



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

June 27, 2022

Omaha School Employees' Retirement Systems  
Transition Board of Trustees  
Omaha, Nebraska

We have audited the financial statements of the Omaha School Employees' Retirement for the calendar year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 23, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Omaha School Employees' Retirement Systems are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during calendar year 2021. We noted no transactions entered into by the Omaha School Employees' Retirement System during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any significant estimates.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the discount rate used for the Omaha School Employees' Retirement System was set at 7.5% at August 31, 2021. The sensitivity of the net pension liability to changes in the discount rate is explained in Note 4 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following item is an uncorrected misstatement of the financial statements. Management has determined that the effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Due to an error in the allocation of investment activity to various funds managed by the Nebraska Investment Council, investments of the Omaha School Employees' Retirement Systems were overstated by \$1,843,208.

The following material misstatement detected as a result of audit procedures was corrected by management: Please see the APA's management letter, Comment and Recommendation #1, Financial Statement Misstatements, in which entry #2 related to the securities lending collateral and obligation amounts. The misstatement of over \$25 million was corrected by OSERS.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 21, 2021.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Omaha School Employees' Retirement System's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Omaha School Employees' Retirement System's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability, Schedule of Changes in Employer and Non-Employer Contributions, Schedule of Money-Weighted Rate of Returns, and Notes to the Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of Omaha School Employees' Retirement System pension trust fund of Douglas County School District #0001 and its management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Zachary Wells" with a horizontal flourish extending to the right.

Zach Wells, CPA, CISA  
Assistant Deputy Auditor