



Financial Statements
August 31, 2023

KIOS-FM Radio

A component Unit of Douglas County School District #0001
(A Public Telecommunications Entity Operated
by Douglas County School District #0001)

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and major fund of KIOS-FM Radio (a public telecommunications entity operated by Douglas County School District #0001) (KIOS), an aggregated fund 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 KIOS's basic financial statements as listed in the table of contents.

Qualified Opinions on the Governmental Activities

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 the governmental activities of KIOS, as of August 31, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of KIOS as of August 31, 2023, and changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 KIOS 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 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, eight months prior to KIOS's year end. Prior measurement periods were twelve-month periods, measured one year in arrears from KIOS's year end. 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 and is required to maintain the same relationship with the employer's fiscal year end from period to period. The amount by which this departure would affect the pension expenses of the governmental activities has not been determined.

Emphasis of Matter

As discussed in Note 1, the financial statements present only KIOS, and do not purport to, and do not, present fairly the financial position of the District as of August 31, 2023, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 KIOS'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 KIOS' 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 KIOS'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 management's discussion and analysis, the Schedule of KIOS' Proportionate Share of the Net Pension Liability and Schedule of Employer Contributions 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 GAAS, 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 KIOS's Proportionate Share of Net Pension Liability and Schedule of Employer Contributions. We do not express an opinion or provide any assurance on the information.

Management has omitted the budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 on our consideration of KIOS' 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 KIOS' 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 KIOS' internal control over financial reporting and compliance.

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

Omaha, Nebraska

March 27, 2024



Management's Discussion and Analysis

OVERVIEW

The government-wide financial statements include the financial activities of the overall government, whereas the fund financial statements provide information about specific funds, with the emphasis on major governmental funds.

REPORT COMPONENTS

This annual report consists of the following components:

- Financial Statements – The financial statements present information about KIOS that transpired during the fiscal year.
- Notes to 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 KIOS such as capital assets and organizational structure. The reader of the financial statements should make note of the information included in the notes.
- Required Supplementary Information – The required supplementary information provides additional information about KIOS's proportionate share of the District's net pension liability.

KIOS STATION MISSION

The mission of KIOS is to empower our community with quality local, national, and global content that challenges and connects people and furthers a deeper understanding of events, ideas, and cultures.

KIOS is Omaha Public Radio. Since our beginnings in 1969, we have provided to the audience programming that cannot be found on commercial radio and served as the educational extension of the Omaha Public Schools. KIOS broadcasts programming from National Public Radio, American Public Media, and Public Radio International along with locally produced shows. These programs represent the best in news, information, jazz, and entertainment.

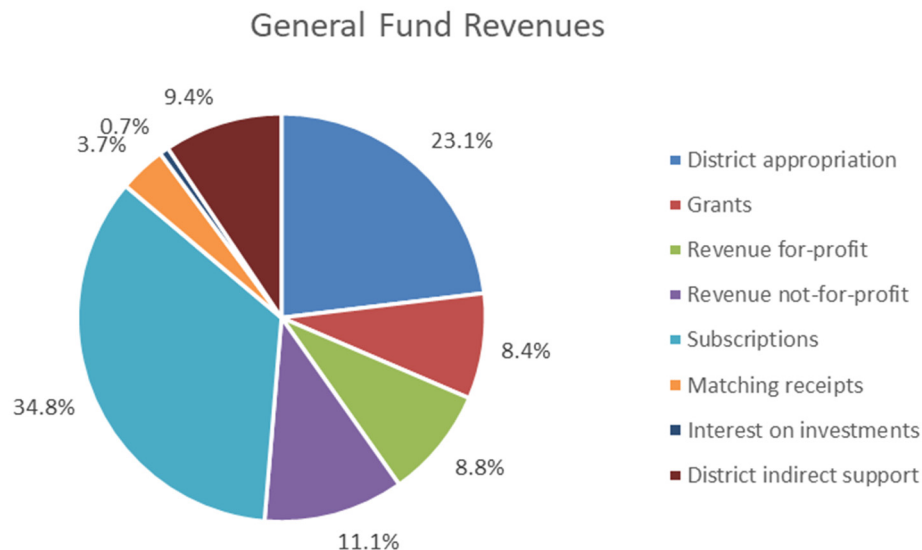
KIOS is Omaha's only NPR® Station.

GOVERNANCE ORGANIZATION AND RESPONSIBILITIES

KIOS is governed by the Board of Education (Board) of Douglas County School District #0001 (District). 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. This Board oversees the KIOS Station as part of the overall District.

FINANCIAL STRUCTURE

The operating funds of KIOS Radio are not supported by levying for property taxes. The revenue comes from five major sources, which are: grants from Corporation for Public Broadcasting 8%, District appropriations 23%, memberships and subscriptions 35%, donations from for-profit entities 9%, donations from not-for-profit entities 11% and District indirect support 9%. The remaining 4% is comprised of investment income and matching receipts.



- **District Appropriations:** The District appropriations for KIOS are a direct result of the expenditures that occur within the general fund of the District, for the operation of KIOS–FM radio station as an educational opportunity for students of the District.
- **Corporation for Public Broadcasting Grant:** This grant is received for the operation of the KIOS radio station.

- **Public Support:** KIOS solicits ongoing support from the general public, not-for-profits, and for-profit entities through the process of selling advertising space and an annual membership drive for new and existing memberships. These activities are accounted for in memberships and subscriptions, revenue from for-profit entities and not-for-profit entities on the Statement of Activities.
- **Income from Investments:** The cash on hand varies greatly throughout the year. In periods when cash is positive the surplus funds are invested in approved, secured, and liquid investments. Interest earned becomes KIOS revenue.

OPERATIONAL ACTIVITIES

The operational gross revenue for KIOS decreased by \$188,553, or 10.53%. The key component that contributed to the decrease is a reduction in district appropriation due to transmitter and antenna construction expense of \$200,000 in 2022. The following table illustrates the changes that occurred in fiscal year 2022-2023.

	Year Ended August 31,		Amount of	Percent
	2023	2022	Increase (Decrease)	Increase (Decrease)
Revenues				
District appropriation	\$ 372,484	\$ 554,489	\$ (182,005)	-32.82%
Grants	135,082	148,061	(12,979)	-8.77%
Revenue for-profit	141,570	159,169	(17,599)	-11.06%
Revenue not-for-profit	179,317	206,484	(27,167)	-13.16%
Subscriptions	553,277	537,926	15,351	2.85%
Matching receipts	56,772	49,841	6,931	13.91%
Interest on investments	11,829	1,083	10,746	992.24%
District indirect support	151,343	133,174	18,169	13.64%
Total general fund revenues	<u>\$ 1,601,674</u>	<u>\$ 1,790,227</u>	<u>\$ (188,553)</u>	-10.53%

During fiscal year 2023, the District's Indirect Support increased by \$18,169, or 13.64%. This is a result of an increase in the indirect cost percentage from 6.64% to 8.00%.

The operating expenditures for fiscal year 2023 decreased by \$265,061, or 12.82%. The following table illustrates the changes that occurred in 2022-2023.

	Year Ended August 31,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2023	2022		
Expenditures				
Broadcasting	\$ 117,598	\$ 583,807	\$ (466,209)	-79.86%
Programming	965,684	859,867	105,817	12.31%
Management	218,006	19,898	198,108	995.62%
Indirect expenditures	151,343	133,174	18,169	13.64%
Fundraising	212,673	343,737	(131,064)	-38.13%
Underwriting	132,499	124,965	7,534	6.03%
Capital Outlay	4,205	1,621	2,584	159.41%
Total general fund expenditures	<u>\$ 1,802,008</u>	<u>\$ 2,067,069</u>	<u>\$ (265,061)</u>	-12.82%

Indirect expenditures increased by \$18,169, or 13.64%. This is a result of an increase in the indirect cost percentage from 6.64% to 8.00%. Underwriting expenditures increased by \$7,534, or 6.03% and Fundraising expenditures decreased by \$131,064, or 38.13%. The increase in Underwriting expenditures was primarily due to increases costs associated with salaries and benefits for underwriting staff. The change in Fundraising expenditures was due to the 2022 transmitter expenditure of \$175,000 and in 2023, the \$44,000 increase in salaries and benefits for fundraising staff, the increase in the allowance for doubtful accounts for subscription revenues and other general expenditures.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

The following table illustrates the changes that occurred in Statement of Net Position items from 2022-2023.

Statement of Net Position				
	Year Ended August 31,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2023	2022		
Other Assets	\$ 737,019	\$ 1,374,332	\$ (637,313)	-46.37%
Capital Assets, net	16,766	20,325	(3,559)	-17.51%
Total Assets	753,785	1,394,657	(640,872)	-45.95%
Deferred Outflows of Resources	605,728	254,240	351,488	138.25%
Total Liabilities	\$ 1,869,183	\$ 1,569,619	\$ 299,564	19.09%
Deferred Inflows of Resources	13,855	183,242	(169,387)	-92.44%
Net Position	<u>\$ (523,525)</u>	<u>\$ (103,964)</u>	<u>\$ (419,561)</u>	403.56%

The most significant liability recognized in the financial statements is the net pension liability of \$1,669,288, which represents KIOS's proportionate share of the District's net pension liability. The net pension liability increased \$724,743, or 76.73%, in 2023. The increase in the net pension liability was due to negative market returns during calendar year 2022 decreasing net pension assets.

CAPITAL ASSETS

The following table illustrates KIOS' capital assets for the years ended August 31, 2022 and August 31, 2023.

	Year Ended August 31,		Amount of	Percent
	2023	2022	Increase (Decrease)	Increase (Decrease)
Equipment	\$ 11,695	\$ 16,735	\$ (5,040)	-30.12%
Computers	5,071	3,590	1,481	41.25%
Total	<u>\$ 16,766</u>	<u>\$ 20,325</u>	<u>\$ (3,559)</u>	11.14%

KIOS RADIO STATION CONTACT INFORMATION

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

Respectfully submitted by:

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Station Manager
KIOS-FM
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Shane T. Rhian
Chief Financial Officer
Department of General Finance
Omaha Public School District
3215 Cuming Street
Omaha, NE 68131-2024
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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).

KIOS-FM Radio
Statement of Net Position
August 31, 2023

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 516,904
Investments	85,560
Receivables (net of allowance for uncollectibles):	
Promises to give	118,473
Accrued interest	9
Prepaid items	16,073
Capital assets, net of accumulated depreciation, where applicable	
Equipment	11,695
Computers	5,071
	<u>16,766</u>
Total capital assets	<u>16,766</u>
Total assets	<u>753,785</u>
Deferred Outflows of Resources	
Pension plans	<u>605,728</u>
Liabilities	
Accounts payable and accrued liabilities	9,796
Accrued payroll liabilities	178,883
Unearned revenue	11,216
Long-term liabilities	
Due in more than one year, net pension liability	<u>1,669,288</u>
Total liabilities	<u>1,869,183</u>
Deferred Inflows of Resources	
Pension plans	<u>13,855</u>
Net Deficit	
Net investment in capital assets	16,766
Unrestricted	<u>(540,291)</u>
Total net deficit	<u><u>\$ (523,525)</u></u>

KIOS-FM Radio
Statement of Activities
Year Ended August 31, 2023

Functions/Programs	Expenses	Program Revenues			Net Expense and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental activities					
Radio broadcasting and programming	\$ 2,050,892	\$ -	\$ 1,619,502	\$ -	\$ (431,390)
General revenues					
Investment activity, net					11,829
Change in net position					(419,561)
Net deficit - beginning					(103,964)
Net deficit - ending					\$ (523,525)

KIOS-FM Radio
Balance Sheet - Governmental Fund
August 31, 2023

	General Fund
Assets	
Cash and cash equivalents	\$ 516,904
Investments	85,560
Receivables (net of allowance for uncollectibles)	
Promises to give	118,473
Accrued interest	9
Prepaid items	16,073
Total assets	<u>\$ 737,019</u>
Liabilities	
Accounts payable	\$ 9,796
Payroll liabilities	121,639
Unearned revenue	11,216
Total liabilities	<u>142,651</u>
Fund Balance	
Nonspendable	16,073
Unassigned	578,295
Total fund balance	<u>594,368</u>
Total liabilities and fund balances	<u>\$ 737,019</u>

KIOS-FM Radio
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
August 31, 2023

Total Fund Balance - Governmental Fund	\$ 594,368
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 fund.	16,766
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund.	591,873
Compensated absences included in accrued payroll liabilities represents amounts that are not payable in the current period, and, and therefore are not reported in the fund.	(57,244)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.	<u>(1,669,288)</u>
Net Position of Governmental Activities	<u><u>\$ (523,525)</u></u>

KIOS-FM Radio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
Year Ended August 31, 2023

	General Fund
Revenues	
District appropriation	\$ 372,484
Community service grants from the Corporation for Public Broadcasting	135,082
Underwriting revenues from for-profit entities	141,570
Underwriting revenues from not-for-profit entities	179,317
Gross marathon income, subscriptions, and memberships	553,277
Matching receipts	56,772
Interest on investments	11,829
District indirect support	151,343
Total revenues	<u>1,601,674</u>
Expenditures	
Current	
Broadcasting	117,598
Programming and production	965,684
Management and general	218,006
Indirect expenditures	151,343
Fundraising	212,673
Underwriting and grant solicitation	132,499
Capital outlay	4,205
Total expenditures	<u>1,802,008</u>
Net Change in Fund Balance	(200,334)
Fund Balance, Beginning of Year	<u>794,702</u>
Fund Balance, End of Year	<u>\$ 594,368</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
the Governmental Fund to the Statement of Activities
Year Ended August 31, 2023

Net Change in Fund Balance - Governmental Fund	\$ (200,334)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	(3,559)
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In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used.	(11,800)
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In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental fund, however, the contributions are reported as expense.	(203,868)
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Change in Net Position of Governmental Activities	\$ (419,561)
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Note 1 - Summary of Significant Accounting Policies

These financial statements present KIOS-FM Radio (KIOS), an aggregated fund of Douglas County School District #0001 (the District). The following is a summary of the significant accounting policies of KIOS. These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

KIOS is operated by the District and broadcasts in the Omaha metropolitan area. KIOS is governed by the Board of Education of the District and is included in the governmental funds of the District. The accompanying financial statements present only the financial position and changes in financial position of KIOS and do not intend to, and do not, present fairly the financial position of the District as of August 31, 2023, or the changes in its financial position for the year then ended in conformity with GAAP.

For financial reporting purposes, KIOS includes Friends of KIOS (blended component unit), a Nebraska not-for-profit tax-exempt organization affiliated with KIOS. Friends of KIOS is the only entity over which KIOS exercises oversight responsibility. The responsibility is exercised through the District's Board of Education and includes such duties as appointment of the board of directors and overseeing the investments made by management. The Friends of KIOS's financial data, which is made up of cash and investments, is included in the financial statements of KIOS.

Basis of Presentation

Government-Wide Financial Statements

KIOS's basic financial statements include both government-wide (reporting KIOS as a whole) and fund financial statements (reporting KIOS's major funds). The government-wide financial 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, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charges for service.

KIOS does not report any business-type or fiduciary activities.

Governmental Fund Financial Statements

The emphasis in fund financial statements is on the major funds in either the governmental, proprietary or fiduciary activity categories. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds by category are summarized into a single column as nonmajor governmental funds.

The financial transactions of KIOS are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. KIOS reports the following major governmental funds:

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

The financial transactions of KIOS are blended into the governmental funds of the District. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements for KIOS are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds for KIOS are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences and pension obligations which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

Cash and Cash Equivalents

KIOS’s cash and cash equivalents are maintained by the District where it is pooled with the District’s funds. KIOS’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. KIOS investments are maintained by the District where they are pooled with the District’s funds.

Promises to Give

Promises to give donations in the future are recognized at net realizable value. An allowance for uncollectible pledges is maintained at a balance which, in the opinion of management, is adequate to reflect the promises to give at the net realizable value. At August 31, 2023, the allowance for uncollectible promises to give amounted to \$14,500.

Prepaid Items

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

Capital Assets, Net

Capital assets purchased or acquired by KIOS, with a value over \$5,000, are reported at cost. Contributed assets are reported at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Equipment	5 years
Computers	3 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 the unamortized portion of the net difference between projected and actual earnings on pension investments, unrecognized items not yet charged to pension 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. 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 awarded annually on August 1 and days from prior years carry 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 (Note 4). Employees that have a balance of 10 days or less are paid the value of their days 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.

Pension

For the purpose 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 the Omaha School Employees' Retirement System (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.

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 unrecognized items not yet charged to pension expense.

Net Position

Net position of KIOS is classified in three components for government-wide presentation:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.
- Restricted net position results when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At August 31, 2023, KIOS has no restricted net position.
- Unrestricted net position is remaining net position that does not meet the definition of net investment in capital assets or restricted.

Fund Balances

Fund balance of KIOS is classified in the governmental fund 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 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 District 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 KIOS 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 District's highest decision making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regard to committed fund balances. The District management staff will have the overall responsibilities for monitoring these balances.
- Unassigned fund balance is the residual classification for the general fund. The general fund is the only fund to report a positive unassigned fund balance.

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

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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Friends of KIOS is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, and has received a determination letter stating that it is 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 Friends of KIOS's tax exempt status.

Note 2 - Deposits and Investments

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

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

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

The carrying value of deposits and investments at August 31, 2023, is as follows:

Deposits in financial institutions	\$ 516,904
Certificates of deposit	27,787
Equity securities - Weitz Value fund	57,272
Nebraska Liquid Asset Fund	501
	<u>501</u>
	<u>\$ 602,464</u>
Cash and cash equivalents	
Statement of net position	\$ 516,904
Investments	
Statement of net position	85,560
	<u>85,560</u>
	<u>\$ 602,464</u>

KIOS's bank accounts and investments are held by the District's agents in the District's name in accordance with state statutes. KIOS's deposits are included with other District deposits at local banks. The deposits were entirely insured by the FDIC or collateralized with securities in the name of the District.

The investments consist primarily of short-term certificates of deposit and investments in the NLAF. NLAF is similar in nature to a mutual fund. Its portfolio consists solely of instruments in which school entities are permitted to invest under Nebraska law.

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 follow the investment practices of the District.

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. The Friends of KIOS does not have a deposit policy for custodial credit risk. All deposits of KIOS were insured and fully collateralized.

Interest Rate Risk

It is the practice of Friends of KIOS to minimize credit risk and to avoid extreme fluctuations in both the market value and the income from investments. The Friends of KIOS currently has an investment in the Weitz Value fund. The cash composite of the fund was 3.7% of the investment balance as of August 31, 2023.

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 Value 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 Governmental Accounting Standards Board (GASB) Statement No. 72.

Note 3 - Capital Assets, Net

Capital asset activity for the year ended August 31, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated				
Equipment	\$ 505,907	\$ 8,447	\$ -	\$ 514,354
Computers	39,730	4,203	-	43,933
Total capital assets, being depreciated	545,637	12,650	-	558,287
Less accumulated depreciation for				
Equipment	489,172	13,487	-	502,659
Computers	36,140	2,722	-	38,862
Total accumulated depreciation	525,312	16,209	-	541,521
Total capital assets, being depreciated	20,325	(3,559)	-	16,766
Governmental Activities Capital Assets, Net	\$ 20,325	\$ (3,559)	\$ -	\$ 16,766

Depreciation expense of \$16,209 was charged to the radio broadcasting and programming function.

Note 4 - Accumulated Sick Leave

KIOS is under the umbrella of the District and is included as the District in the paragraph below:

In January 2006, the Board of Education approved 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.

Accumulated sick leave of \$57,244 is included in accrued payroll liabilities in the statement of net position. Payments for accumulated sick leave are made from the general fund.

Note 5 - Retirement System

Plan Description

The employees of KIOS are covered by OSERS. OSERS is a single-employer defined benefit retirement plan.

In accordance with Nebraska revised statutes, OSERS is governed by a 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.

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.

Contributions

Employees of KIOS 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 such amounts that may be necessary to maintain the solvency of OSERS. For the year ended August 31, 2023, an additional contribution of \$34,432,198 was made by the District, as recommended by the actuary, to maintain the solvency of OSERS. The State of Nebraska also contributes 2% of employees' compensation.

Total contributions for KIOS, including its proportionate share of additional amounts to maintain solvency, for the year ending August 31, 2023, amounted to \$118,693.

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 10 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 20 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. §79-978 (Reissue 2014, Cum. Supp. 2022) through 79-9,124 (Cum. Supp. 2022) known as the Class V School Employees Retirement Act.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2023, KIOS reported a liability of \$1,669,288 for its proportionate share of the net pension liability that reflected a reduction for the state of Nebraska support provided to OSERS. KIOS's 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 performed as of January 1, 2023. KIOS's proportion of the net pension liability was based on KIOS's share of contributions to the pension plan relative to the contributions of all District contributions to OSERS. At December 31, 2022, KIOS's proportion was 0.13861386%, an increase of 0.0205205% from its proportion measured at August 31, 2021.

By statute, the State of Nebraska contributes 2.0% of members' compensation to fund the benefits provided by OSERS. 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. KIOS recognized revenue in the amount of \$29,657 from the state of Nebraska for its proportionate share of collective pension expense for the year ended August 31, 2023.

KIOS's proportionate share of net pension liability	\$ 1,669,288
State of Nebraska's proportionate share of the net pension liability associated with KIOS	<u>182,273</u>
Total	<u><u>\$ 1,851,561</u></u>

For the year ended August 31, 2023, KIOS recognized pension expense of \$233,325. At August 31, 2023, KIOS 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
Differences between expected and actual economic experience	\$ 107,261	\$ 7,476
Changes in actuarial assumptions	26,430	-
Net collective difference between projected and actual investment earnings	182,809	-
Changes in proportion	187,130	6,379
Contributions paid subsequent to the measurement date	102,098	-
Total	<u>\$ 605,728</u>	<u>\$ 13,855</u>

Deferred outflows of resources related to pensions included \$102,098 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended August 31,	Pension Expense Amount
2024	\$ 121,352
2025	107,917
2026	119,898
2027	108,352
2028	32,256

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 using the following key actuarial assumptions:

Price Inflation	2.70%
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

Mortality rates for active members were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the NPERS projection scale. Mortality rates for retirees were based on the Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the NPERS projection scale. Mortality rates for beneficiaries were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the NPERS projection scale.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study dated December 6, 2021.

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, the previous measurement date, 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 on OSERS' investments 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 of KIOS, calculated using the discount rate of 7.30%, as well as KIOS net pension liability calculated using a discount rate that is 1 percentage-point lower (6.30%) or 1 percentage-point higher (8.30%) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Net pension liability	\$ 2,138,496	\$ 1,669,288	\$ 1,279,706

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 at www.osers.org.

Payable to the Pension Plan

At August 31, 2023, KIOS reported a payable to OSERS of \$4,852 for legally required employer contributions and \$5,010 for legally required employee contributions withheld from employee wages which had not yet been remitted to OSERS.

Note 6 - Fund balance

Components of fund balance at August 31, 2023, are as follows:

	<u>General Fund</u>
Fund Balances	
Nonspendable	
Prepaid items	<u>\$ 16,073</u>
Unassigned	<u>578,295</u>
Total Fund Balances	<u><u>\$ 594,368</u></u>

Note 7 - Indirect Support

District indirect support for the year ended August 31, 2023, consists of the following:

Administration (calculated using a state-approved indirect cost rate)	<u><u>\$ 151,343</u></u>
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Note 8 - Concentrations of Revenue

At August 31, 2023, District appropriations represented 23.3% of revenue while grants from the Corporation for Public Broadcasting represented 8.4% of revenue.

Note 9 - Commitments and Contingencies

Risk Management

KIOS is under the umbrella of the District and is included as the District in the paragraph below:

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 excess liability coverage insurance policy covering individual claims in excess of \$1,000,000 and releasing 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 year ended August 31, 2023.



Required Supplementary Information
August 31, 2023

KIOS-FM Radio

Schedule of KIOS' Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State of Nebraska's Proportionate Share (Amount) of the Net Pension Liability (Asset) (b)	Total (a+b) (c)	Employer's Covered-Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.1386%	\$ 1,669,288	\$ 182,273	\$ 1,851,561	\$ 535,543	311.70%	54.14%
2021	0.1181%	944,545	120,394	1,064,939	521,395	181.16%	67.13%
2020	0.1242%	1,162,574	143,378	1,305,952	460,218	252.61%	59.55%
2019	0.0117%	1,102,597	126,210	1,228,807	398,419	276.74%	57.82%
2018	0.1011%	903,088	113,226	1,016,314	417,735	216.19%	59.16%
2017	0.1006%	872,203	109,198	981,401	378,738	230.29%	58.72%
2016	0.0802%	543,626	110,070	653,696	381,654	142.44%	63.68%
2015	0.0922%	535,649	108,455	644,104	365,810	146.43%	67.58%
2014	0.0930%	401,712	81,336	483,048	361,204	111.21%	74.98%

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

KIOS-FM Radio
Schedule of Employer Contributions
Last 10 Fiscal Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Payroll (c)	Contributions as a Percentage of Covered- Payroll (b/c)
2023	\$ 118,693	\$ 118,693	\$ -	\$ 643,787	18.44%
2022	91,988	91,988	-	535,543	17.18%
2021	85,669	85,669	-	521,395	16.43%
2020	72,206	72,206	-	460,218	15.69%
2019	64,782	64,782	-	398,419	16.26%
2018	62,931	62,931	-	417,735	15.06%
2017	46,263	46,263	-	378,738	12.22%
2016	37,699	37,699	-	381,654	9.88%
2015	36,134	36,134	-	365,810	9.88%
2014	35,679	35,679	-	361,204	9.88%

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.
- Termination rates for certificated employees were changed to be the same regardless of gender, and are purely service-based for both certificated and classified employees.

- The salary increase assumption was changed to a service-based assumption for both certificated and classified employees.
- The amortization of the UAAL was changed to a “layered” approach with new pieces of UAAL amortized over a 25-year period beginning on the valuation date. The legacy UAAL continues to be amortized on its current schedule.
- The valuation date changed from September 1 to January 1.

9/1/2013 valuation:

- The one-year age set forward in mortality rates for active male employees was eliminated.
- Classified members’ retirement rates were adjusted.
- Vested certificated members’ assumption to elect a refund of contributions was adjusted at certain ages.
- The assumed interest rate credited on member contribution accounts was lowered from 7% to 3%.

Method and assumptions used in calculations of Actuarially Determined Contributions:

OSERS is funded by statutory contribution rates for members, the District and the state of Nebraska. 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	2.70%
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	



**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 Board of Education
KIOS-FM Radio
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 and major fund of KIOS-FM Radio (a public telecommunications entity operated by Douglas County School District #0001) (KIOS), an aggregated fund of the 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 KIOS's basic financial statements and have issued our report thereon dated March 27, 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 KIOS'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 KIOS's internal control. Accordingly, we do not express an opinion on the effectiveness of KIOS'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 KIOS'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*.

KIOS' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on KIOS' response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. KIOS' 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.



Omaha, Nebraska

March 27, 2024

Section I – Financial Statement Findings

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

Criteria: The design and operation of KIOS’ internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in KIOS’ 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 KIOS’ financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). KIOS 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 KIOS’ 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 KIOS’ 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 KIOS' 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.