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, 2023

Issued on February 2, 2024

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.

Source: Nebraska Blue Book, 2022-2023

The following Mission Statement, Vision, and Organizational Chart were taken from the Nebraska Public Employees' Retirement Systems 2023 Annual Report to the Legislative Retirement Committee, available on the Nebraska Public Employees' Retirement Systems webpage, npers.ne.gov, under the "Member Info" and "Publications" sections.

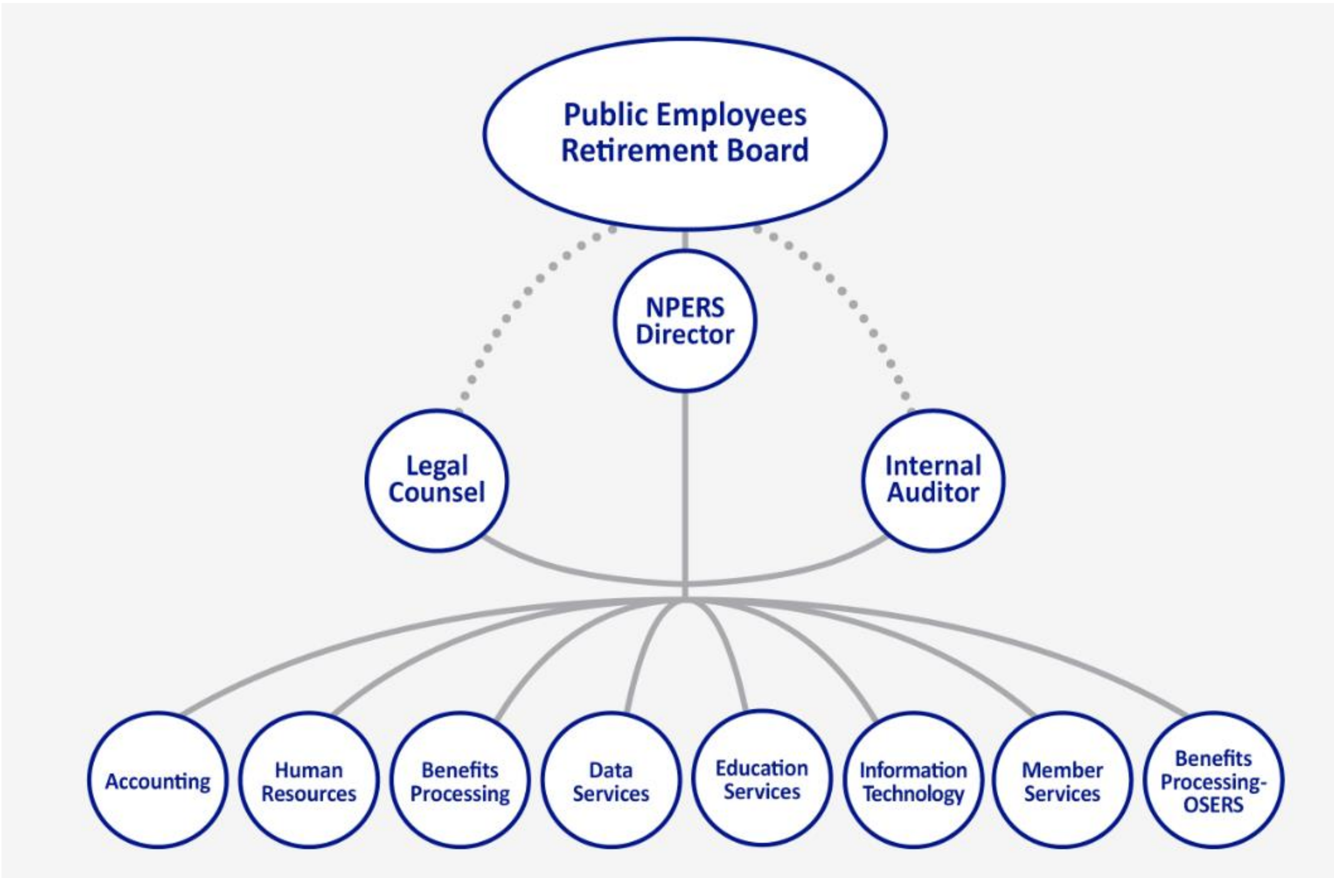
MISSION STATEMENT

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.

VISION

The Nebraska Public Employees Retirement Systems seeks to administer the retirement systems with exceptional service, integrity, and commitment for the exclusive benefit of our plan members and to ensure retirement security for their future.

ORGANIZATIONAL CHART



KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Public Employees Retirement Board Members
As of June 30, 2023

Kelli Ackerman
Chairperson – School Member
Term Ending January 1, 2025

Janis Elliott
Vice Chair – School Member
Term Ending January 1, 2024

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*

Gerald Clausen
Public Member
Term Ending January 1, 2023*

Jim Schulz
Public Member
Term Ending January 1, 2027

Vacant
County Member
Term Ending January 1, 2026

Michael W. Walden-Newman
Ex-Officio (State Investment Officer)
(Resigned on December 7, 2023)

* The terms of both board members ended during the fiscal year; however, successors have not been appointed and/or approved by the Legislature as of June 30, 2023.

Nebraska Public Employees Retirement Systems Executive Management

Randy Gerke
Director
(Retired on September 10, 2023)

Orron Hill
Legal Counsel
(Resigned on July 7, 2023)

Teresa Zulauf
Controller

Tyler Cummings
Deputy Director

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, 2023, 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, 2023, 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 opinions.

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, 2023, 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 12 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/(Asset), Schedule of Changes in the Judges' Net Pension Liability/(Asset), Schedule of Changes in the State Patrol's Net Pension Liability/(Asset), Schedule of Employer and Non-Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information, on pages 29-42 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 January 25, 2024, 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

January 25, 2024

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, 2023

	School Employees	Judges	State Patrol
ASSETS			
Cash in State Treasury	$ 5,746,856	$ 183,484	$ 78,982
Deposits with Vendors	863	-	-
Receivables:			
Contributions	76,349,299	1,677,955	4,101,131
Interest and Dividends	37,415,356	576,740	1,281,967
Other Investment Receivables (Note 4)	1,183,474,020	18,219,278	40,554,623
Total Receivables	1,297,238,675	20,473,973	45,937,721
Pooled Investments, at Fair Market Value (Note 4):			
Bank Loans	193,610,002	2,980,576	6,634,519
U.S. Treasury Notes and Bonds	547,372,955	8,426,666	18,757,069
U.S. Treasury Bills	5,038,605	77,568	172,660
Government Agency Securities	20,525,311	315,982	703,350
Corporate Bonds	1,391,239,251	21,417,770	47,674,205
International Bonds	70,995,993	1,092,965	2,432,851
Equity Securities	3,272,344,699	50,376,904	112,134,870
Private Equity	1,094,890,803	16,855,562	37,519,103
Options	(1,441,411)	(22,190)	(49,393)
Mortgages	830,958,477	12,792,391	28,474,818
Opportunistic Credit	3,813,601	58,709	130,682
Private Real Estate	967,796,280	14,898,975	33,163,899
Asset Backed Securities	255,780,274	3,937,671	8,764,935
Municipal Bonds	7,696,349	118,483	263,734
Rights and Warrants	4,587,328	70,621	157,196
Commingled Funds	6,475,121,763	99,682,833	227,136,454
Short Term Investments	219,485,637	3,392,294	7,562,862
Total Investments	15,359,815,917	236,473,780	531,633,814
Invested Securities Lending Collateral (Note 4)	408,899,231	6,294,898	14,011,929
Capital Assets (Note 9):			
Equipment	4,791,804	65,649	65,649
Less: Accumulated Depreciation	(4,788,026)	(65,591)	(65,591)
Total Capital Assets, Net	3,778	58	58
Total Assets	17,071,705,320	263,426,193	591,662,504
LIABILITIES			
Compensated Absences Payable (Note 5)	277,897	4,433	8,350
Accounts Payable and Accrued Liabilities	15,947,666	207,243	403,565
Obligations under Securities Lending (Note 4)	408,899,231	6,294,898	14,011,929
Other Investment Payables (Note 4)	1,416,887,962	21,812,625	48,552,660
Total Liabilities	1,842,012,756	28,319,199	62,976,504
Fiduciary Net Position - Restricted for Pension Benefits	$ 15,229,692,564	$ 235,106,994	$ 528,686,000

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, 2023

	School Employees	Judges	State Patrol
ADDITIONS			
Contributions:			
Member	$ 223,286,528	$ 2,292,002	$ 5,162,332
Employer			
Schools	224,030,311	-	-
Court Fees	-	4,181,623	-
State Patrol	-	-	5,162,332
State Appropriations	-	1,295,917	4,092,005
Non-Employer (Note 2)	47,785,748	-	-
Total Contributions	495,102,587	7,769,542	14,416,669
Investment Income:			
Net Appreciation/(Depreciation) in Fair Value of Investments	1,155,520,058	17,887,190	40,302,758
Interest and Dividend Income	279,249,807	4,320,609	9,517,541
Securities Lending Income	14,960,237	230,309	512,650
Total Investment Income	1,449,730,102	22,438,108	50,332,949
Investment Expenses:			
Investment Expenses	(55,703,819)	(861,102)	(1,945,528)
Securities Lending Expenses	(12,790,915)	(196,913)	(438,312)
Total Investment Expenses	(68,494,734)	(1,058,015)	(2,383,840)
Net Investment Income	1,381,235,368	21,380,093	47,949,109
Other Additions	20,425	-	16,512
Total Additions	1,876,358,380	29,149,635	62,382,290
DEDUCTIONS			
Benefits	762,882,658	13,679,276	25,860,015
Refunds of Contributions	20,706,511	-	2,311,102
Administrative Expenses	3,681,906	89,815	141,776
Other Deductions (Note 6)	2,154,451	-	-
Total Deductions	789,425,526	13,769,091	28,312,893
Net Increase/(Decrease) in Fiduciary Net Position	1,086,932,854	15,380,544	34,069,397
Net Position - Restricted for Pension Benefits:			
Beginning of Year	14,142,759,710	219,726,450	494,616,603
End of Year	$ 15,229,692,564	$ 235,106,994	$ 528,686,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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, 2022, and the Deferred Compensation Plan for the calendar year ended December 31, 2022.

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

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 measurement focus and basis of accounting, 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

Investments, as reported in the basis financial statements, 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 one year, and all computers, are 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 annual leave and are allowed to accumulate compensatory leave rather than being paid overtime. 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.

1. Summary of Significant Accounting Policies (Concluded)

NPERS' employees accrue vested annual leave at a variable rate based on years of service. Generally, accrued annual 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' financial statements recognize the expense and accrued liability when annual 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, 2023, the date of the last actuarial valuation:

	School Employees	Judges	State Patrol
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	28,854	208	517
Members in Deferred Retirement Option Plan (DROP)	-	-	31
Inactive Plan Members Entitled to but not yet Receiving Benefits	7,537	2	29
Inactive Nonvested Members	21,527	-	19
Active Plan Members	43,853	146	389
	101,771	356	985

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, Supp. 2023) for the School Employees Retirement Act, Neb. Rev. Stat. §§ 24-701 through 24-714 (Reissue 2016, Cum. Supp. 2022, Supp. 2023) for the Judges Retirement Act, and Neb. Rev. Stat. §§ 81-2014 through 81-2041 (Reissue 2014, Cum. Supp. 2022, Supp. 2023) for the State Patrol Retirement Act. Benefit and contribution provisions are established by State law and may be amended only by the Nebraska Legislature.

Per 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.

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 2023, 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, 2022, to June 30, 2023. The school district (employer) contribution is 101 percent of the employee contribution.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 fee, determined by statute, 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,

2. Plan Descriptions and Contribution Information (Continued)

2022, to nine 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, 2023, was $5,295,704.

3. Funded Status and Funding Progress

The components of the net pension liability for the plans at July 1, 2023, 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	$ 15,648,095,303	$ 15,229,692,564	$ 418,402,739	97.33%
Judges	$ 235,546,054	$ 235,106,994	$ 439,060	99.81%
State Patrol	$ 635,290,980	$ 528,686,000	$ 106,604,980	83.22%

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

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. Funded Status and Funding Progress (Continued)

	School Employees	Judges	State Patrol
Valuation date	July 1, 2023	July 1, 2023	July 1, 2023
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	19 Years
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:			
Inflation	2.45%	2.45%	2.45%
Investment rate of return, net of investment expense and including inflation	7.10%	7.10%	7.10%
Projected salary increases, including inflation	2.95% - 12.95%	3.20%	2.95% - 8.45%
Cost-of-Living Adjustments (COLA)	2.05% with a floor benefit equal to 75% purchasing power of original benefit*	2.05% with a floor benefit equal to 75% purchasing power of original benefit**	2.05% 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.

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).

3. <u>Funded Status and Funding Progress</u> (Continued)

The actuarial assumptions used in the July 1, 2023, 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	100.0%	

*Arithmetic mean, net of investment expenses.

Discount Rate. The discount rate used to measure the Total Pension Liability at June 30, 2023, was seven-and-one-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 2122.

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-one-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-one-tenths percent) or one percentage point higher (eight-and-one-tenths percent) than the current rate.

3. Funded Status and Funding Progress (Concluded)

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Net Pension Liability/(Asset):			
School	$ 2,605,622,977	$ 418,402,739	$ (1,375,888,306)
Judges	$ 25,210,175	$ 439,060	$ (20,716,158)
State Patrol	$ 195,778,152	$ 106,604,980	$ 34,412,538

4. Investments

Investments. Listed below is a summary of the investment portfolio that comprises the Investments on the Statement 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 two 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.

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

Plan Investments at June 30, 2023, at Fair Value Measurement Using:

	Fair Value	Level 1	Level 2	Level 3
Debt Securities				
Bank Loans	$ 203,225,097	$ -	$ 203,225,097	$ -
U.S. Treasury Notes and Bonds	574,556,690	-	574,556,690	-
U.S. Treasury Bills	5,288,833	-	5,288,833	-
Government Agency Securities	21,544,643	-	21,544,643	-
Corporate Bonds	1,460,331,226	-	1,460,331,226	-
International Bonds	74,521,809	-	74,521,809	-
Asset Backed Securities	268,482,880	-	268,482,880	-
Short Term Investments	230,391,326	20,597,009	209,794,317	-
Commingled Debt	849,900,628	756,780,206	93,120,422	-
Mortgages	872,225,686	-	872,225,686	-
Municipal Bonds	8,078,566	-	8,078,566	-
	4,568,547,384	777,377,215	3,791,170,169	-
Other Investments				
Commingled Funds	5,952,040,422	5,767,093,648	184,946,774	-
Equity Securities	3,434,856,473	3,434,856,473	-	-
Options	(1,512,994)	(843,709)	(669,285)	-
Rights and Warrants	4,815,145	4,815,145	-	-
Short Term Investments	46,685	-	46,685	-
Total Investments at Fair Value Level	$ 13,958,793,115	$ 9,983,298,772	$ 3,975,494,343	$ -

Investments Measured at the Net Asset Value (NAV):		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Real Estate:				
Core	$ 706,491,772	$ -	Quarterly	90 days
Non-Core	309,367,382	211,266,487		
Opportunistic Credit	4,002,992	-		
Private Equity	1,149,265,468	429,649,306		
Short Term Investments	2,782	-		
Total Investments Measured at NAV	$ 2,169,130,396	$ 640,915,793		
Total	16,127,923,511			
Securities Lending Collateral	429,206,058			
Total Investments at Fair Value	$ 16,557,129,569			

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

4. Investments (Continued)

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

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 Statement 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 $429,206,058 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.

School Employees, Judges, and Patrol Retirement Plans Investments at June 30, 2023

	Fair Value	Effective Duration
Debt Securities		
Bank Loans	$ 203,225,097	0.01
U.S. Treasury Notes and Bonds	574,556,690	10.86
U.S. Treasury Bills	5,288,833	0.00
Government Agency Securities	21,544,643	8.44
Corporate Bonds	1,460,331,226	5.10
International Bonds	74,521,809	7.80
Asset Backed Securities	268,482,880	1.32
Short Term Investments	230,394,108	0.00
Commingled Debt	849,900,628	5.24
Mortgages	872,225,686	5.05
Municipal Bonds	8,078,566	10.00
Other Investments		
Opportunistic Credit	4,002,992	
Commingled Funds	5,952,040,422	
Private Equity	1,149,265,468	
Equity Securities	3,434,856,473	
Options	(1,512,994)	
Rights and Warrants	4,815,145	
Short Term Investments	46,685	
Private Real Estate	1,015,859,154	
Total Investments	16,127,923,511	
Invested Securities Lending Collateral	429,206,058	
Total	$ 16,557,129,569	

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. <u>Investments</u> (Continued)

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, 2023, 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.

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4. <u>Investments</u> (Continued)

School Employees, Judges, and State Patrol Retirement Plan Investments at June 30, 2023

Quality Ratings	Asset Backed Securities	Bank Loans	Commingled Debt	Corporate Bonds	Government Agency Securities	International Bonds	Mortgages	Municipal Bonds	Short Term Investments
Fair Value	$ 268,482,880	$ 203,225,097	$ 849,900,628	$ 1,460,331,226	$ 21,544,643	$ 74,521,809	$ 872,225,686	$ 8,078,566	$ 230,394,108
AAA	174,898,828	-	-	3,047,286	1,160,304	-	138,290,699	2,637,574	-
AA	5,004,075	-	-	12,138,667	15,451,473	4,072,193	2,128,139	4,884,890	-
A	4,012,603	-	-	225,254,866	1,160,689	8,850,287	1,650,441	556,102	1,089,303
BBB	22,545,382	-	-	741,093,970	517,783	22,926,307	678,768	-	-
BB	31,060,311	-	-	281,675,287	2,644,319	21,233,707	660,519	-	-
B	539,190	-	-	148,652,721	-	11,816,239	1,289,889	-	-
CCC	2,489,555	-	-	28,608,551	-	4,586,177	504,907	-	-
CC	4,594,359	-	-	-	-	-	1,773,871	-	-
C	3,199	-	-	207,883	-	50,395	-	-	-
D	4,480,746	-	-	-	-	958,034	1,693,198	-	-
Unrated	18,854,632	203,225,097	849,900,628	19,651,995	610,075	28,470	723,555,255	-	229,304,805

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, 2023, 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, 2023

	Asset Backed	Bank Loans	Corporate Bonds	Equity Securities	International Bonds	Mortgages	Private Equity	Short Term Investments
Argentine Peso	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,347
Australian Dollar	-	-	-	5,874,554	-	-	-	16,469
Brazilian Real	-	-	-	26,478,008	-	-	-	49,882
Canadian Dollar	-	-	-	49,017,413	-	-	-	450,950
Czech Koruna	-	-	-	-	-	-	-	4,006
Danish Krone	-	-	1	40,273,233	-	-	-	90
Euro Currency	24,118,310	54,798,584	76,981,716	351,615,184	13,599,535	-	77,965,278	9,052,711
Hong Kong Dollar	-	-	-	48,289,649	-	-	-	169,581
Hungarian Forint	-	-	-	51,561	-	-	-	1
Indonesian Rupiah	-	-	-	1,771,027	-	-	-	67,951
Japanese Yen	-	-	-	194,161,479	-	-	-	1,553,641
Kuwaiti Dinar	-	-	-	987,730	-	-	-	44,589
Malaysian Ringgit	-	-	-	1,672,080	-	-	-	41,701
Mexican Peso	-	-	-	5,583,842	-	-	-	20,092
New Israeli Sheqel	-	-	-	8,981,486	-	-	-	137,661
New Zealand Dollar	-	-	-	-	-	-	-	2,381
Norwegian Krone	-	-	-	5,187,416	-	-	-	123,209
Philippine Peso	-	-	-	3,243,099	-	-	-	17,951
Polish Zloty	-	-	-	1,533,820	-	-	-	2,112
Pound Sterling	-	13,976,451	11,316,878	171,736,450	-	12,763,356	-	1,388,437
Russian Ruble	-	-	-	2,712,638	-	-	-	-
Singapore Dollar	-	-	-	57,028	-	-	-	3,218
Peruvian Nuevo Sol	-	-	-	-	1,089,739	-	-	-
South African Rand	-	-	-	260,670	4,558,261	-	-	13,744
South Korean Won	-	-	-	11,187,142	-	-	-	34,034
Swedish Krona	-	-	-	6,196,425	-	-	-	39,555
Swiss Franc	-	-	-	77,082,771	-	-	-	15,066
Thailand Baht	-	-	-	2,447,416	-	-	-	3,762
Turkish Lira	-	-	-	24,034,738	-	-	-	784,951
Yuan Renminbi	-	-	-	136,513,089	-	-	-	(85,736,542)
Yuan Renminbi Offshore	-	-	-	-	-	-	-	86,108,478
Total	$ 24,118,310	$ 68,775,035	$ 88,298,595	$ 1,176,949,948	$ 19,247,535	$ 12,763,356	$ 77,965,278	$ 14,418,028

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 of 7 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 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, 2023, are reflected in Investments. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2023, 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, 2023

Derivative	Change in Fair Value	Fair Value	Notional
Credit Default Swaps	$ 5,108,775	$ (170,099)	$ 99,430,107
Fixed Income Futures	(12,848,962)	-	225,632,221
Fixed Income Options	691,441	(669,285)	(136,629,749)
Foreign Currency Options	192,647	-	-
Futures Options	(455,496)	(843,709)	(443,891)
FX Forwards	(4,529,539)	(443,839)	295,797,409
Fixed Interest Rate Swaps	(1,753,305)	1,104,200	430,441,033
Return Swaps Equity	700,438	5,139	(5,758,652)
Rights	80,422	-	-
Warrants	334,339	4,815,145	1,036,594
Index Futures Long	544,057	-	-

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, 2023, 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, 2023, was $9,859,935. 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 $9,859,935.

Although the Plans execute derivative instruments with various counterparties, there is approximately 98 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.

Foreign currency risk for derivative instruments at June 30, 2023, are as follows:

Derivative Instruments Foreign Currency at June 30, 2023

Currency	Swaps	Forward Contracts
Australian Dollar	$ -	$ (93,893)
Canadian Dollar	(401,861)	(440)
Danish Krone	-	(2,692)
Euro Currency	(969,977)	243,459
Indian Rupee	-	(721)
Indonesian Rupiah	-	(1,599)
Japanese Yen	1,929,028	(204,911)
Mexican Peso (New)	-	(102)
New Taiwan Dollar	-	3,282
Pound Sterling	(465,121)	(582,643)
Peruvian Nuevo Sol	-	(73,326)
South African Rand	-	267,670
Yuan Renminbi Offshore	-	2,078
Total	$ 92,069	$ (443,838)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Concluded)

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, 2023, but the security had not settled.

Money-Weighted Rate of Return. For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.92 percent for the School Employees Plan, 9.87 percent for the Judges Plan, and 9.89 percent for the State 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, 2023, are summarized as follows:

	School Employees	Judges	State Patrol
Beginning Balance	$ 248,574	$ 3,552	$ 6,892
Increases	59,152	1,307	2,285
Decreases	29,829	426	827
Ending Balance	$ 277,897	$ 4,433	$ 8,350
Amounts Due Within One Year	$ 36,127	$ 576	$ 1,086

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, $12,279,579, consisting almost entirely of investments, are included in the Statement of Fiduciary Net Position at June 30, 2023. The service annuity payments of $2,154,451 to OPS are shown as Other Deductions in the Statement of Changes in Fiduciary Net Position.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. Contingencies and Commitments

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 the following:

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 90 days. If not reported after 90 days, the property is covered for $5 million under the miscellaneous named location coverage. There is a wind and hail limit on the real and personal property of $76,250,000. 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 $1,708,121. 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, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
School Employees				
Equipment	$ 4,791,804	$ -	$ -	$ 4,791,804
Less: Accumulated Depreciation	4,787,209	817	-	4,788,026
Capital Assets, Net	$ 4,595	$ (817)	$ -	$ 3,778
Judges				
Equipment	$ 65,649	$ -	$ -	$ 65,649
Less: Accumulated Depreciation	65,579	12	-	65,591
Capital Assets, Net	$ 70	$ (12)	$ -	$ 58
State Patrol				
Equipment	$ 65,649	$ -	$ -	$ 65,649
Less: Accumulated Depreciation	65,579	12	-	65,591
Capital Assets, Net	$ 70	$ (12)	$ -	$ 58

10. Subsequent Events

State Patrol Additional Contributions. Neb. Rev. Stat. § 81-2017(3) (Cum. Supp. 2022) describes actuarially required contributions. As of July 1, 2023, the actuarially determined additional contribution requirement for the State Patrol Plan is $7,253,460.

School Employees Additional Contributions. Neb. Rev. Stat. § 79-966.01 (Cum. Supp. 2022) describes actuarially required contributions. As of July 1, 2023, 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 $1,701,782.

Judges Additional Contributions. Neb. Rev. Stat. § 24-703 (Cum. Supp. 2022) describes actuarially required contributions. As of July 1, 2023, 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/(ASSET)

SCHOOL EMPLOYEES RETIREMENT PLAN

LAST TEN FISCAL YEARS

(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 319,543,904	$ 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	1,051,560,277	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 experience	20,698,862	(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	83,673,605	82,620,879	(155,121,129)	-	-	-	853,085,886	-	-	-
Benefit payments, including member refunds	(785,743,620)	(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	689,733,028	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	14,958,362,275	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	9,984,898,998
Total Pension Liability - ending (a)	$ 15,648,095,303	$ 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	$ 224,030,311	$ 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	45,821,148	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	1,964,600	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	223,286,528	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	1,381,235,368	(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	(785,743,620)	(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	(3,681,906)	(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	20,425	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	1,086,932,854	(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	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	8,092,953,030
Plan Fiduciary Net Position - ending (b)	$ 15,229,692,564	$ 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/(Asset) - ending (a) - (b)	$ 418,402,739	$ 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	97.33%	94.55%	109.90%	88.71%	90.91%	89.50%	87.25%	86.54%	89.86%	90.65%
Covered payroll	$ 2,268,018,294	$ 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/(Asset) as a percentage of covered payroll	18.45%	37.29%	(66.79%)	76.07%	61.26%	70.72%	84.90%	83.44%	62.37%	57.43%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF CHANGES IN THE JUDGES' NET PENSION LIABILITY/(ASSET)
JUDGES RETIREMENT PLAN
LAST TEN FISCAL YEARS
(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 6,322,938	$ 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	15,803,665	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	326,592	(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	1,125,054	1,062,617	3,553,913	-	-	-	12,705,465	-	-	-
Benefit payments, including member refunds	(13,679,276)	(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	9,898,973	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	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	148,581,812
Total Pension Liability - ending (a)	$ 235,546,054	$ 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	$ 4,181,623	$ 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	1,295,917	231,537	1,427,719	348,794	442,599	667,613	118,714	-	94,000	803,383
Employee contributions	2,292,002	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	21,380,093	(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	(13,679,276)	(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	(89,815)	(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	15,380,544	(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	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	137,021,979
Plan Fiduciary Net Position - ending (b)	$ 235,106,994	$ 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/(Asset) - ending (a) - (b)	$ 439,060	$ 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	99.81%	97.38%	113.60%	94.22%	98.77%	96.80%	94.19%	94.73%	99.20%	101.58%
Covered payroll	$ 26,661,391	$ 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/(Asset) as a percentage of covered payroll	1.65%	23.44%	(119.65%)	48.98%	10.53%	26.87%	47.79%	39.96%	6.00%	(12.26%)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS

SCHEDULE OF CHANGES IN THE STATE PATROL'S NET PENSION LIABILITY/(ASSET)

STATE PATROL RETIREMENT PLAN

LAST TEN FISCAL YEARS

(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 10,115,157	$ 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	39,946,663	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	41,701,690	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	4,214,934	3,850,944	6,936,227	-	-	-	27,947,994	-	-	-
Benefit payments, including member refunds	(28,171,117)	(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	67,807,327	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	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	386,875,100
Total Pension Liability - ending (a)	$ 635,290,980	$ 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	$ 9,254,337	$ 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	5,162,332	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	47,949,109	(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	(28,171,117)	(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	(141,776)	(111,359)	(157,638)	(120,098)	(75,872)	(89,102)	(141,196)	(128,156)	(116,679)	(121,153)
Other changes	16,512	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	34,069,397	(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	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	309,589,784
Plan Fiduciary Net Position - ending (b)	$ 528,686,000	$ 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/(Asset) - ending (a) - (b)	$ 106,604,980	$ 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	83.22%	87.16%	102.13%	85.32%	87.93%	87.63%	85.39%	85.60%	88.72%	89.01%
Covered payroll	$ 31,646,901	$ 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/(Asset) as a percentage of covered payroll	336.86%	230.88%	(36.71%)	243.34%	204.45%	207.02%	241.81%	224.67%	176.04%	172.10%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT PLAN
LAST TEN FISCAL YEARS
(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 129,207,605	$ 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
Actual non-employer contributions										
Actual State Appropriations*	45,821,148	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
Actual Omaha Appropriations	1,964,600	1,603,111	1,219,620	1,216,131	1,248,297	1,243,169	992,451	997,118	997,858	909,638
Actual employer contributions	224,030,311	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
Total contributions	271,816,059	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
Annual contribution deficiency (excess)	$ (142,608,454)	$ (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)
Covered payroll	$ 2,268,018,294	$ 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
Actual contributions as a percentage of covered payroll	11.98%	11.99%	11.97%	11.97%	11.97%	11.98%	11.96%	11.97%	11.96%	11.98%

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

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

SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS

JUDGES RETIREMENT PLAN
LAST TEN FISCAL YEARS
(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contribution	$ 4,181,623	$ 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
Actual non-employer contributions										
Court Fees	4,181,623	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 Contributions	1,295,917	231,537	1,427,719	348,794	442,599	667,613	118,714	-	94,000	803,383
Actual non-employer contributions	5,477,540	3,947,893	4,747,286	3,897,173	4,388,891	4,780,156	3,697,565	3,458,665	3,071,205	3,906,247
Annual contribution deficiency (excess)	$ (1,295,917)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 655,849	$ -
Covered payroll	$ 26,661,391	$ 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
Actual contributions as a percentage of covered payroll	20.54%	15.63%	19.24%	15.99%	18.90%	20.67%	16.22%	15.59%	14.23%	19.43%

Note: For years 2014 and prior, covered 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 TEN FISCAL YEARS
(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contribution	$ 9,254,337	$ 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
Actual employer contributions*	9,254,337	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
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 31,646,901	$ 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
Actual contributions as a percentage of covered payroll	29.24%	28.12%	29.24%	29.48%	29.67%	31.20%	25.11%	26.08%	30.71%	34.16%

* 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
LAST TEN FISCAL YEARS
(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense:										
School Employees Retirement Plan	9.92%	-8.30%	29.99%	2.36%	6.72%	8.63%	13.83%	1.56%	3.77%	18.14%
Judges Retirement Plan	9.87%	-8.25%	29.97%	2.36%	6.72%	8.64%	13.82%	1.55%	3.75%	18.14%
State Patrol Retirement Plan	9.89%	-8.17%	29.86%	2.24%	6.21%	8.17%	13.16%	1.85%	4.05%	17.87%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal 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%.

The following changes were made in the actuarial assumptions:

July 1, 2023, valuation:

- Price inflation decreased from 2.55% to 2.45%.
- Long-term investment return decreased from 7.20% to 7.10%.
- General wage growth decreased from 3.05% to 2.95%.
- Payroll growth decreased from 3.05% to 2.95%.
- COLA assumption decreased to 2.05% for Tier 1 members.

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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

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 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.

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 ratio 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.

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.

The following changes were made in the actuarial assumptions:

July 1, 2023, valuation:

- Price inflation decreased from 2.55% to 2.45%.
- Long-term investment return decreased from 7.20% to 7.10%.
- General wage growth decreased from 3.05% to 2.95%.
- Payroll growth decreased from 3.05% to 2.95%.
- Salary increases were lowered from a flat 3.30% to 3.20%.
- COLA assumption decreased to 2.05% for Tier 1 members.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

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 3.40%.
- 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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

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.

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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

The following changes were made in the actuarial assumptions:

July 1, 2023, valuation:

- Price inflation decreased from 2.55% to 2.45%.
- Long-term investment return decreased from 7.20% to 7.10%.
- Covered Payroll growth assumption decreased from 3.05% to 2.95%.
- General wage inflation decreased from 3.05% to 2.95%.
- COLA assumption decreased to 2.05% for Tier 1 members.

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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Concluded)

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 July 1, 2016.
- Mortality assumptions changed to reflect recent mortality experience and future projected improvements.
- Termination rates changed to better fit the observed experience.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	School Employees	Judges	State Patrol	Total
Personnel				
Personal Services	$ 2,073,082	$ 33,028	$ 61,586	$ 2,167,696
Travel	10,997	112	298	11,407
Professional and Technical Services				
Professional	10,199	6	1,517	11,722
Actuary	46,802	35,800	37,305	119,907
Computer Support Services	734,568	11,242	22,485	768,295
Accounting and Auditing	252,703	3,305	6,611	262,619
Communications				
Printing	47,951	377	956	49,284
Other Expenses				
Postage	121,158	1,299	1,947	124,404
Supplies	27,516	407	882	28,805
Hardware & Software	67,275	977	1,930	70,182
Repairs	405	6	12	423
Rent	109,050	1,599	3,230	113,879
Miscellaneous	180,200	1,657	3,017	184,874
Total Administrative Expenses	$ 3,681,906	$ 89,815	$ 141,776	$ 3,913,497

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF INVESTMENT-RELATED EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	School Employees	Judges	Patrol	Total
BlackRock Financial Management, Inc.	$ 461,167	$ 7,127	$ 15,878	$ 484,172
Dimensional Fund Advisors, Inc.	659,102	10,203	22,755	692,060
Total Domestic Equity	**1,120,269**	**17,330**	**38,633**	**1,176,232**
BlackRock Financial Management, Inc.	1,159,153	17,916	39,916	1,216,985
Baird Advisors	1,220,616	18,865	42,030	1,281,511
Barings	1,741,792	26,918	59,971	1,828,681
Franklin Templeton Investments	111,369	1,723	3,839	116,931
Loomis Sayles & Company, L.P.	1,300,996	20,105	44,790	1,365,891
Pacific Investment Management Company, LLC	3,018,082	46,646	103,924	3,168,652
Total Fixed Income	**8,552,008**	**132,173**	**294,470**	**8,978,651**
Arrowstreet Capital LP	4,232,171	65,389	145,670	4,443,230
Dodge & Cox	3,850,632	59,496	132,544	4,042,672
GQG Partners	841,339	12,954	28,834	883,127
MFS Institutional Advisors, Inc.	2,251,634	34,856	77,738	2,364,228
Wellington Management Company, LLP	2,186,157	33,785	75,268	2,295,210
Total Global Equity	**13,361,933**	**206,480**	**460,054**	**14,028,467**
BlackRock Financial Management, Inc.	608,368	9,401	20,945	638,714
Total International Equity	**608,368**	**9,401**	**20,945**	**638,714**
Almanac Realty Investors, LLC	991,751	15,328	34,150	1,041,229
Clarion Partners	1,778,890	27,497	61,264	1,867,651
Kayne Anderson	516,119	7,976	17,768	541,863
Landmark Partners	1,265,516	19,553	43,555	1,328,624
Morgan Stanley	364,492	5,631	12,544	382,667
Oaktree Capital Management, L.P.	1,304,016	20,158	44,911	1,369,085
PGIM Real Estate (formerly Prudential)	2,612,690	40,385	89,977	2,743,052
Rockpoint Group, L.L.C.	5,902	91	203	6,196
Rockwood Capital Partners, LLC	909,121	14,051	31,304	954,476
Torchlight Investors	1,037,815	16,042	35,743	1,089,600
UBS Realty Investors, LLC	1,700,554	26,286	58,568	1,785,408
Total Real Estate	**12,486,866**	**192,998**	**429,987**	**13,109,851**
Abbott Capital Management, LLC	1,134	18	39	1,191
Ares Management, LLC	358,206	5,534	12,328	376,068
Beecken Petty O'Keefe & Company	31,442	486	1,082	33,010
Bridgepoint Advisers Limited	1,393,352	21,504	47,877	1,462,733
CVC Capital Partners	88,757	1,372	3,057	93,186
(The) Energy & Minerals Group	204,947	3,168	7,057	215,172

(Continued)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
SCHEDULE OF INVESTMENT-RELATED EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	School Employees	**Judges**	**Patrol**	**Total**
Francisco Partners	1,646,487	25,455	56,716	1,728,658
Genstar Capital Partners LLC	1,619,051	25,022	55,747	1,699,820
Leonard Green & Partners, L.P.	437,715	6,770	15,086	459,571
HarbourVest Partners, LLC	2,115,725	32,684	72,806	2,221,215
Lightyear Capital LLC	28,021	434	968	29,423
Lincolnshire Management, Inc.	14,385	223	496	15,104
McCarthy Capital Corporation	1,379,126	21,316	47,491	1,447,933
Merit Capital Partners	46,276	716	1,595	48,587
New Enterprise Associates	1,039,417	16,065	35,791	1,091,273
New Mountain Capital, LLC	972,074	15,016	33,450	1,020,540
Pathway Capital Management	145,014	2,241	4,993	152,248
Pine Brook Partners	207,446	3,207	7,147	217,800
Presidio Partners (formerly CMEA Capital)	44,576	690	1,538	46,804
Quantum Energy Partners	769,451	11,896	26,507	807,854
Sun Capital Partners, Inc.	3,328	51	115	3,494
(The) Jordan Company	1,181,165	18,259	40,682	1,240,106
The Rohatyn Group Management, L.P.	(6,646)	(102)	(227)	(6,975)
Wayzata Investment Partners, LLC	15,587	241	537	16,365
Wynnchurch Capital	1,251,279	19,350	43,118	1,313,747
Total Private Equity	**14,987,315**	**231,616**	**515,996**	**15,734,927**
Nebraska Investment Council	1,514,492	23,609	52,392	1,590,493
Custody Expense	372,368	5,788	12,850	391,006
Foreign Income Taxes	2,616,456	40,414	89,946	2,746,816
Other Expenses	83,744	1,293	30,255	115,292
Total Other Investment Expenses	**4,587,060**	**71,104**	**185,443**	**4,843,607**
Total Investment Fees	**$ 55,703,819**	**$ 861,102**	**$ 1,945,528**	**$ 58,510,449**

(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, 2023, 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 January 25, 2024. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, and 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

January 25, 2024

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