintain the solvency of the system, as determined annually by the board upon recommendation of the actuary engaged by the trustees.

Interest Credited on Refunds: Contributions made prior to September 1, 1951 and refunded at withdrawal or death are not credited with interest. Contributions after September 1, 1951 are credited with interest beginning September 1, 2016 at the rate equal to the daily treasury yield curve for one-year treasury securities, as published by the secretary of the treasury of the United States, that applies on September 1 of each year.

Benefits

General: The System provides annuities upon retirement from service or disability and upon death to designated survivors.

The service retirement formula is 2.0% per year of creditable service times the final average compensation.

Final average compensation is defined as 1/36 of the total compensation received during the three fiscal years of highest compensation for those who became members before July 1, 2013. For those who became members on or after July 1, 2013, final average compensation is defined as 1/60 of the total compensation received during the five fiscal years of highest compensation.

Annuities are paid for life, with 5 years guaranteed. Optional forms of payment are available.

The disability annuity, the pre-retirement survivor annuity and the vested retirement right are summarized in the following sections.

Benefits in pay status are subject to an annual cost of living adjustment equal to the lesser of 1.5% or CPI for those who became members before July 1, 2013. There is an additional COLA if surplus assets exist beginning January 1, 2000. Effective October 3, 2001, a medical cost of living adjustment is payable to retired members. Such amount will commence after the 10th year of retirement and shall be an amount equal to \$10 per month for each year retired (subject to a maximum of \$250 per month). The member's initial medical COLA amount will be prorated for years of service less than 20, but subsequent increases and the maximum are not prorated. For those who became members on or after July 1, 2013, the annual cost of living adjustment is capped at 1.0%.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Those who became members on or after July 1, 2016 are not eligible to receive the medical COLA benefit.

Retirement Annuities: An employee who became a member before July 1, 2016 may begin receiving a retirement benefit once the employee has left the employment of the School district, selected a retirement date and

- (a) has completed 35 years of creditable service,
or
- (b) has 10 years of creditable service (with at least five of those years being creditable Omaha service) and attained age 55,
or
- (c) remained employed until his or her 65th birthday and completed at least five years of creditable Omaha service.

If an employee who was a member before July 1, 2016 begins receiving an annuity at or after age 62, or has achieved 85 points and is at least age 55, there is no adjustment for the retirement annuity. If, however, such employee begins receiving an annuity before age 62, the annuity shall be reduced by 0.25% for each month prior to age 62, but if 84 points have been achieved then the reduction is limited to 3%, if 83 points, 6%, and 82 points, 9%.

An employee who became a member on or after July 1, 2016 and before July 1, 2018 may begin receiving a retirement benefit once the employee has left the employment of the School district, selected a retirement date and

- (a) has attained age 55 and the sum of the member's attained age and creditable service totals 85,
or
- (b) has 5 years of creditable service and attained age 60.

For employees who became members on or after July 1, 2016 and before July 1, 2018, if an employee begins receiving an annuity before age 65, such annuity shall be reduced by 0.25% for each month prior to age 65. If, however, the employee has achieved 85 points and is at least age 55, then there is no reduction to the annuity.

An employee hired on or after July 1, 2018 may begin receiving a retirement benefit once the employee has left the employment of the School district, selected a retirement date and

- (a) has attained age 60 and the sum of the member's attained age and creditable service totals 85,
or
- (b) has 5 years of creditable service and attained age 60.

For employees who were hired on or after July 1, 2018, if an employee begins receiving an annuity before age 65, such annuity shall be reduced by 0.25% for each month prior to age 65. If, however, the employee has achieved 85 points and is at least age 60, then there is no reduction to the annuity.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Disability Retirement Annuities: Each employee who becomes totally disabled and who has completed five or more years of creditable Omaha service is entitled to a disability retirement annuity equal to the amount of service annuity earned to date of disability. Alternatively, the employee may defer the disability retirement and accrue service and compensation increases in the interim. The disability retirement annuity is payable each month until disability ceases, if before unreduced retirement, or death.

Pre-Retirement Survivor Annuities: Upon the death of a member who has completed 20 or more years of creditable service and who has not retired, a pre-retirement survivor annuity shall be paid to the member's primary beneficiary. The survivor must be a spouse or one other person whose attained age in the calendar year of the member's death is no more than 10 years less than the attained age of the member in such calendar year. If there is no beneficiary form on file with OSERS, the member's spouse at the time of death is deemed to be the beneficiary and eligible for a pre-retirement survivor annuity. The survivor annuity is the actuarial equivalent of the member's annuity accrued to the date of death, determined on the basis of the member's and beneficiary's attained ages on said date. The survivor annuity is payable in lieu of a refund of the member's accumulated contributions. However, a member may elect out of the survivor annuity and specify that such a refund be paid in lieu of the annuity. An election out of the pre-retirement survivor annuity is entirely independent of the election of a joint and survivor option at retirement. Within 60 days after the member's death, the beneficiary may request a refund of the member's accumulated contributions instead of the annuity; provided, however, that the member may direct the System to pay only an annuity.

If the member (not retired) has less than 20 years of creditable service, or the beneficiary does not meet the requirements stated above, a refund of the member's accumulated contributions shall be paid.

Vested Retirement Right: Each employee who has completed five or more years of creditable Omaha service is eligible upon resignation to elect a deferred vested benefit, first payable as an unreduced amount at age 65, in lieu of a refund of his accumulated contributions. With ten or more years of total creditable service (including at least five years of creditable Omaha service), the deferred vested benefit could commence, unreduced, at age 62 for employees who became members before July 1, 2016. If benefits start before age 62 (but not earlier than attained age 55), the benefit shall then be reduced as described above.

For employees who became members on or after July 1, 2016 and before July 1, 2018, the deferred vested benefit could commence, unreduced, at age 65. If benefits start before age 65 (but not earlier than attained age 55), the benefit shall then be reduced as described above.

For employees who were hired on or after July 1, 2018, the deferred vested benefit could commence, unreduced, at age 65. If benefits start before age 65 (but not earlier than attained age 60), the benefit shall then be reduced as described above.





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Actuarial Assumptions

Long-Term Investment Return Assumption:

7.20% per annum, compounded annually, net of expenses.

Note: This assumption will decrease each year until reaching the ultimate rate of 7.00% in the 2025 valuation.

Inflation (CPI):

2.55% compounded annually.

Note: This assumption will decrease each year until reaching the ultimate rate of 2.35% in the 2025 valuation.

Assumed Interest Rate Credited on Employee Contributions:

2.55% compounded annually.

Note: This assumption will decrease each year until reaching the ultimate rate of 2.35% in the 2025 valuation.

Total Payroll Growth:

3.05% compounded annually.

Note: This assumption will decrease each year until reaching the ultimate rate of 2.85% in the 2025 valuation.

Mortality Rates:

Active members use the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the NPERS projection scale.

Retirees use the Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the NPERS projection scale.

Beneficiaries use the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the NPERS projection scale.

Disabled retirees use the Pub-2010 Non-Safety Disabled Retiree Mortality Table, without generational improvement.

Disability:

None assumed.





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Termination of Employment:
(prior to retirement eligibility)

Illustrative rates of termination are as follows:

Certificated:

| Percent Terminating | |
|---------------------|-------------|
| <u>Duration</u> | <u>Rate</u> |
| 1 | 10.00% |
| 5 | 8.00 |
| 10 | 4.50 |
| 15 | 2.50 |
| 20 | 1.25 |
| 25 | 1.00 |
| 30 | 0.75 |

Classified:

| Percent Terminating | | |
|---------------------|-------------|---------------|
| <u>Duration</u> | <u>Male</u> | <u>Female</u> |
| 1 | 10.00% | 13.00% |
| 5 | 6.00 | 8.00 |
| 10 | 2.65 | 4.00 |
| 15 | 1.60 | 1.75 |
| 20 | 1.00 | 0.80 |
| 25 | 0.50 | 0.50 |
| 30 | 0.50 | 0.50 |

Retirement Rates:

Early retirement rates are assumed to occur according to the schedule illustrated below:

Became members before July 1, 2016

| Certificated: | | Classified: | |
|----------------------|--------------|--------------------|--------------|
| <u>Age</u> | <u>Early</u> | <u>Age</u> | <u>Early</u> |
| 55 | 6% | 55 | 5% |
| 56 | 6 | 56 | 3 |
| 57 | 6 | 57 | 3 |
| 58 | 6 | 58 | 3 |
| 59 | 8 | 59 | 3 |
| 60 | 12 | 60 | 3 |
| 61 | 12 | 61 | 7 |

Became members on or after July 1, 2016

| Certificated: | | Classified: | |
|----------------------|--------------|--------------------|--------------|
| <u>Age</u> | <u>Early</u> | <u>Age</u> | <u>Early</u> |
| 60 | 12% | 60 | 3% |
| 61 | 12 | 61 | 7 |
| 62 | 12 | 62 | 7 |
| 63 | 12 | 63 | 7 |
| 64 | 12 | 64 | 7 |





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Unreduced retirement rates are assumed to occur according to the schedule illustrated below:

Became members before July 1, 2018

Certificated:

| <u>Age</u> | <u>1st Year Eligible</u> | <u>Ultimate</u> |
|------------|-------------------------------------|-----------------|
| 55 | 40% | |
| 56 | 40 | 40% |
| 57 | 40 | 20 |
| 58 | 40 | 20 |
| 59 | 40 | 20 |
| 60 | 30 | 20 |
| 61 | 22 | 20 |
| 62 | 22 | 25 |
| 63 | 25 | 20 |
| 64 | 25 | 25 |
| 65 | 40 | 30 |
| 66 | 40 | 40 |
| 67 | 40 | 40 |
| 68 | 40 | 35 |
| 69 | 100 | 35 |
| 70 | 100 | 100 |

Classified:

| <u>Age</u> | <u>1st Year Eligible</u> | <u>Ultimate</u> |
|------------|-------------------------------------|-----------------|
| 55 | 35% | |
| 56 | 13 | 10% |
| 57 | 13 | 10 |
| 58 | 13 | 10 |
| 59 | 13 | 10 |
| 60 | 13 | 10 |
| 61 | 13 | 10 |
| 62 | 18 | 15 |
| 63 | 18 | 15 |
| 64 | 18 | 15 |
| 65 | 18 | 35 |
| 66 | 18 | 35 |
| 67 | 18 | 30 |
| 68 | 18 | 30 |
| 69 | 18 | 25 |
| 70 | 100 | 25 |
| 71 | 100 | 25 |
| 72 | 100 | 25 |
| 73 | 100 | 25 |
| 74 | 100 | 25 |
| 75 | 100 | 100 |





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Members hired on or after July 1, 2018

Certificated:

| <u>Age</u> | <u>1st Year Eligible</u> | <u>Ultimate</u> |
|------------|-------------------------------------|-----------------|
| 60 | 40% | |
| 61 | 22 | 20% |
| 62 | 22 | 25 |
| 63 | 25 | 20 |
| 64 | 25 | 25 |
| 65 | 40 | 30 |
| 66 | 40 | 40 |
| 67 | 40 | 40 |
| 68 | 40 | 35 |
| 69 | 100 | 35 |
| 70 | 100 | 100 |

Classified:

| <u>Age</u> | <u>1st Year Eligible</u> | <u>Ultimate</u> |
|------------|-------------------------------------|-----------------|
| 60 | 30% | |
| 61 | 13 | 10% |
| 62 | 18 | 15 |
| 63 | 18 | 15 |
| 64 | 18 | 15 |
| 65 | 18 | 35 |
| 66 | 18 | 35 |
| 67 | 18 | 30 |
| 68 | 18 | 30 |
| 69 | 18 | 25 |
| 70 | 100 | 25 |
| 71 | 100 | 25 |
| 72 | 100 | 25 |
| 73 | 100 | 25 |
| 74 | 100 | 25 |
| 75 | 100 | 100 |

Deferred vested members are assumed to retire at first unreduced retirement age.





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Salary Scale:

Salaries are assumed to increase according to the schedule illustrated below:

| Duration | Annual Salary Increase | |
|----------|------------------------|------------|
| | Certificated | Classified |
| 0 | 5.15% | 6.45% |
| 1 | 5.15 | 5.30 |
| 2 | 5.15 | 5.05 |
| 3 | 5.15 | 4.80 |
| 4 | 5.15 | 4.55 |
| 5 | 5.15 | 4.45 |
| 6 | 5.15 | 4.35 |
| 7 | 5.15 | 4.25 |
| 8-9 | 5.15 | 4.05 |
| 10 | 5.15 | 5.15 |
| 11 | 5.15 | 4.05 |
| 12-14 | 5.15 | 3.55 |
| 15 | 5.80 | 5.55 |
| 16-19 | 5.00 | 3.55 |
| 20 | 5.30 | 5.05 |
| 21-23 | 4.10 | 3.55 |
| 24 | 4.55 | 3.55 |
| 25 | 6.05 | 5.05 |
| 26-29 | 3.30 | 3.30 |
| 30 | 4.05 | 5.05 |
| 31-34 | 3.30 | 3.05 |
| 35 | 4.05 | 3.55 |
| 36-39 | 3.05 | 3.05 |
| 40 | 3.80 | 4.05 |
| 41+ | 3.05 | 3.05 |

Note: The salary scale reflects a general wage growth assumption of 3.05% as of January 1, 2024. The general wage growth assumption, and therefore the salary scale, will decrease each year until reaching the ultimate rate of 2.85% in the 2025 valuation.

Pre-Retirement Survivor Annuity:

It is assumed that females are three years younger than males, and that 85% of members are married.

Probability of Electing a Refund:

The proportion of terminating vested members electing a refund of member contributions:

20% for Certificated members with less than 15 years of service.

10% for Certificated members with 15 or more years of service.

35% for Classified members with less than 11 years of service.

25% for Classified members with 11 or more years of service.





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

| | |
|------------------------------|---|
| Cost of Living Adjustments: | 1.5% if became member before 7/1/2013 1.0% if became member on or after 7/1/2013 |
| Inactive Vested Load | A 5% load on deferred monthly benefits is included to reflect that some inactive vested members' account balances are greater than the present value of their deferred benefit. |
| Administrative Expense: | 0.24% of payroll |
| Pop-up Benefit: | If a retired member has elected to receive a "pop-up" benefit, their benefit amount is assumed to increase by 10% in the event their beneficiary predeceases them. |
| Decrement Timing: | Middle of year |
| Valuation Salary Methodology | Valuation salaries are imputed using each member's contribution amount during the prior year. For members who did not work a full year, their salaries are annualized using current salary rates. Salaries are assumed to increase by 2.0% for members who have not yet finalized their contract negotiations as of the valuation date. This assumption did not impact any members in the January 1, 2024 valuation. |

