AUDIT REPORT
OF THE
NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS – SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

PENSION TRUST FUNDS OF THE STATE OF NEBRASKA

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Issued on February 9, 2023

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

BACKGROUND

The Nebraska Public Employees Retirement Board (Board) was created in 1971 to administer Nebraska retirement plans for school employees, State employees, judges, and the State Patrol. The Board assumed administration of the retirement system for Nebraska county employees in 1973.

The Board has eight members appointed by the Governor, with legislative approval, to five-year terms. Six of the appointed members must be active or retired participants in the retirement system. Those six members include the following:

- Two participants in the Nebraska School Employees Retirement System, consisting of one administrator and one teacher;
- One participant in the Nebraska Judges Retirement System;
- One participant in the Nebraska State Patrol Retirement System;
- One participant in the Nebraska County Retirement System; and
- One participant in the State Employees Retirement System.

Two appointed members must meet the following requirements:

- Cannot be an employee of the State of Nebraska or any of its political subdivisions; and
- Must have at least 10 years of experience in the management of a public or private organization or at least 5 years of experience in the field of actuarial analysis or the administration of an employee benefit plan.

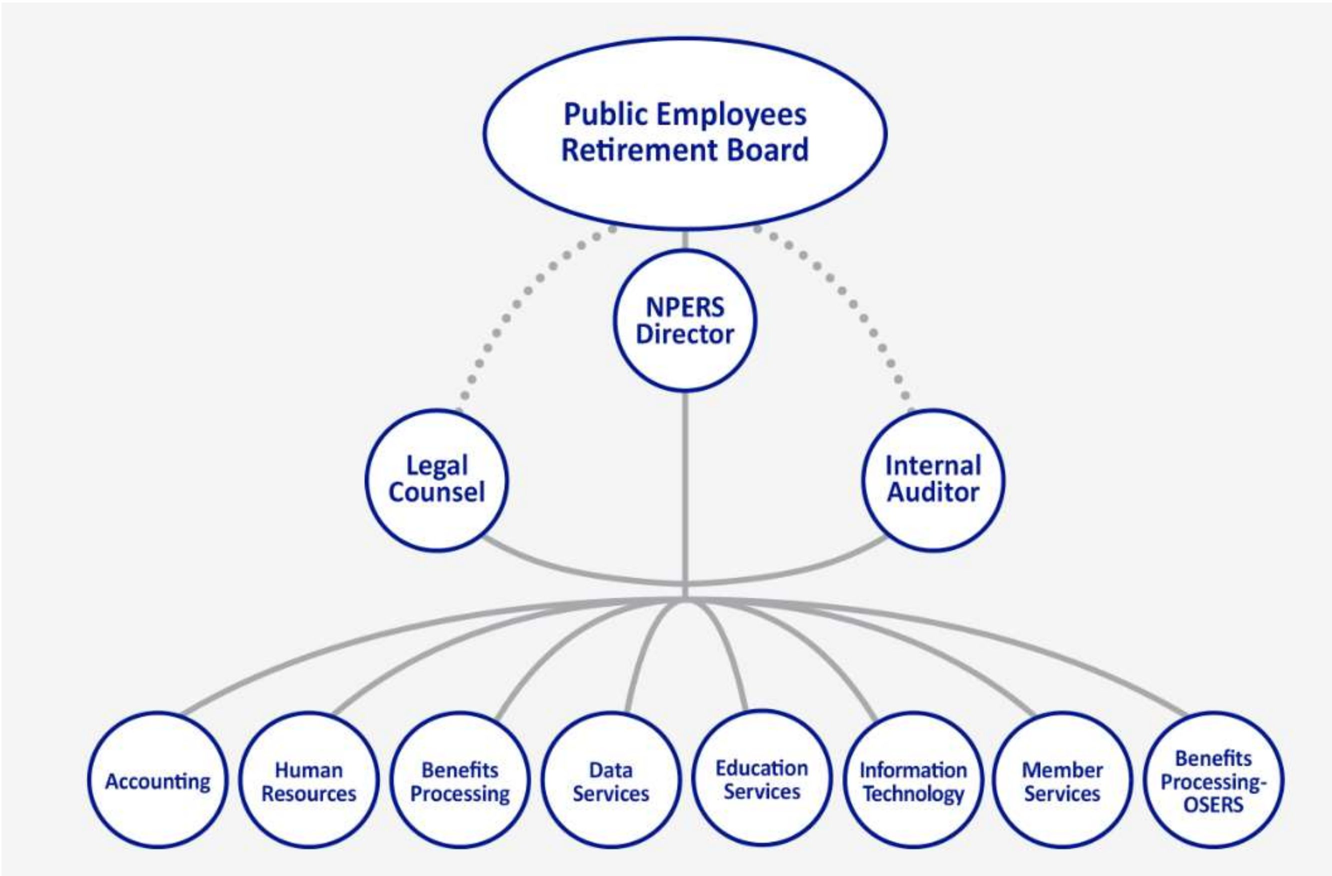
Furthermore, the State Investment Officer serves as a nonvoting, ex-officio Board member.

All appointed Board members must be Nebraska citizens. Members of the Board are paid $75 per diem and are reimbursed for actual and necessary expenses. The Board hires a director to manage the day-to-day operations. Expenses are to be equitably distributed among the retirement systems. All expenses must be provided from investment income earned by various retirement funds, unless other fund sources to pay expenses are specified by law.

MISSION STATEMENT

The Nebraska Public Employees' Retirement Systems recognizes the importance of a successful retirement and is dedicated to providing the highest quality service necessary to assist members in achieving this goal.

ORGANIZATIONAL CHART



KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Public Employees Retirement Board Members
As of June 30, 2022

Janis Elliott
Chairperson – School Member
Term Ending January 1, 2024

Kelli Ackerman
Vice Chair – School Member
Term Ending January 1, 2025

Allen Simpson
State Member
Term Ending January 1, 2025

Thomas Zimmerman
Judge Member
Term Ending January 1, 2026

Mike Jahnke
State Patrol Member
Term Ending January 1, 2023

Pamela Lancaster
County Member
Term Ending January 1, 2026
(Resigned on December 19, 2022)

Jim Schulz
Public Member
Term Ending January 1, 2027

Gerald Clausen
Public Member
Term Ending January 1, 2023

Michael W. Walden-Newman
Ex-Officio (State Investment Officer)

Nebraska Public Employees Retirement Systems Executive Management

Randy Gerke
Director

Orron Hill
Legal Counsel and
Deputy Director

Teresa Zulauf
Controller

Nebraska Public Employees Retirement Systems
1526 K Street, Suite 400
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Lincoln, NE 68509
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NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

INDEPENDENT AUDITOR'S REPORT

Nebraska Public Employees Retirement Board
Lincoln, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Fiduciary Net Position and the related Statement of Changes in Fiduciary Net Position of the Nebraska Public Employees Retirement Systems (NPERS) – School Employees, Judges, and State Patrol Retirement Plans, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the NPERS – School Employees, Judges, and State Patrol Retirement Plans' basic financial statements, as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the NPERS – School Employees, Judges, and State Patrol Retirement Plans, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NPERS – School Employees, Judges, and State Patrol Retirement Plans 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 audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the NPERS – School Employees, Judges, and State Patrol Retirement Plans are intended to present the financial position and the changes in financial position of only that portion of the State that is attributable to the transactions of the NPERS – School Employees, Judges, and State Patrol Retirement Plans. They do not purport to, and do not, present fairly the financial position of the State of Nebraska as of June 30, 2022, and the changes in its financial position for the year then ended in conformity 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 the NPERS – School Employees, Judges, and State Patrol Retirement Plans' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NPERS – School Employees, Judges, and State Patrol Retirement Plans' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NPERS – School Employees, Judges, and State Patrol Retirement Plans' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Schedule of Changes in School Districts' Net Pension Liability, Schedule of Changes in the Judges' Net Pension Liability, Schedule of Changes in the State Patrol's Net Pension Liability, Schedule of Employer and Non-Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information, on pages 31-45 herein, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted its Management Discussion and Analysis, 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the NPERS – School Employees, Judges, and State Patrol Retirement Plans' basic financial statements. The Schedule of Administrative Expenses and Schedule of Investment-Related Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Administrative Expenses and Schedule of Investment-Related Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Administrative Expenses and Schedule of Investment-Related Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023, on our consideration of the NPERS – School Employees, Judges, and State Patrol Retirement Plans' 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 NPERS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NPERS' internal control over financial reporting and compliance.

Zachary Wells

February 2, 2023

Zachary Wells, CPA, CISA
Assistant Deputy Auditor
Lincoln, Nebraska

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	School Employees	Judges	State Patrol
ASSETS			
Cash in State Treasury	$ 240,516	$ 151,425	$ 148,050
Deposits with Vendors	$ 863	$ -	$ -
Receivables			
Contributions	77,024,241	555,548	3,752,980
Interest & Dividend Income	30,393,051	473,539	1,048,856
Other Investment Receivables (Note 4)	753,160,304	11,726,263	26,013,983
Total Receivables	$ 860,577,596	$ 12,755,350	$ 30,815,819
Investments, at fair value (Note 4)			
Bank Loans	203,639,796	3,170,552	7,033,579
U.S. Treasury Notes and Bonds	595,660,985	9,274,091	20,573,723
U.S. Treasury Bills	55,128,115	858,312	1,904,087
Government Agency Securities	3,764,260	58,607	130,015
Corporate Bonds	1,350,571,676	21,027,606	46,647,822
International Bonds	90,450,601	1,408,263	3,124,102
Equity Securities	2,553,682,993	39,759,342	88,202,464
Private Equity	1,062,100,962	16,536,287	36,684,241
Options	(1,027,327)	(15,995)	(35,483)
Mortgages	689,623,615	10,737,034	23,819,128
Opportunistic Credit	13,058,849	203,319	451,044
Private Real Estate	1,001,352,978	15,590,477	34,586,047
Asset Backed Securities	206,760,347	3,219,137	7,141,361
Municipal Bonds	5,347,157	83,252	184,687
Commingled Funds	6,123,520,195	95,339,607	216,221,931
Short Term Investments	357,910,809	5,577,843	12,468,592
Total Investments	$ 14,311,546,011	$ 222,827,734	$ 499,137,340
Invested Securities Lending Collateral (Note 4)	$ 390,744,773	$ 6,083,666	$ 13,496,057
Capital Assets (Note 9)			
Equipment	4,791,804	65,649	65,649
Less: Accumulated Depreciation	(4,787,209)	(65,579)	(65,579)
Total Capital Assets, net	$ 4,595	$ 70	$ 70
TOTAL ASSETS	$ 15,563,114,354	$ 241,818,245	$ 543,597,336
LIABILITIES			
Compensated Absences Payable (Note 5)	248,574	3,552	6,892
Accounts Payable and Accrued Liabilities	13,625,721	190,172	394,972
Obligations under Securities Lending (Note 4)	390,744,773	6,083,666	13,496,057
Other Investment Payables (Note 4)	1,015,735,576	15,814,405	35,082,812
TOTAL LIABILITIES	$ 1,420,354,644	$ 22,091,795	$ 48,980,733
Fiduciary Net Position - Restricted for Pension Benefits	$ 14,142,759,710	$ 219,726,450	$ 494,616,603

The accompanying notes are an integral part of the financial statements.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	School Employees	Judges	State Patrol
ADDITIONS			
Contributions			
Member	$ 216,125,582	$ 2,126,926	$ 5,121,375
Employer			
Schools	216,059,310	-	-
Court Fees	-	3,716,356	-
State Patrol	-	-	5,121,375
State Appropriations	-	231,537	3,752,980
Non-Employer (Note 2)	46,307,188	-	-
Total Contributions	$ 478,492,080	$ 6,074,819	$ 13,995,730
Investment Income			
Net Appreciation/(Depreciation) in Fair Value of Investments	(1,432,420,744)	(22,317,273)	(50,270,912)
Interest & Dividends	196,947,809	3,081,651	6,989,167
Securities Lending Income	2,289,159	35,641	79,067
Total Investment Income	$ (1,233,183,776)	$ (19,199,981)	$ (43,202,678)
Investment Expense	(54,287,188)	(848,422)	(1,903,890)
Securities Lending Expense	(824,041)	(12,830)	(28,462)
Net Investment Income	$ (1,288,295,005)	$ (20,061,233)	$ (45,135,030)
Other Additions	$ 15,925	$ -	$ 17,061
Total Additions	$ (809,787,000)	$ (13,986,414)	$ (31,122,239)
DEDUCTIONS			
Benefits	717,554,059	12,668,823	24,343,401
Refunds of Contributions	17,831,665	-	1,888,119
Administrative Expense	3,329,242	71,616	111,359
Other Deductions (Note 6)	1,294,582	-	-
Total Deductions	$ 740,009,548	$ 12,740,439	$ 26,342,879
Net Increase/(Decrease) in Fiduciary Net Position	$ (1,549,796,548)	$ (26,726,853)	$ (57,465,118)
NET POSITION - RESTRICTED FOR PENSION BENEFITS:			
BEGINNING OF YEAR	$ 15,692,556,258	$ 246,453,303	$ 552,081,721
END OF YEAR	$ 14,142,759,710	$ 219,726,450	$ 494,616,603

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Nebraska Public Employees Retirement Systems (NPERS) – School Employees, Judges, and State Patrol Retirement Plans have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The Legislature created the Public Employees Retirement Board (Board) in 1971 to administer the existing Nebraska retirement systems. Currently, the Board is responsible for the administration of five retirement plans and the Deferred Compensation Plan. The five retirement plans administered are the School Employees, State Patrol, Judges, State Employees, and County Employees Retirement Plans.

The Board is comprised of eight members appointed by the Governor, with legislative approval, to five-year terms. Six of the appointed members must be active or retired participants in the retirement system. The six members include: two participants in the School Employees Retirement System, consisting of one administrator and one teacher; one participant in the Nebraska Judges Retirement System; one participant in the Nebraska State Patrol Retirement System; one participant in the Retirement System for Nebraska Counties; and one participant in the State Employees Retirement System. Two appointed members must meet the following requirements: 1) not be an employee of the State of Nebraska or any of its political subdivisions; and 2) have at least 10 years of experience in the management of a public or private organizations or have at least 5 years of experience in the field of actuarial analysis or the administration of an employee benefit plan. The State Investment Officer serves as a nonvoting, ex-officio member.

NPERS is a part of the State of Nebraska reporting entity. The five retirement plans and the Deferred Compensation Plan are classified as pension trust fund types in the State of Nebraska Annual Comprehensive Financial Report.

Separate reports have been issued for the State Employees and County Employees Retirement Plans for the calendar year ended December 31, 2021, and the Deferred Compensation Plan for the calendar year ended December 31, 2017.

The financial statements reflect only the School Employees, Judges, and State Patrol Retirement Plans and do not reflect all activity of the Nebraska Public Employees Retirement Systems.

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Pension funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Fiduciary Net Position.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

The School Employees, Judges, and State Patrol Retirement Plans' financial statements were prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when a liability is incurred. Employee and employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

D. Cash in State Treasury

Cash in the State Treasury represents the cash balance of a fund, as reflected in the State's General Ledger, and is under the control of the State Treasurer or other administrative bodies, as determined by law. This classification includes bank accounts and short-term investments. These short-term investments may have original maturities (remaining time to maturity at acquisition) greater than three months; however, cash is available and is considered cash for reporting purposes. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council, which maintains an operating investment pool for such investments. Interest earned on these investments is allocated to funds based on their percentage of the investment pool.

E. Investments

As reported in the financial statements, investments include long-term investments. Law or legal instruments may restrict these investments. All investments are stated at fair value based on quoted market prices. For investments where no readily ascertainable fair value exists, management has received an estimate of fair value from the investment fund manager based, in part, on real estate appraisals. The State Treasurer is the custodian of all funds; however, investment of funds is the responsibility of the Nebraska Investment Council.

Although the investments of the plans are commingled, each plan's investments may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

F. Capital Assets

Capital assets consist of computer software and equipment. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist.

Generally, equipment that has a cost in excess of $5,000 at the date of acquisition and an expected useful life of more than two years is capitalized. Equipment is depreciated over 5 to 10 years using the straight-line method.

G. Compensated Absences

All permanent employees working for NPERS earn sick and vacation leave. Temporary and intermittent employees and Board members are not eligible for paid leave. The liability has been calculated using the vesting method, in which leave amounts, for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination, are included.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Concluded)

NPERS' employees accrue vested vacation leave at a variable rate based on years of service. Generally, accrued vacation leave cannot exceed 35 days at the end of a calendar year. Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 180 days. There is no maximum limit on the accumulation of sick leave days for employees under certain labor contracts. Sick leave is not vested except upon death or upon reaching the retirement eligibility age of 55, or of a younger age if the employee meets all criteria necessary to retire under the primary retirement plan covering his/her State employment, at which time the State is liable for 25 percent of the employee's accumulated sick leave.

The plans recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at July 1, 2022, the date of the last actuarial valuation:

	School Employees	Judges	State Patrol
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	28,094	204	487
Members in Deferred Retirement Option Plan (DROP)	-	-	35
Inactive Plan Members Entitled to but not yet Receiving Benefits	7,028	4	25
Inactive Nonvested Members	20,166	-	17
Active Plan Members	43,586	143	388
	98,874	351	952

The Nebraska Public Employees Retirement Board (Board) was created in 1971 to administer the Nebraska retirement plans. The School Employees, Judges, and State Patrol Plans have been created in accordance with Internal Revenue Code Sections 401(a), 414(d), 414(h), and 414(k). Participants should refer to Neb. Rev. Stat. §§ 79-901 through 79-977.03 (Reissue 2014, Cum. Supp. 2022) for the School Employees Retirement Act, Neb. Rev. Stat. §§ 24-701 through 24-714 (Reissue 2016, Cum. Supp. 2022) for the Judges Retirement Act, and Neb. Rev. Stat. §§ 81-2014 through 81-2041 (Reissue 2014, Cum. Supp. 2022) for the State Patrol Retirement Act. Benefit and contribution provisions are established by State law and may be amended only by the Nebraska Legislature.

By State law, there is to be an equitable allocation of expenses among the retirement plans administered by the Board, and all expenses must be provided from the investment income earned by the various retirement funds. Following is a summary of the School Employees, Judges, and State Patrol Retirement Plans.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. Plan Descriptions and Contribution Information (Continued)

School Employees Retirement

Plan Description. The School Employees Retirement Plan is a cost-sharing, multiple-employer defined benefit pension plan. In 1945, the Legislature enacted the law establishing a retirement plan for school employees of the State. During fiscal year 2022, there were 263 participating school districts. These were the districts that had contributions during the fiscal year. All regular public school employees in Nebraska, other than those who have their own retirement plans (Class V school districts, Nebraska State Colleges, University of Nebraska, Nebraska Community Colleges), are members of the plan.

Normal retirement is at age 65. For an employee who became a member before July 1, 2013, the monthly benefit is equal to the greater of the following: 1) the sum of a savings annuity, which is the actuarial equivalent of the member's accumulated contributions and a service annuity equal to $3.50 per year of service; or 2) the monthly average of the three 12-month periods of service as a school employee in which such compensation was the greatest, multiplied by total years of creditable service, multiplied by a formula factor of two percent, and an actuarial factor based on age.

For an employee who became a member on or after July 1, 2013, the monthly benefit is equal to the greater of the following: 1) the sum of a savings annuity, which is the actuarial equivalent of the member's accumulated contributions and a service annuity equal to $3.50 per year of service; or 2) the average of the five 12-month periods of service as a school employee in which such compensation was the greatest, multiplied by total years of creditable service, multiplied by a formula factor of two percent, and an actuarial factor based on age.

Employees' benefits are vested after five years of plan participation or when termination occurs at age 65 or later. Vested members are eligible to receive an unreduced retirement benefit at age 65.

A member's age will determine eligibility to begin receiving a monthly benefit and if those benefits are reduced or unreduced. Benefit calculations vary with early retirement. At ages 55 to 64, members who are in tier one, two, or three may qualify to receive unreduced benefits under the "Rule of 85" if the member's attained age plus creditable service equals 85 or greater. At ages 60 to 64, members may qualify to receive unreduced benefits under the tier four "Rule of 85" if the member's attained age plus creditable Service equals 85 or greater.

For school employees who became members prior to July 1, 2013, the benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment, which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or two and one-half percent. The current benefit paid to a retired member or beneficiary is adjusted so that the purchasing power of the benefit being paid is not less than 75 percent of the purchasing power of the initial benefit.

For school employees who became members on or after July 1, 2013, the benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment, which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or one percent. There is no purchasing power floor for employees who fall under this tier.

Contributions. The State's contribution is based on an annual actuarial valuation. In addition, the State contributes an amount equal to two percent of the compensation of all members. This contribution is considered a non-employer contribution since school employees are not employees of the State. The employee contribution was equal to 9.78 percent of compensation from July 1, 2021, to June 30, 2022. The school district (employer) contribution is 101 percent of the employee contribution.

2. Plan Descriptions and Contribution Information (Continued)

Judges Retirement

Plan Description. The Judges Retirement Plan is a single-employer defined benefit pension plan, which was established by the 1955 Legislature. The membership includes judges and associate judges employed by the State for the Supreme Court, Court of Appeals, District Courts, Workers' Compensation Court, County Courts, and Juvenile Courts.

Normal retirement is at age 65. For an employee who became a member before July 1, 2015, the monthly benefit is calculated using the average monthly compensation for the three 12-month periods of service as a judge in which compensation was the greatest. For an employee who became a member on or after July 1, 2015, the monthly benefit is calculated using the average monthly compensation for the five 12-month periods of service as a judge in which compensation was the greatest or, in the event of a judge serving less than five 12-month periods, the average monthly compensation for such judge's period of service. Once compensation is determined, it is multiplied by the total years of service and the formula factor of 3.5 percent, subject to a maximum of 70 percent of the final average salary. The calculation varies with early retirement.

Members may begin drawing early reduced benefits prior to age 65. Members may retire as early as age 55. If a member retires before attaining age 62, the early retirement benefit will be reduced using an actuarial factor based on age. If the member is at least age 62 but not yet 65, the benefit will have a 3% reduction for each year the attained age is less than 65.

A member whose service is terminated prior to age 65 may have the total amount of member contributions made to the fund, plus regular interest, returned.

The benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment. For an employee who became a member prior to July 1, 2015, the cost-of-living adjustment is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or two and one-half percent. The current benefit paid to a retired member or beneficiary is adjusted so that the purchasing power of the benefit being paid is not less than 75 percent of the purchasing power of the initial benefit.

For an employee who became a member on or after July 1, 2015, the cost-of-living adjustment is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or one percent. Additionally, if the annual actuarial report indicates the plan is fully funded with a sufficient actuarial surplus, the retirement board has the authority to issue a supplemental lump-sum cost-of-living adjustment for that year. The supplemental cost-of-living adjustment cannot exceed one and one-half percent. There is no purchasing power floor for employees who fall under this tier.

Contributions. The plan is funded by members' contributions, a portion of the court fees, and the State's contributions. A six-dollar fee for each case is collected from District and County Courts, Juvenile Courts, the Workers' Compensation Court, the Supreme Court, and the Court of Appeals, plus a 10 percent charge on certain fees collected in the County Courts. In addition, in 2021, LB 17 increased the amount of County Court docket fees to be collected for the Judges Retirement Plan from four dollars to six dollars through June 30, 2021, to eight dollars for July 1, 2021, through June 30, 2022, to nine

2. Plan Descriptions and Contribution Information (Continued)

dollars for July 1, 2022, through June 30, 2023, to ten dollars for July 1, 2023, through June 30, 2024, to eleven dollars for July 1, 2024, through June 30, 2025, and to twelve dollars beginning July 1, 2025. The State's contribution is based on an annual actuarial valuation. Members, who entered the plan between July 1, 2004, and June 30, 2015, and those active members who elected within 90 days of July 1, 2004, contribute nine percent of their monthly salary until the maximum benefit has been earned. After earning the maximum benefit, members contribute five percent of their monthly salary for the remainder of their active service. All other members contribute seven percent of their monthly salary until the maximum benefit has been earned. After earning the maximum benefit, those members contribute one percent of their monthly salary for the remainder of their active service. Members entering the plan on or after July 1, 2015, contribute 10 percent of their monthly salary.

State Patrol Retirement

Plan Description. The State Patrol Retirement Plan is a single-employer defined benefit pension plan, which was created in 1947 for officers of the patrol. The plan includes two tiers of benefits, based on when members joined the plan. Tier one members joined the plan prior to July 1, 2016. Tier two members joined the plan on or after July 1, 2016.

The benefits are based on a percentage of the final average salary multiplied by years of service, not to exceed 75 percent of the final average salary.

Members must be vested in order to be eligible for a monthly benefit. Vesting occurs on an incremental basis based on years of service. Members with less than six years are not vested. At six years, members are 20% vested. The vesting percentage increases 20% for each additional year of service credit until reaching 100% in ten years.

To be eligible for an unreduced benefit, members may have 30 or more years of service at any age, members may terminate with 25 or more years of service at age 50, or members may have 10 or more years of service at age 55. Vested members with less than 25 years of service may draw a reduced benefit at age 50.

For tier one members, normal benefits are calculated using the average monthly salary for the three 12-month periods of service in which compensation was the greatest multiplied by years of service and the formula factor of three percent. The benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment that is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or two and one-half percent. The current benefit paid to a retired member or beneficiary is adjusted so that the purchasing power of the benefit being paid is not less than 60 percent of the purchasing power of the initial benefit.

For tier two members, normal benefits are calculated using the average monthly salary for the five 12-month periods of service in which compensation was the greatest multiplied by years of service and the formula factor of three percent. The benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment that is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or one percent. If the plan is fully funded, the Public Employees Retirement Board may elect to issue a supplemental lump-sum cost-of-living payment for that year, not to exceed one and one-half percent. There is no purchasing power floor for tier two members.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. Plan Descriptions and Contribution Information (Concluded)

Contributions. Tier one members are required to contribute 16 percent of their annual pay. Tier two members are required to contribute 17 percent of their annual pay. The State Patrol's (employer) contribution is 16 percent and 17 percent of the employee's annual pay, respectively. The State's contribution is based on an annual actuarial valuation.

Deferred Retirement Option Plan (DROP). Neb. Rev. Stat. § 81-2041 (Cum. Supp. 2022) established the Patrol DROP effective September 1, 2008. The DROP is a voluntary deferred retirement plan that a member can enter between the ages of 50 and 60, with 25 years of service. The DROP is only available to tier one members. Upon choosing to participate in DROP, the member is deemed to have retired; however, the member continues in active employment for up to a five-year period with no retirement contributions withheld from his or her paychecks. Upon entering DROP, the individual's monthly benefit is calculated and paid into an Internal Revenue Code (IRC) § 414(k) Deferred Compensation Plan (DCP), held by the record keeper, Ameritas. After the member retires (60 years of age) or has been in DROP for five years, whichever occurs first, the member then has the option to receive a lump sum payment and/or rollover the funds in the DCP account to another qualified plan. Thereafter, future retirement benefit payments are made directly to the member.

The balance of the DROP at June 30, 2022, was $4,812,281.

3. Funded Status and Funding Progress

The components of the net pension liability for the plans at July 1, 2022, the most recent actuarial valuation date, were as follows:

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a-b) Net Pension Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
School	$ 14,958,362,275	$ 14,142,759,710	$ 815,602,565	94.55%
Judges	$ 225,647,081	$ 219,726,450	$ 5,920,631	97.38%
State Patrol	$ 567,483,653	$ 494,616,603	$ 72,867,050	87.16%

The key actuarial assumptions, as of the latest actuarial valuation date, are as follows:

3. Funded Status and Funding Progress (Continued)

	School Employees	Judges	State Patrol
Valuation date	July 1, 2022	July 1, 2022	July 1, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll, Closed	Level Percent of Payroll, Closed	Level Percent of Payroll, Closed
Single equivalent amortization period	5 Years	25 Years	16 Years
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:			
Inflation	2.55%	2.55%	2.55%
Investment rate of return, net of investment expense and including inflation	7.20%	7.20%	7.20%
Projected salary increases, including inflation	3.05% - 13.05%	3.30%	3.05% - 8.55%
Cost-of-living adjustments (COLA)	2.10% with a floor benefit equal to 75% purchasing power of original benefit*	2.10% with a floor benefit equal to 75% purchasing power of original benefit**	2.10% with a floor benefit equal to 60% purchasing power of original benefit***

*1% and no floor benefit for members joining on or after July 1, 2013
**1% and no floor benefit for members joining on or after July 1, 2015
***1% and no floor benefit for members joining on or after July 1, 2016

The School Employees, Judges, and State Patrol Plans' pre-retirement mortality rates were based on the Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.

The School Employees, Judges, and State Patrol Plans' post-retirement mortality rates for retirees were based on the Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.

The School Employees, Judges, and State Patrol Plans' post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members (Above Median) Contingent Survivor Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.

3. Funded Status and Funding Progress (Continued)

The School Employees, Judges, and State Patrol Plans' disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table (Static Table).

The actuarial assumptions used in the July 1, 2022, valuations for the School Employees, Judges, and State Patrol Plans are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2019. The experience study report is dated December 21, 2020.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The School Employees, Judges, and State Patrol Plans commingle their investments; thus, the target allocations are the same for each of the plans. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of the most recent experience study (see the discussion of the pension plans' investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Equity	27.0%	4.5%
Global Equity	19.0%	5.3%
Non-U.S. Equity	11.5%	5.8%
Fixed Income	30.0%	0.7%
Private Equity	5.0%	7.4%
Real Estate	7.5%	4.2%
Total	100.00%	

*Arithmetic mean, net of investment expenses.

Discount Rate. The discount rate used to measure the Total Pension Liability at June 30, 2022, was seven-and-two-tenths percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2015, through June 30, 2019. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate, and contributions from employers and non-employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2121.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the plans calculated using the discount rate of seven-and-two-tenths percent, as well as what the plans' net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (six-and-two-tenths percent) or one percentage point higher (eight-and-two-tenths percent) than the current rate.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. Funded Status and Funding Progress (Concluded)

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Net Pension Liability/(Asset):			
School	$ 2,905,436,141	$ 815,602,565	$ (899,921,535)
Judges	$ 29,597,832	$ 5,920,631	$ (14,306,494)
State Patrol	$ 151,243,373	$ 72,867,050	$ 9,271,887

4. Investments

Investments. Listed below is a summary of the investment portfolio that comprises the Investments on the Statements of Fiduciary Net Position. Neb. Rev. Stat. § 72-1239.01(3) (Cum. Supp. 2022) directs the appointed members of the Nebraska Investment Council to do the following:

> *[A]ct with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by diversifying the investments of the assets of the retirement systems . . . .*

The table below presents all investments stated at fair value using valuation techniques to measure fair value, followed by a table presenting investments at fair value for financial statement purposes, with debt securities presented with effective duration stated in years.

The Plans utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Plans have the ability to access at the measurement date. Instruments categorized in Level 1 consist primarily of a broadly traded range of equity and debt securities.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset.

Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value using discounted cash flows and other income valuation approaches.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

Plan Investments at June 30, 2022, at Fair Value Measurement Using:

	Fair Value	Level 1	Level 2	Level 3
Debt Securities				
Bank Loans	$ 213,843,927	$ -	$ 213,843,927	$ -
U.S. Treasury Notes and Bonds	625,508,799	-	625,508,799	-
U.S. Treasury Bills	57,890,514	-	57,890,514	-
Government Agency Securities	3,952,882	-	3,952,882	-
Corporate Bonds	1,418,247,104	-	1,418,247,104	-
International Bonds	94,982,966	-	94,982,966	-
Asset Backed Securities	217,120,845	-	215,588,401	1,532,444
Short-Term Investments	375,956,081	19,133,303	356,822,778	-
Commingled Debt	910,941,126	821,083,304	89,857,822	-
Mortgages	724,179,777	-	724,179,777	-
Municipal Bonds	5,615,096	-	5,615,096	-
	4,648,239,117	840,216,607	3,806,490,066	1,532,444
Other Investments				
Commingled Funds	5,524,140,607	1,976,719,496	3,547,421,111	-
Private Equity	131,968	131,968	-	-
Equity Securities	2,681,644,799	2,678,057,676	3,587,123	-
Options	(1,078,805)	(241,223)	(837,582)	-
Total Investments	$ 12,853,077,686	$ 5,494,884,524	$ 7,356,660,718	$ 1,532,444
Investments Measured at the Net Asset Value (NAV):		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Real Estate Funds:				
Core	$ 766,589,737	$ -	Quarterly	90 days
Non-Core	284,939,765	218,631,030		
Opportunistic Credit	13,713,212	21,245,047		
Private Equity Funds	1,115,189,522	419,956,588		
Short-Term Investment Funds	1,163	-		
Total Investments Measured at Net Asset Value	$ 2,180,433,399	$ 659,832,665		
Total	$ 15,033,511,085			
Securities Lending Collateral	410,324,496			
Total Investments at Fair Value	$ 15,443,835,581			

Debt securities and other investments classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities and other investments classified in Level 2 are valued using the following approaches:

- U.S. Treasury Notes and Bonds, Government Agency Securities, and Short-Term Investments: quoted prices for identical securities in markets that are not active.
- Corporate, International, Municipal Bonds, and Equity Securities: quoted prices for similar securities in active markets.

4. Investments (Continued)

- Asset Backed Securities, Bank Loans, and Mortgages: matrix pricing, based on accepted modeling and pricing conventions, of the securities' relationship to benchmark quoted prices.

- Commingled Funds: published fair value per share (unit) for each fund.

Debt securities and other investments, including Asset-Backed Securities, Corporate Bonds, and Mortgages, classified in Level 3, are valued using unobservable inputs, such as reviews, recommendations and adjustments made by portfolio management, or the use of internal data to develop unobservable inputs if there is no objective information available without incurring undue cost and effort.

Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) have not been categorized in the fair value hierarchy. The fair value amounts at NAV presented in the above table are intended to permit reconciliation of the fair value hierarchy to the amount presented on the Statements of Fiduciary Net Position. Investments valued using the net asset value per share are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Plans value these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions. The NAV table also presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the Plans' alternative investments. Investments measured by NAV are either short term in nature or intended to be held to maturity. Therefore, they do not bear a significant risk of being sold at amounts different than the NAV.

Other investments not classified. The $410,324,496 in Securities Lending Collateral, which are investments loaned to broker-dealers and banks under the securities lending program, were not classified for fair value measurement purposes.

4. Investments (Continued)

School Employees, Judges, and Patrol Retirement Plans Investments at June 30, 2022

	Fair Value	Effective Duration
Debt Securities		
Bank Loans	$ 213,843,927	-0.11
U.S. Treasury Notes and Bonds	625,508,799	9.14
U.S. Treasury Bills	57,890,514	0.00
Government Agency Securities	3,952,882	9.52
Corporate Bonds	1,418,247,104	5.69
International Bonds	94,982,966	7.83
Asset Backed Securities	217,120,845	1.17
Short-Term Investments	375,957,244	0.00
Commingled Debt	910,941,126	5.59
Mortgages	724,179,777	4.44
Municipal Bonds	5,615,096	12.57
Other Investments		
Opportunistic Credit	13,713,212	
Commingled Funds	5,524,140,607	
Private Equity Securities	1,115,321,490	
Equity Securities	2,681,644,799	
Options	(1,078,805)	
Private Real Estate Funds Trust	1,051,529,502	
Total Investments	15,033,511,085	
Invested Securities Lending Collateral	410,324,496	
Total	$ 15,443,835,581	

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

Credit Risk of Debt Securities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State has contracts with investment managers that set minimum average quality ratings for its core fixed income accounts at an A. The maximum exposure to any single investment grade issuer, excluding the U.S. government, its agencies or instrumentalities, or government-sponsored entities, is five percent, and the maximum exposure to a single issuer below investment grade is three percent. NPERS' rated debt investments as of June 30, 2022, were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard and Poor's rating scale.

4. **Investments** (Continued)

School Employees, Judges, and State Patrol Retirement Plan Investments
at June 30, 2022

Quality Ratings	Asset Backed Securities	Bank Loans	Commingled Debt	Corporate Bonds	Equity Securities	Government Agency Securities	International Bonds	Mortgages	Municipal Bonds	Short-Term Investments
Fair Value	$ 217,120,845	$ 213,843,927	$ 910,941,126	$ 1,418,247,104	$ 2,681,644,799	$ 3,952,882	$ 94,982,966	$ 724,179,777	$ 5,615,096	$ 375,957,244
AAA	136,811,039	-	-	2,427,593	-	-	-	153,210,528	375,337	-
AA	7,182,134	-	-	9,383,775	-	2,147,367	6,469,852	3,818,280	4,680,239	-
A	4,248,120	-	-	215,403,405	-	681,520	8,869,209	2,163,554	499,105	-
BBB	6,040,869	-	-	728,951,896	-	499,492	33,064,016	917,288	60,415	-
BB	24,476,562	-	-	273,252,057	-	-	28,761,283	866,296	-	-
B	706,064	-	-	136,375,455	-	-	11,694,309	1,316,404	-	-
CCC	3,252,097	-	-	25,353,482	-	-	3,922,857	584,955	-	-
CC	5,227,872	-	-	-	-	-	760,616	1,246,995	-	-
C	4,092	-	-	1,954,673	-	-	-	20,371	-	-
D	5,170,108	-	-	-	-	-	615,575	2,054,785	-	-
Unrated	24,001,888	213,843,927	910,941,126	25,144,768	2,681,644,799	624,503	825,249	557,980,321	-	375,957,244

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The State has contracts with investment managers that limit the maximum amount for an issuer, excluding U.S. Treasury, U.S. Agency, mortgages, and non-U.S. sovereign issuers, to five percent of the total account.

At June 30, 2022, NPERS had no debt security investments, from a single entity, that comprised more than five percent of total investments.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The State does not have a formal policy to limit foreign currency risk. NPERS' exposure to foreign currency risk is presented in the following table.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. **Investments** (Continued)

School Employees, Judges, and State Patrol Retirement Plans
Foreign Currency at June 30, 2022

	Asset Backed	Bank Loans	Corporate Bonds	Equity Securities	International Bonds	Mortgages	Options	Private Equity	Short-Term Investments
Argentine Peso	$ -	$ -	$ 43,701	$ -	$ 83,232	$ -	$ -	$ -	$ 123,194
Australian Dollar	-	-	-	10,460,915	-	-	-	-	1,645
Brazilian Real	-	-	-	26,424,816	2,421,305	-	-	-	(309,492)
Canadian Dollar	-	-	-	15,648,355	-	-	-	-	353,685
Czech Koruna	-	-	-	95,810	-	-	-	-	(8)
Danish Krone	-	-	1,556,950	9,146,756	-	-	-	-	59,923
Euro Currency	17,950,753	58,952,676	60,650,222	361,269,963	14,359,394	-	(5,164)	72,251,288	8,453,981
Hong Kong Dollar	-	-	-	26,902,605	-	-	-	-	34,912
Hungarian Forint	-	-	-	1,549,080	-	-	-	-	-
Indonesian Rupiah	-	-	-	2,341,961	-	-	-	-	25,151
Japanese Yen	-	-	-	120,921,357	-	-	-	-	1,622,989
Kuwaiti Dinar	-	-	-	1,058,247	-	-	-	-	-
Malaysian Ringgit	-	-	-	-	-	-	-	-	234
Mexican Peso	-	-	-	4,230,463	3,767,001	-	-	-	14
New Israeli Sheqel	-	-	-	4,963,637	-	-	-	-	74,314
New Zealand Dollar	-	-	-	-	-	-	-	-	8,291
Norwegian Krone	-	-	-	4,969,142	-	-	-	-	52,468
Philippine Peso	-	-	-	1,606,598	-	-	-	-	3,271
Polish Zloty	-	-	-	421,670	-	-	-	-	1,611
Pound Sterling	-	12,818,389	10,038,416	158,011,128	-	20,360,501	-	-	546,509
Russian Ruble	-	-	-	3,641,916	-	-	-	-	-
Singapore Dollar	-	-	-	2,164,055	-	-	-	-	9,758

(Continued)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

	Asset Backed	Bank Loans	Corporate Bonds	Equity Securities	International Bonds	Mortgages	Options	Private Equity	Short-Term Investments
Peruvian Sol	-	-	-	-	2,420,535	-	-	-	-
South African Rand	-	-	-	3,222,561	9,034,981	-	-	-	(445,434)
South Korean Won	-	-	-	13,453,922	-	-	-	-	-
Swedish Krona	-	-	-	30,535,638	-	-	-	-	54,705
Swiss Franc	-	-	-	136,328,646	-	-	-	-	2,405
Thailand Baht	-	-	-	3,558,761	-	-	-	-	2,268
Turkish Lira	-	-	-	1,344,482	-	-	-	-	49,981
Yuan Renminbi	-	-	-	48,444,004	-	-	-	-	2,471,798
Yuan Renminbi Offshore	-	-	-	-	-	-	-	-	(2,268,529)
Total	$ 17,950,753	$ 71,771,065	$ 72,289,289	$ 992,716,488	$ 32,086,448	$ 20,360,501	$ (5,164)	$ 72,251,288	$10,929,644

(Concluded)

4. Investments (Continued)

Securities Lending Transactions. The State participates in securities-lending transactions, where securities are loaned to broker-dealers and banks with a simultaneous agreement to return the collateral for the same securities in the future. The State's primary custodial bank administers the securities-lending program and receives collateral in the form of cash, United States government or government agency obligations, sovereign debt rated A or better, or convertible bonds at least equal in value to the market value of the loaned securities. Securities on loan at year-end consisted of United States government obligations, equity securities, corporate bonds, and non-U.S. fixed income. At year-end, the State had no credit risk exposure to borrowers because the amounts the State owed the borrowers exceeded the amounts the borrowers owed the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses from borrower default during the year.

Either the State or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had average durations from 1 to 4 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The custodian indemnifies the State against default by the borrower of securities but does not indemnify against the default by an issuer of a security held in the short-term investment funds where cash collateral is invested.

Derivative Financial Instruments. Derivative instruments are financial contracts whose underlying values depend on the values of one or more underlying assets, reference rates, or financial indices. These instruments are used primarily to enhance performance and reduce the volatility of the portfolio, in accordance with the Nebraska Investment Council-approved Derivatives Policy. The State invests in futures contracts, options, and swaps. Futures represent commitments to purchase or sell securities or money market instruments at a future date and at a specific price. Options represent the right, but not the obligation, to purchase or sell securities at a future date and at a specific price. The State invests in these contracts related to securities of the U.S. government or Government Agency obligations based on reference notes, which are traded on organized exchanges, thereby minimizing the State's credit risk. The net change in futures and options contract values are settled daily in cash with the exchanges. Swaps represent an exchange of streams of payments over time according to specified terms. All changes in fair value of derivative instruments are reflected in Investment Income, and the fair value of derivative instruments at June 30, 2022, are reflected in Investments. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2022, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

Derivative Instruments at June 30, 2022

Derivative Instrument	Change in Fair Value	Fair Value	Notional
Credit Default Swaps	$ (6,707,804)	$ (6,092,376)	$ 124,012,213
Fixed Income Futures	(9,280,811)	-	182,777,419
Fixed Income Options	(501,970)	(837,582)	(164,869,255)
Foreign Currency Options	185,928	(192,225)	(27,916,482)
Futures Options	71,319	(241,223)	(425,063)
FX Forwards	14,678,565	2,636,525	328,350,439
Fixed Interest Rate Swaps	(940,348)	(423,733)	863,377,220
Return Swaps Equity	(323,080)	(323,080)	(8,634,023)
Warrants	4,670,975	5,484,009	95,512

4. Investments (Continued)

The change in fair value denotes the net realized and unrealized gains and losses recognized during the period. The fair value of the derivative instruments at June 30, 2022, denotes the market value, with the exception of FX Forwards, which denotes the net realized and unrealized gains and losses recognized during the period. Furthermore, the Notional amount for Futures and Options was calculated as contract size times the number of contracts.

The Plans are exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Nebraska Investment Council's policy to require counterparty collateral posting provisions in its non-exchange-traded derivative instruments. These terms require full collateralization of the fair value of derivative instruments in asset positions. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The Plans have never failed to access collateral when required.

The aggregate fair value of derivative instruments in asset positions at June 30, 2022, was $16,558,725. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. There is no collateral held or liabilities included in netting arrangements with those counterparties; therefore, the net exposure to credit risk is $16,558,725.

Although the Plans execute derivative instruments with various counterparties, there is approximately 99 percent of the net exposure to credit risk, held with nine counterparties. The counterparties are rated A- or A+.

The Plans are exposed to interest rate risk on their interest rate swaps. Interest rate swaps are agreements between two counterparties to exchange future cash flows. These are generally fixed versus variable flows, and they can be either received or paid. These swaps are used to adjust interest rate and yield curve exposure and substitute for physical securities. Long swap positions (receive fixed) increase exposure to long-term interest rates; short positions (pay fixed) decrease exposure. Counterparty risk is limited to monthly exchanged or netted cash flows. All of the Plans' interest rate swaps were fixed with a LIBOR (London Interbank Offered Rate) or SIFMA (Securities Industry and Financial Market Association) reference rate.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

Foreign currency risk for derivative instruments at June 30, 2022, are as follows:

Currency	Options	Swaps	Forward Contracts
Australian Dollar	$ (1,868)	$ -	$ (109,481)
Brazilian Real	-	(822,874)	(4,178)
Chilean Peso	-	-	2,473
Danish Krone	-	-	98,400
Euro Currency	(5,164)	(7,755,886)	1,285,249
Japanese Yen	-	1,593,848	107,624
Mexican Peso (New)	-	-	(1,366)
Norwegian Krone	-	-	(277,596)
Polish Zloty	-	-	(1,602)
Pound Sterling	-	4,150,714	1,105,711
Peruvian Sol	-	-	(178,323)
South African Rand	-	-	614,454
Yuan Renminbi Offshore	-	-	(4,839)
Total	$ (7,032)	$ (2,834,198)	$ 2,636,526

Other Receivables/Other Payables. Other receivables consisted of receivables for investments sold, receivables for foreign exchanges, tax reclaim receivables, unrealized appreciation/depreciation on income receivables, unrealized appreciation/depreciation on investment receivables, unrealized appreciation/ depreciation on foreign exchange receivables, and other receivables as recorded by the custodial bank. Other payables consisted of payables for investments purchased, payables for foreign currency purchased, unrealized appreciation/depreciation on investments payable, unrealized appreciation/depreciation on foreign exchange payables, and other payables recorded by the custodial bank.

Securities are recorded on a trade date basis. On the trade date, the Plans own the asset. However, if the security has not settled, payment has not been received or made. Receivables and payables for investments sold and purchased represent securities in which the asset had been recorded as of June 30, 2022, but the security had not settled.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Concluded)

Money-Weighted Rate of Return. For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -8.30 percent for the School Employees Plan, -8.25 percent for the Judges Plan, and -8.17 percent for the Patrol Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Changes in Compensated Absences Payable

Changes in compensated absences payable for the year ended June 30, 2022, are summarized as follows:

	School Employees	Judges	State Patrol
Beginning Balance	$ 268,144	$ 4,980	$ 8,654
Increases	12,607	-	-
Decreases	32,177	1,428	1,762
Ending Balance	$ 248,574	$ 3,552	$ 6,892
Amounts Due Within One Year	$ 29,829	$ 426	$ 827

6. Payments to Omaha Public Schools (OPS)

The School Employee Retirement Plan (School Plan) administers a service annuity to all retired Nebraska school district employees, paid by the State of Nebraska and computed per Neb. Rev. Stat. § 79-933 (Reissue 2014). For the OPS retirees, a calculated service annuity amount is transferred from the School Plan to the Omaha School Employees' Retirement System (Omaha), which then makes the actual service annuity payments to the Omaha retirees.

In accordance with Neb. Rev. Stat. § 79-916 (Cum. Supp. 2022), a separate Service Annuity Fund (Fund) was established for such payments, and an actuarially computed amount was transferred to the Fund from other School Plan assets. The State may transfer additional amounts to the Fund as may be necessary to pay the normal cost and amortize any unfunded actuarial accrued liability. This Fund is to be used only to reimburse Omaha for its retirees' service annuity payments and related administrative expenses. The assets of the fund, $12,930,892, consisting almost entirely of investments, are included in the Statements of Fiduciary Net Position at June 30, 2022. The service annuity payments of $1,294,582 to OPS are shown as Other Deductions in the Statements of Changes in Fiduciary Net Position.

7. Contingencies

Risk Management. NPERS is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. NPERS, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services is responsible for maintaining the insurance and self-insurance programs for the State. The State generally self-insures for general liability, employee health care, employee indemnification, and workers' compensation. The State has chosen to purchase insurance for:

7. Contingencies (Concluded)

A. Motor vehicle liability, which includes $4,700,000 with a self-insured retention of $300,000 (coverage includes hot pursuit). There is an additional one-time corridor retention of $300,000. Insurance is also purchased, with various limits and deductibles, for physical damage and uninsured and underinsured motorists. State agencies have the option to purchase coverage for physical damage to vehicles. There is a $1,000 deductible for this coverage.

B. Life insurance for eligible employees.

C. Crime coverage, with a limit of $10,975,000 for each loss and a $25,000 self-insured retention per incident subject to specific conditions, limits, and exclusions.

D. Real and personal property on a blanket basis for losses up to $200,700,000, with a self-insured retention of $300,000 per loss occurrence. Newly acquired properties are covered up to $5 million for 30 days and $1 million for 90 days, if the property has not been reported. If not reported after 90 days, the property is not covered. The perils of flood, earthquake, and acts of terrorism have various coverage, sub-limits, and self-insurance. State agencies have the option to purchase building contents and inland marine coverage.

Details of the various insurance coverages are available from the Nebraska Department of Administrative Services – Risk Management Division.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Workers' compensation is funded in the Workers' Compensation Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual agency assessments, as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in NPERS' financial statements. Health care insurance is funded in the Insurance Trust Funds through a combination of employee and State contributions.

Litigation. The potential amount of liability involved in litigation pending against the Board, if any, could not be determined at this time. However, it is NPERS' opinion that final settlement of those matters should not have an adverse effect on NPERS' ability to administer current programs. Any judgment against NPERS would have to be processed through the State Claims Board and be approved by the Legislature.

8. School Employee Contributions

Member contributions for the School Plan exceeded employer contributions due to purchase of service payments totaling $2,259,063. Members can purchase service credit for reinstatement of service, out-of-state service, for a leave of absence, or within 12 months of retirement in accordance with Neb. Rev. Stat. § 79-921 (Cum. Supp. 2022), Neb. Rev. Stat. § 79-933.05 (Reissue 2014), Neb. Rev. Stat. § 79-933.06 (Reissue 2014), and Neb. Rev. Stat. § 79-933.08 (Cum. Supp. 2022).

NOTES TO THE FINANCIAL STATEMENTS
(Concluded)

9. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
School Employees				
Equipment	$ 4,791,804	$ -	$ -	$ 4,791,804
Less: Accumulated Depreciation	4,786,392	817	-	4,787,209
Capital Assets, Net	$ 5,412	$ (817)	$ -	$ 4,595
Judges				
Equipment	$ 65,649	$ -	$ -	$ 65,649
Less: Accumulated Depreciation	65,567	12	-	65,579
Capital Assets, Net	$ 82	$ (12)	$ -	$ 70
State Patrol				
Equipment	$ 65,649	$ -	$ -	$ 65,649
Less: Accumulated Depreciation	65,567	12	-	65,579
Capital Assets, Net	$ 82	$ (12)	$ -	$ 70

10. Subsequent Events

State Patrol Additional Contributions. Neb. Rev. Stat. § 81-2017(3) (Cum. Supp. 2022) describes actuarially required contributions. As of July 1, 2022, the actuarially determined additional contribution requirement for the State Patrol Plan is $4,092,005.

School Employees Additional Contributions. Neb. Rev. Stat. § 79-966.01 (Cum. Supp. 2022) describes actuarially required contributions. As of July 1, 2022, the actuarially determined additional contribution requirement for the School Employees Plan is $0. Furthermore, as of that same date, the additional contribution requirement for the Omaha Public Schools Retirement Plan is $1,964,600.

Judges Additional Contributions. Neb. Rev. Stat. § 24-703 (Cum. Supp. 2022) describes actuarially required contributions. As of July 1, 2022, the actuarially determined additional contribution requirement for the Judges Plan is $0.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICTS' NET PENSION LIABILITY

SCHOOL EMPLOYEES RETIREMENT PLAN

AS OF JUNE 30, 2022

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 319,551,894	$ 285,433,873	$ 278,496,994	$ 268,216,074	$ 261,067,772	$ 227,893,391	$ 222,525,387	$ 214,673,003	$ 202,803,787
Interest	1,018,224,746	1,015,346,555	985,415,602	953,982,025	915,143,958	876,680,145	843,289,424	814,387,820	782,055,188
Benefit term changes	-	-	-	-	-	-	-	-	-
Differences between expected and actual	(4,848,126)	(22,739,951)	(189,863,578)	(161,275,567)	(53,078,517)	(144,448,222)	(108,321,212)	(174,678,979)	(77,484,140)
Assumption changes	82,620,879	(155,121,129)	-	-	-	853,085,886	-	-	-
Benefit payments, including member refunds	(736,680,306)	(692,620,210)	(660,565,238)	(626,500,723)	(587,984,401)	(554,369,720)	(528,499,067)	(502,190,816)	(466,161,224)
Net change in Total Pension Liability	678,869,087	430,299,138	413,483,780	434,421,809	535,148,812	1,258,841,480	428,994,532	352,191,028	441,213,611
Total Pension Liability - beginning	14,279,493,188	13,849,194,050	13,435,710,270	13,001,288,461	12,466,139,649	11,207,298,169	10,778,303,637	10,426,112,609	9,984,898,998
Total Pension Liability - ending (a)	$ 14,958,362,275	$ 14,279,493,188	$ 13,849,194,050	$ 13,435,710,270	$ 13,001,288,461	$ 12,466,139,649	$ 11,207,298,169	$ 10,778,303,637	$ 10,426,112,609
Plan Fiduciary Net Position									
Employer contributions	$ 216,059,310	$ 208,990,879	$ 203,022,597	$ 196,850,333	$ 190,657,058	$ 184,903,366	$ 178,608,695	$ 173,013,848	$ 167,710,406
State Appropriation contributions	44,704,077	43,034,416	41,860,351	40,543,609	39,339,378	38,039,347	36,919,600	35,493,591	34,703,519
Omaha Service Annuity contributions	1,603,111	1,219,620	1,216,131	1,248,297	1,243,169	992,451	997,118	997,858	909,638
Employee contributions	216,125,582	210,035,574	203,866,708	197,095,568	191,483,632	186,176,743	178,613,265	174,797,341	169,200,529
Net investment income	(1,288,295,005)	3,639,684,396	284,769,810	772,593,261	927,963,467	1,325,835,296	149,283,503	355,847,514	1,454,496,772
Benefit payments, including member refunds	(736,680,306)	(692,620,210)	(660,565,238)	(626,500,723)	(587,984,401)	(554,369,720)	(528,499,067)	(502,190,816)	(466,161,224)
Administrative expenses	(3,329,242)	(3,537,301)	(3,385,232)	(3,215,740)	(3,300,321)	(3,334,436)	(3,182,464)	(3,153,883)	(2,861,508)
Other changes	15,925	12,234	4,500	33,515	35,414	33,650	28,107	28,877	30,561
Net change in Plan Fiduciary Net Position	(1,549,796,548)	3,406,819,608	70,789,627	578,648,120	759,437,396	1,178,276,697	12,768,757	234,834,330	1,358,028,693
Plan Fiduciary Net Position – beginning	15,692,556,258	12,285,736,650	12,214,947,023	11,636,298,903	10,876,861,507	9,698,584,810	9,685,816,053	9,450,981,723	8,092,953,030
Plan Fiduciary Net Position - ending (b)	$ 14,142,759,710	$ 15,692,556,258	$ 12,285,736,650	$ 12,214,947,023	$ 11,636,298,903	$ 10,876,861,507	$ 9,698,584,810	$ 9,685,816,053	$ 9,450,981,723
Net Pension Liability - ending (a) - (b)	$ 815,602,565	$ (1,413,063,070)	$ 1,563,457,400	$ 1,220,763,247	$ 1,364,989,558	$ 1,589,278,142	$ 1,508,713,359	$ 1,092,487,584	$ 975,130,886
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	94.55%	109.90%	88.71%	90.91%	89.50%	87.25%	86.54%	89.86%	90.65%
Covered payroll	$ 2,187,322,177	$ 2,115,763,419	$ 2,055,342,252	$ 1,992,856,031	$ 1,930,157,100	$ 1,871,908,380	$ 1,808,182,946	$ 1,751,542,327	$ 1,697,851,809
Employers' Net Pension Liability as a percentage of covered payroll	37.29%	(66.79%)	76.07%	61.26%	70.72%	84.90%	83.44%	62.37%	57.43%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF CHANGES IN THE JUDGES' NET PENSION LIABILITY
JUDGES RETIREMENT PLAN
AS OF JUNE 30, 2022
(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 6,259,658	$ 5,725,252	$ 5,550,688	$ 5,640,784	$ 5,589,181	$ 4,997,654	$ 4,721,039	$ 4,759,455	$ 4,257,200
Interest	15,420,748	15,077,474	14,471,871	14,199,759	13,720,785	13,100,385	12,642,618	12,170,797	11,567,915
Benefit term changes	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,366,103)	(1,806,596)	(205,585)	(5,002,500)	(2,398,903)	(1,714,732)	(2,303,032)	(2,613,808)	41,752
Assumption changes	1,062,617	3,553,913	-	-	-	12,705,465	-	-	-
Benefit payments, including member refunds	(12,668,823)	(12,066,177)	(11,477,914)	(10,991,157)	(10,144,103)	(9,690,310)	(9,052,110)	(8,547,892)	(8,121,996)
Net change in Total Pension Liability	8,708,097	10,483,866	8,339,060	3,846,886	6,766,960	19,398,462	6,008,515	5,768,552	7,744,871
Total Pension Liability - beginning	216,938,984	206,455,118	198,116,058	194,269,172	187,502,212	168,103,750	162,095,235	156,326,683	148,581,812
Total Pension Liability - ending (a)	$ 225,647,081	$ 216,938,984	$ 206,455,118	$ 198,116,058	$ 194,269,172	$ 187,502,212	$ 168,103,750	$ 162,095,235	$ 156,326,683
Plan Fiduciary Net Position									
Employer contributions									
Court fees	$ 3,716,356	$ 3,319,567	$ 3,548,379	$ 3,946,292	$ 4,112,543	$ 3,578,851	$ 3,458,665	$ 2,977,205	$ 3,102,864
State Appropriations	231,537	1,427,719	348,794	442,599	667,613	118,714	-	94,000	803,383
Employee contributions	2,126,926	2,029,383	1,962,507	1,854,712	1,814,533	1,743,103	1,651,432	1,610,529	1,518,801
Net investment income	(20,061,233)	57,338,744	4,549,079	12,436,060	15,070,504	21,699,250	2,453,560	5,958,799	24,543,298
Benefit payments, including member refunds	(12,668,823)	(12,066,177)	(11,477,914)	(10,991,157)	(10,144,103)	(9,690,310)	(9,052,110)	(8,547,892)	(8,121,996)
Administrative expenses	(71,616)	(117,122)	(82,168)	(71,663)	(71,266)	(84,626)	(70,707)	(82,746)	(78,263)
Other changes	-	14	-	-	-	-	-	3	45
Net change in Plan Fiduciary Net Position	(26,726,853)	51,932,128	(1,151,323)	7,616,843	11,449,824	17,364,982	(1,559,160)	2,009,898	21,768,132
Plan Fiduciary Net Position – beginning	246,453,303	194,521,175	195,672,498	188,055,655	176,605,831	159,240,849	160,800,009	158,790,111	137,021,979
Plan Fiduciary Net Position - ending (b)	$ 219,726,450	$ 246,453,303	$ 194,521,175	$ 195,672,498	$ 188,055,655	$ 176,605,831	$ 159,240,849	$ 160,800,009	$ 158,790,111
Net Pension Liability (Net Asset) - ending (a) - (b)	$ 5,920,631	$ (29,514,319)	$ 11,933,943	$ 2,443,560	$ 6,213,517	$ 10,896,381	$ 8,862,901	$ 1,295,226	$ (2,463,428)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.38%	113.60%	94.22%	98.77%	96.80%	94.19%	94.73%	99.20%	101.58%
Covered payroll	$ 25,257,506	$ 24,667,689	$ 24,366,968	$ 23,215,585	$ 23,125,170	$ 22,801,593	$ 22,178,157	$ 21,586,829	$ 20,099,647
Employers' Net Pension Liability as a percentage of covered payroll	23.44%	(119.65%)	48.98%	10.53%	26.87%	47.79%	39.96%	6.00%	(12.26%)

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

SCHEDULE OF CHANGES IN THE STATE PATROL'S NET PENSION LIABILITY

STATE PATROL RETIREMENT PLAN
AS OF JUNE 30, 2022
(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 9,630,636	$ 9,175,423	$ 8,960,959	$ 9,079,338	$ 8,794,874	$ 7,955,722	$ 8,152,482	$ 7,562,642	$ 8,173,815
Interest	38,601,148	37,421,871	36,397,966	35,165,912	34,076,868	32,887,178	32,113,989	31,349,873	30,164,990
Benefit term changes	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,055,992	2,542,389	(6,168,045)	(2,864,410)	(4,016,896)	(1,508,635)	(8,977,294)	(10,658,914)	(3,787,974)
Assumption changes	3,850,944	6,936,227	-	-	-	27,947,994	-	-	-
Benefit payments, including member refunds	(26,231,520)	(26,256,542)	(24,953,060)	(24,953,776)	(23,828,680)	(24,139,604)	(19,576,376)	(19,458,540)	(20,010,413)
Net change in Total Pension Liability	26,907,200	29,819,368	14,237,820	16,427,064	15,026,166	43,142,655	11,712,801	8,795,061	14,540,418
Total Pension Liability - beginning	540,576,453	510,757,085	496,519,265	480,092,201	465,066,035	421,923,380	410,210,579	401,415,518	386,875,100
Total Pension Liability - ending (a)	$ 567,483,653	$ 540,576,453	$ 510,757,085	$ 496,519,265	$ 480,092,201	$ 465,066,035	$ 421,923,380	$ 410,210,579	$ 401,415,518
Plan Fiduciary Net Position									
Employer contributions	$ 8,874,355	$ 9,163,828	$ 9,083,079	$ 8,693,805	$ 8,952,649	$ 7,053,110	$ 7,053,408	$ 8,646,426	$ 8,752,627
Employee contributions	5,121,375	5,081,804	4,970,209	4,710,105	4,615,214	4,500,952	4,365,651	4,180,263	4,134,598
Net investment income	(45,135,030)	128,452,500	10,176,689	27,536,775	33,872,593	48,679,867	5,491,550	13,332,650	54,950,250
Benefit payments, including member refunds	(26,231,520)	(26,256,542)	(24,953,060)	(24,953,776)	(23,828,680)	(24,139,604)	(19,576,376)	(19,458,540)	(20,010,413)
Administrative expenses	(111,359)	(157,638)	(120,098)	(75,872)	(89,102)	(141,196)	(128,156)	(116,679)	(121,153)
Other changes	17,061	14,895	14,058	17,930	23,184	28,557	26,778	21,619	21,199
Net change in Plan Fiduciary Net Position	(57,465,118)	116,298,847	(829,123)	15,928,967	23,545,858	35,981,686	(2,767,145)	6,605,739	47,727,108
Plan Fiduciary Net Position – beginning	552,081,721	435,782,874	436,611,997	420,683,030	397,137,172	361,155,486	363,922,631	357,316,892	309,589,784
Plan Fiduciary Net Position - ending (b)	$ 494,616,603	$ 552,081,721	$ 435,782,874	$ 436,611,997	$ 420,683,030	$ 397,137,172	$ 361,155,486	$ 363,922,631	$ 357,316,892
Net Pension Liability - ending (a) - (b)	$ 72,867,050	$ (11,505,268)	$ 74,974,211	$ 59,907,268	$ 59,409,171	$ 67,928,863	$ 60,767,894	$ 46,287,948	$ 44,098,626
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	87.16%	102.13%	85.32%	87.93%	87.63%	85.39%	85.60%	88.72%	89.01%
Covered payroll	$ 31,560,068	$ 31,342,267	$ 30,810,004	$ 29,301,599	$ 28,697,715	$ 28,091,906	$ 27,047,938	$ 26,294,294	$ 25,624,081
Employers' Net Pension Liability as a percentage of covered payroll	230.88%	(36.71%)	243.34%	204.45%	207.02%	241.81%	224.67%	176.04%	172.10%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS

SCHOOL EMPLOYEES RETIREMENT PLAN

AS OF JUNE 30, 2022

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 130,956,556	$ 176,912,402	$ 179,551,208	$ 180,295,400	$ 185,923,377	$ 129,070,591	$ 132,846,323	$ 152,268,397	$ 174,157,865	$ 227,859,188
Actual non-employer contributions										
Actual State Appropriations*	44,704,077	43,034,416	41,860,351	40,543,609	39,339,378	38,039,347	36,919,600	35,493,591	34,703,519	16,874,535
Actual Omaha Appropriations**	1,603,111	1,219,620	1,216,131	1,248,297	1,243,169	992,451	997,118	997,858	909,638	969,396
Actual employer contributions	216,059,310	208,990,879	203,022,597	196,850,333	190,657,058	184,903,366	178,608,695	173,013,848	167,710,406	161,922,831
Total contributions	262,366,498	$ 253,244,915	$ 246,099,079	$ 238,642,239	$ 231,239,605	$ 223,935,164	$ 216,525,413	$ 209,505,297	$ 203,323,563	$ 179,766,762
Annual contribution deficiency (excess)	$ (131,409,942)	$ (76,332,513)	$ (66,547,871)	$ (58,346,839)	$ (45,316,228)	$ (94,864,573)	$ (83,679,090)	$ (57,236,900)	$ (29,165,698)	$ 48,092,426
Covered payroll	$ 2,187,322,177	$2,115,763,419	$ 2,055,342,252	$ 1,992,856,031	$ 1,930,157,100	$ 1,871,908,380	$ 1,808,182,946	$ 1,751,542,327	$ 1,697,851,809	$ 1,664,793,714
Actual contributions as a percentage of covered payroll	11.99%	11.97%	11.97%	11.97%	11.98%	11.96%	11.97%	11.96%	11.98%	10.80%

* Includes scheduled contributions as well as appropriations to make up any contribution shortfall.

** For State service annuity only.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS

JUDGES RETIREMENT PLAN

AS OF JUNE 30, 2022

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	$ 3,947,893	$ 4,747,286	$ 3,897,173	$ 4,388,891	$ 4,780,156	$ 3,697,565	$ 3,458,665	$ 3,727,054	$ 3,906,247	$ 3,180,367
Actual non-employer contributions										
Court Fees	3,716,356	3,319,567	3,548,379	3,946,292	4,112,543	3,578,851	3,458,665	2,977,205	3,102,864	3,180,367
State Contributions	231,537	1,427,719	348,794	442,599	667,613	118,714	-	94,000	803,383	-
Actual non-employer contributions	3,947,893	4,747,286	3,897,173	4,388,891	4,780,156	3,697,565	3,485,665	3,071,205	3,906,247	3,180,367
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 655,849	$ -	$ -
Covered payroll	$ 25,257,506	$ 24,667,689	$ 24,366,968	$ 23,215,585	$ 23,125,170	$ 22,801,593	$ 22,178,157	$ 21,586,829	$ 20,099,647	$ 19,005,478
Actual contributions as a percentage of covered payroll	15.63%	19.24%	15.99%	18.90%	20.67%	16.22%	15.59%	14.23%	19.43%	16.73%

Note: For years 2014 and prior, covered-employee payroll was estimated based on the valuation.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS
STATE PATROL RETIREMENT PLAN
LAST 10 YEARS
AS OF JUNE 30, 2022
(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	$ 8,874,355	$ 9,163,828	$ 9,083,079	$ 8,693,805	$ 8,952,649	$ 7,053,110	$ 7,053,408	$ 8,073,824	$ 8,752,627	$ 9,768,585
Actual employer contributions*	8,874,355	9,163,828	9,083,079	8,693,805	8,952,649	7,053,110	7,053,408	8,073,824	8,752,627	7,515,905
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,252,680
Covered payroll	$ 31,560,068	$ 31,342,267	$ 30,810,004	$ 29,301,599	$ 28,697,715	$ 28,091,906	$ 27,047,938	$ 26,294,294	$ 25,624,081	$ 26,901,711
Actual contributions as a percentage of covered	28.12%	29.24%	29.48%	29.67%	31.20%	25.11%	26.08%	30.71%	34.16%	27.94%

* Includes any additional appropriations by the State beyond the regular, payroll-related contributions. 2015 excludes $572,602 in military service credits.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

SCHEDULE OF INVESTMENT RETURNS

AS OF JUNE 30, 2022
(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense:									
School Employees Retirement Plan	-8.30%	29.99%	2.36%	6.72%	8.63%	13.83%	1.56%	3.77%	18.14%
Judges Retirement Plan	-8.25%	29.97%	2.36%	6.72%	8.64%	13.82%	1.55%	3.75%	18.14%
State Patrol Retirement Plan	-8.17%	29.86%	2.24%	6.21%	8.17%	13.16%	1.85%	4.05%	17.87%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Last 10 Years
(Unaudited)

School Employees Retirement Plan

The following changes were made by the Nebraska Legislature and reflected in the valuation performed as of July 1:

2021: Legislative Bill (LB) 17 (2021), which was passed by the 2021 Nebraska Legislature, changed the amortization period for amortization bases established on or after July 1, 2021, from 30 to 25 years. If the unfunded actuarial accrued liability (UAAL) is less than or equal to zero, then all prior amortization bases are considered fully funded, and the UAAL is reinitialized and amortized over a 25-year period as of the actuarial valuation date.

2017: The 2017 Legislature passed LB 415 (2017), affecting the benefit provisions only for members hired on or after July 1, 2017 (with additional changes for those hired on or after July 1, 2018). For members hired on or after July 1, 2017, the Public Employees Retirement Board (PERB) has the authority to set the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment. In addition, LB 415 changed the minimum age required to qualify for retirement under the Rule of 85 from 55 to 60 for members who are hired on or after July 1, 2018.

2014: As scheduled, the State contribution rate increased from 1% of covered payroll to 2%.

2013: LB 553 (2013) increased the State's payroll-related contribution from 1% to 2% of pay, effective July 1, 2014. LB 553 also made some changes to the benefit structure for members hired on or after July 1, 2013, (Tier 2) including changing the period over which to determine final average salary to the highest 60 months rather than the current highest 36 months of service and changing the maximum cost-of-living adjustment (COLA) from 2.5% to 1%. LB 553 also removed the scheduled reduction in the employee contribution rate in 2017. In addition, it required the use of the Entry Age Normal, level percent of payroll, method to determine the costs for the Omaha State Service Annuity and changed the amortization of the UAAL to be based on payments determined as a level percent of payroll instead of a level dollar amount.

The following changes were made in the actuarial assumptions:

July 1, 2022, valuation:

- Price inflation decreased from 2.65% to 2.55%.
- Long-term investment return decreased from 7.30% to 7.20%.
- General wage growth decreased from 3.15% to 3.05%.
- Payroll growth decreased from 3.15% to 3.05%.
- COLA assumption decreased to 2.10% for Tier 1 members.

July 1, 2021, valuation:

- Price inflation decreased from 2.75% to 2.65%.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Long-term investment return decreased from 7.50% to 7.30%.
- General wage growth decreased from 3.50% to 3.15%.
- Payroll growth decreased from 3.50% to 3.15%.
- Salary merit increases were adjusted to partially reflect observed experience.
- Interest on employee contribution balances decreased from 3.00% to 2.50%.
- COLA assumption decreased to 2.15% for Tier 1 members.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.16% of pay.
- Mortality assumptions for non-disabled participants was changed to the Pub-2010 General Members (Above Median) Mortality Tables (100% of male rates, 95% female rates), set back one year, projected generationally using MP-2019 modified to 75% of ultimate rates.
- Mortality assumption for disabled participants was changed to the Pub-2010 Non-Safety Disabled Retiree Mortality Table (static).
- Retirement rates changed to better fit the observed experience.
- Termination rates for males changed to better fit the observed experience.
- The assumed retirement age for deferred vested members was increased from 62 to 64.

July 1, 2017, valuation:

- Price inflation decreased from 3.25% to 2.75%.
- Long-term investment return decreased from 8.00% to 7.50%.
- Covered payroll growth assumption decreased from 4.00% to 3.50%.
- Salary increase assumption decreased by 0.50% at each age.
- Interest on employee contribution balances decreased from 4.25% to 3.00%.
- COLA assumption decreased from 2.50% to 2.25% for members hired before January 1, 2013.
- Mortality assumptions changed to reflect recent mortality experience and future projected improvements.
- Retirement rates changed to better fit the observed experience.
- Termination rates changed to better fit the observed experience.
- Disability rates changed to better fit the observed experience.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

July 1, 2012, valuation:

- The interest rate on employee contributions was lowered to 4.25% from 5.50%.
- Salary increases were changed to rates grading down from 9.00% for less than one year of service to 4.00% at 40 years of service. Prior valuation rates graded from 7.46% for less than one year to 4.55% at 40 years of service.
- Retirement rates are based on age and retirement eligibility. One hundred percent retirement age was extended to age 80 from age 70. Unreduced rates were decreased at age 63.
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (pre-retirement male rates were 65% of rates, and female rates were 50% of rates) to the 1994 GAM table, with a one year age setback, projected to 2015 (pre-retirement rates are adjusted by 55% for males and 40% for females).
- Disabled mortality was changed to the 1983 Railroad Retirement Board Disabled Annuitants Mortality setback one year from the 1983 Railroad Retirement Board Disabled Annuitants Mortality. The prior assumption was based on the same table with no setback.
- Termination rates are service based and were decreased from the prior valuation based on actual experience.
- Disability rates were decreased by 50% from the prior valuation.
- Price inflation assumption was lowered to 3.25% from 3.50%.
- Economic productivity assumption was lowered to 0.75% from 1.00%.

Judges Retirement Plan

The following changes were made by the Nebraska Legislature and reflected in the valuation performed as of July 1:

2021: Legislative Bill (LB) 17 (2021), which was passed by the 2021 Nebraska Legislature, provided for an increase in the amount of court fees directed to fund the System, beginning in FY 2022 with further scheduled increases over a five-year period. The bill also authorized a payroll-related contribution from the State, beginning July 1, 2023, for the plan year ended June 30, 2023. The payroll-related contribution can be no greater than 5% of total annual compensation, based on the total member compensation reported in the most recent actuarial valuation. If the funded ratio is equal to or greater than 100% for two consecutive years, the actuary must assess whether the State contribution rate should be adjusted and make a recommendation to the Board in the annual actuarial valuation report. If the State contribution rate has been adjusted to less than 5% and the funded ration is below 100% for two consecutive years, the actuary must assess whether the State contribution rate should be adjusted (not greater than 5%) and make a recommendation to the Board. LB 17 also changed the amortization period for the amortization bases established on or after July 1, 2021, from 30 to 25 years. If the unfunded actuarial accrued liability (UAAL) is less than or equal to zero, then all prior amortization bases are considered fully funded, and the UAAL is reinitialized and amortized over a 25-year period as of the actuarial valuation date.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

2017: LB 415 (2017), which was passed by the 2017 Nebraska Legislature, made changes to the benefit structure for judges who become members on or after July 1, 2017, by granting the Public Employees Retirement Board (PERB) the authority to set the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment.

2015: LB 468 (2015) made changes to the benefit structure for judges who become members on or after July 1, 2015, including the calculation of final average salary based on the highest five years rather than the highest three years of salary and a cost-of-living-adjustment (COLA) of 1% rather than 2.5%. The bill also provided for a supplemental COLA, to be granted at the Board's discretion, up to an additional 1.5% if the System is more than 100% funded. In addition, the member contribution rate for those hired on or after July 1, 2015, was increased to 10% of pay. LB 468 also increased the amount of court fees directed to fund the Judges Retirement System, with the increases phased in over two years. Ultimately, in fiscal year 2018, the additional funding is estimated to be $1.3 million.

2013: LB 553 (2013) changed the amortization of the unfunded actuarial accrued liability from a level dollar payment to a level percent of payroll payment. The court fee designated for the Judges Retirement System was scheduled to decrease from $6 to $5 on July 1, 2014. LB 306 (2013) removed the language to decrease the court fees, so the court fee in future years remains at $6. The passage of LB 414 (2009) increased the member contribution rate by 1%, but this increase was scheduled to be removed July 1, 2014. LB 306 (2013) removed the sunset provision on the increase in the member contribution rate, thereby retaining the higher contribution rates.

The following changes were made in the actuarial assumptions:

July 1, 2022, valuation:

- Price inflation decreased from 2.65% to 2.55%.
- Long-term investment return decreased from 7.30% to 7.20%.
- General wage growth decreased from 3.15% to 3.05%.
- Payroll growth decreased from 3.15% to 3.05%.
- Salary increases were lowered from a flat 3.40% to 3.30%.
- COLA assumption decreased to 2.10% for Tier 1 members.

July 1, 2021, valuation:

- Price inflation decreased from 2.75% to 2.65%.
- Long-term investment return decreased from 7.50% to 7.30%.
- General wage growth decreased from 3.50% to 3.15%.
- Payroll growth decreased from 3.50% to 3.15%.

- Salary increases were lowered from a flat 3.50% to 3.4%.
- Interest on employee contribution balances decreased from 3.00% to 2.50%.
- COLA assumption decreased to 2.15% for Tier 1 members.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.31% of pay.
- Mortality assumptions for non-disabled participants was changed to the Pub-2010 General Members (Above Median) Mortality Tables (100% of male rates, 95% female rates), set back one year, projected generationally using MP-2019 modified to 75% of ultimate rates.
- Mortality assumption for disabled participants was changed to the Pub-2010 Non-Safety Disabled Retiree Mortality Table (static).
- Retirement rates changed to better fit the observed experience.

July 1, 2020, valuation:

- Court fees for fiscal year 2021 are assumed to be 85% of actual fiscal year 2020 court fees. This assumption had no impact on the TPL.

July 1, 2017, valuation:

- Price inflation decreased from 3.25% to 2.75%.
- Long-term investment return decreased from 8.00% to 7.50%.
- General wage growth decreased from 4.00% to 3.50%.
- Salary increase assumption decreased by 0.50% at each age.
- Interest on employee contribution balances decreased from 4.25% to 3.00%.
- COLA assumption decreased to 2.25% for Tier 1 members.
- Mortality assumptions changed to reflect recent mortality experience and future projected improvements.
- Retirement rates changed to better fit the observed experience.

July 1, 2012, valuation:

- The interest rate on employee contributions was lowered to 4.25% from 5.50%.
- Salary increases were lowered to 4.00% from 4.50%.
- Retirement rates were decreased for ages under 65 and age 66.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (pre-retirement male rates were 65% of rates, and female rates were 50% of rates) to the 1994 GAM table, with a one-year setback, projected to 2015.

- Deferred vested members were changed to assume they elected the greater of the present value of an annuity at age 63 or a refund of contributions.

- Consumer price inflation was lowered to 3.25% from 3.50%.

- Economic productivity was lowered to 0.75% from 1.00%.

State Patrol Retirement Plan

The following changes were made by the Nebraska Legislature and reflected in the valuation performed as of July 1:

2021: Legislative Bill (LB) 17 (2021), which was passed by the 2021 Nebraska Legislature, changed the amortization period for amortization bases established on or after July 1, 2021, from 30 to 25 years. If the unfunded actuarial accrued liability (UAAL) is less than or equal to zero, then all prior amortization bases are considered fully funded, and the UAAL is reinitialized and amortized over a 25-year period as of the actuarial valuation date.

2017: The 2017 Legislature passed LB 415 (2017), which grants the Public Employees Retirement Board (PERB) the authority to set the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment for members hired on or after July 1, 2017. Since these changes do not affect any members in the current valuation, the adopted changes have no impact on the valuation results.

2016: LB 467 (2016) created a new tier of State Patrol members who are employed on or after July 1, 2016. This new tier includes changes to benefits and contributions, as follows:

- Member and employer contributions are increased from 16% to 17% of pay.

- Compensation no longer includes compensation for unused sick leave, unused vacation leave, unused holiday compensatory time, unused compensatory time, or any other type of unused leave, compensatory time, or similar benefits, converted to cash payments.

- Final average salary moves from the highest three 12-month periods to the highest five 12-month periods. During the five-year period, the member’s compensation in any plan year is capped at an 8% increase from the preceding plan year.

- The automatic cost-of-living adjustment (COLA) is capped at 1.0% instead of 2.5%. However, a 1.5% discretionary COLA may be granted by the Public Employees Retirement Board (PERB) in addition to the automatic COLA, if certain criteria are met.

- The DROP program is eliminated.

2013: LB 553 (2013) changed the amortization of the UAAL from a level dollar payment to a level percent of payroll payment. As scheduled in State statute, the employee and employer contribution rates both decreased from 19% of pay to 16%.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

The following changes were made in the actuarial assumptions:

July 1, 2022, valuation:

- Price inflation decreased from 2.65% to 2.55%.
- Long-term investment return decreased from 7.30% to 7.20%.
- Covered Payroll growth assumption decreased from 3.15% to 3.05%.
- General wage inflation decreased from 3.15% to 3.05%.
- COLA assumption decreased to 2.10% for Tier 1 members.

July 1, 2021, valuation:

- Price inflation decreased from 2.75% to 2.65%.
- Long-term investment return decreased from 7.50% to 7.30%.
- Covered Payroll growth assumption decreased from 3.50% to 3.15%.
- General wage inflation decreased from 3.50% to 3.15%.
- Salary merit increases were adjusted to better reflect observed experience.
- Interest on employee contribution balances decreased from 3.00% to 2.50%.
- COLA assumption decreased to 2.15% for Tier 1 members.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.26% of pay.
- Mortality assumptions for non-disabled participants was changed to the Pub-2010 General Members (Above Median) Mortality Tables (100% of male rates, 95% female rates), set back one year, projected generationally using MP-2019 modified to 75% of ultimate rates.
- Mortality assumption for disabled participants was changed to the Pub-2010 Non-Safety Disabled Retiree Mortality Table (static).
- Retirement rates changed to better fit the observed experience.

July 1, 2017, valuation:

- Price inflation decreased from 3.25% to 2.75%.
- Long-term investment return decreased from 8.00% to 7.50%.
- Covered payroll growth assumption decreased from 4.00% to 3.50%.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Concluded)

- Salary increase assumption decreased by 0.50% at each age.
- Interest on employee contribution balances decreased from 4.25% to 3.00%.
- COLA assumption decreased from 2.50% to 2.25% for members hired before July 1, 2016.
- Mortality assumptions changed to reflect recent mortality experience and future projected improvements.
- Termination rates changed to better fit the observed experience.

July 1, 2012, valuation:

- The interest rate on employee contributions was lowered to 4.25% from 5.50%.
- Salary increases were changed to rates grading down from 9.50% for less than one year of service to 4.00% at 30 years of service. Prior valuation rates graded from 9.00% for less than one year to 4.50% at 25 years of service.
- Retirement rates are based on age and retirement eligibility. The rates were increased for early retirement (reduced benefits available at 50 years of age and 10 years of service) and decreased for normal retirement (unreduced benefits available at 55 years of age and 10 years of service).
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (pre-retirement male rates were 65% of rates, and female rates were 50% of rates) to the 1994 GAM table, with a one-year setback, projected to 2015.
- The assumption to value deferred vested members was changed to assume they elect the greater of the present value of an annuity at earliest unreduced eligibility or a refund of contributions.
- Consumer price inflation was lowered from 3.50% to 3.25%.
- Economic productivity was lowered from 1.00% to 0.75%.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF ADMINISTRATIVE EXPENSES
FISCAL YEAR ENDED JUNE 30, 2022

	School Employees	Judges	State Patrol	Total
Personnel				
Personal Services	$ 2,000,949	$ 28,714	$ 55,291	$ 2,084,954
Travel	9,732	72	354	10,158
Professional and Technical Services				
Professional	22,146	51	1,081	23,278
Actuary	77,082	26,980	26,980	131,042
Computer Support Services	614,618	9,449	16,587	640,654
Accounting and Auditing	257,531	3,305	5,784	266,620
Communications				
Printing	40,170	436	644	41,250
Other Expenses				
Postage	103,544	1,176	1,514	106,234
Supplies	45,077	568	705	46,350
Hardware & Software	18,211	275	511	18,997
Rent	104,360	1,534	2,784	108,678
Miscellaneous	35,822	(944)	(876)	34,002
Total Administrative Expenses	$ 3,329,242	$ 71,616	$ 111,359	$ 3,512,217

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF INVESTMENT-RELATED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	School Employees	Judges	Patrol	Total
BlackRock Financial Management, Inc.	$ 555,550	$ 8,683	$ 19,297	$ 583,530
Dimensional Fund Advisors, Inc.	1,263,024	19,745	43,882	1,326,651
Total Domestic Equity	**1,818,574**	**28,428**	**63,179**	**1,910,181**
BlackRock Financial Management, Inc.	1,065,916	16,655	37,007	1,119,578
Baird Advisors	247,639	3,856	8,553	260,048
Barings	261,071	4,065	9,017	274,153
Franklin Templeton Investments	1,263,593	19,754	43,903	1,327,250
Loomis Sayles & Company, L.P.	2,001,943	31,295	69,555	2,102,793
Oaktree Capital Management, L.P.	36,755	575	1,277	38,607
Neuberger Berman Investment Management	477,256	7,467	16,601	501,324
Pacific Investment Management Company, LLC	2,518,631	39,352	87,441	2,645,424
Wellington Management Company, LLP	964,869	15,097	33,566	1,013,532
Total Fixed Income	**8,837,673**	**138,116**	**306,920**	**9,282,709**
Arrowstreet Capital LP	4,264,292	66,645	148,098	4,479,035
Dodge & Cox	4,026,253	62,922	139,821	4,228,996
MFS Institutional Advisors, Inc.	3,792,946	59,282	131,741	3,983,969
Wellington Management Company, LLP	2,559,288	40,001	88,892	2,688,181
Total Global Equity	**14,642,779**	**228,850**	**508,552**	**15,380,181**
BlackRock Financial Management, Inc.	858,353	13,421	29,832	901,606
Total International Equity	**858,353**	**13,421**	**29,832**	**901,606**
Almanac Realty Investors, LLC	828,007	12,919	28,691	869,617
Angelo, Gordon & Company, L.P.	(19,809)	(310)	(690)	(20,809)
Clarion Partners	1,662,719	25,982	57,733	1,746,434
Kanye Anderson	574,588	8,982	19,960	603,530
Landmark Partners	682,201	10,662	23,695	716,558
Morgan Stanley	100,000	1,559	3,461	105,020
Oaktree Capital Management, L.P.	959,447	14,995	33,314	1,007,756
PGIM Real Estate (formerly Prudential)	2,412,847	37,700	83,764	2,534,311
Rockpoint Group, L.L.C.	9,670	151	337	10,158
Rockwood Capital Partners, LLC	927,846	14,499	32,218	974,563
Torchlight Investors	1,209,450	18,900	41,998	1,270,348
UBS Realty Investors, LLC	1,755,526	27,433	60,956	1,843,915
Total Real Estate	**11,102,492**	**173,472**	**385,437**	**11,661,401**

(Continued)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF INVESTMENT-RELATED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	School Employees	Judges	Patrol	Total
Abbott Capital Management, LLC	2,267	35	79	2,381
Accel-KKR Management Co, LLC	52,867	828	1,842	55,537
Ares Management, LLC	425,466	6,650	14,782	446,898
Beecken Petty O'Keefe & Company	109,735	1,716	3,815	115,266
Bridgepoint Advisers Limited	899,206	14,055	31,236	944,497
CVC Capital Partners	106,508	1,665	3,700	111,873
(The) Energy & Minerals Group	213,445	3,335	7,411	224,191
Francisco Partners	1,150,654	17,972	39,930	1,208,556
Genstar Capital Partners LLC	1,459,973	22,816	50,709	1,533,498
Leonard Green & Partners, L.P.	484,298	7,567	16,811	508,676
HarbourVest Partners, LLC	1,531,520	23,932	53,180	1,608,632
Lightyear Capital LLC	34,133	534	1,186	35,853
Lincolnshire Management, Inc.	54,040	846	1,881	56,767
McCarthy Capital Corporation	1,528,523	23,889	53,086	1,605,498
Merit Capital Partners	70,681	1,105	2,455	74,241
New Enterprise Associates	833,900	13,024	28,928	875,852
New Mountain Capital, LLC	1,117,253	17,460	38,796	1,173,509
Pathway Capital Management	191,608	2,995	6,657	201,260
Pine Brook Partners	263,764	4,122	9,161	277,047
Presidio Partners (formerly CMEA Capital)	66,561	1,040	2,312	69,913
Quantum Energy Partners	1,132,087	17,693	39,310	1,189,090
Sun Capital Partners, Inc.	2,076	32	72	2,180
(The) Jordan Company	977,779	15,275	33,938	1,026,992
The Rohatyn Group Management, L.P.	125,299	1,961	4,358	131,618
Wayzata Investment Partners, LLC	18,026	282	626	18,934
Wynnchurch Capital	774,139	12,114	26,948	813,201
Total Private Equity	**13,625,808**	**212,943**	**473,209**	**14,311,960**
Nebraska Investment Council	897,826	14,063	31,253	943,142
Custody Expense	477,213	7,469	16,602	501,284
Foreign Income Taxes	1,963,839	30,681	68,123	2,062,643
Other Expenses	62,631	979	20,783	84,393
Total Other Investment Expenses	**3,401,509**	**53,192**	**136,761**	**3,591,462**
Total Investment Fees	**$ 54,287,188**	**$ 848,422**	**$ 1,903,890**	**$ 57,039,500**

(Concluded)

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

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*

Nebraska Public Employees Retirement Board
Lincoln, 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, the financial statements of the Nebraska Public Employees Retirement Systems (NPERS) – School Employees, Judges, and State Patrol Retirement Plans, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the NPERS – School Employees, Judges, and State Patrol Retirement Plans' basic financial statements, and have issued our report thereon dated February 2, 2023. The report was modified to emphasize that the financial statements present only the funds of the NPERS – School Employees, Judges, and State Patrol Retirement Plans.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the NPERS – School Employees, Judges, and State Patrol Retirement Plans' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NPERS – School Employees, Judges, and State Patrol Retirement Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the NPERS – School Employees, Judges, and State Patrol Retirement Plans' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the NPERS – School Employees, Judges, and State Patrol Retirement Plans' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the NPERS – School Employees, Judges, and State Patrol Retirement Plans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. 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*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, not to provide an opinion on the effectiveness of the NPERS – School Employees, Judges, and State Patrol Retirement Plans' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NPERS – School Employees, Judges, and State Patrol Retirement Plans' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zachary Wells

February 2, 2023

Zachary Wells, CPA, CISA
Assistant Deputy Auditor
Lincoln, Nebraska