

**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, 2025**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on March 2, 2026**

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

**TABLE OF CONTENTS**

	Page
<b>Background Information Section</b>	
Background	1
Mission Statement	1
Vision	1
Organizational Chart	2
Key Officials and Agency Contact Information	3
<b>Comment Section</b>	
Comment and Recommendation	4 - 6
<b>Financial Section</b>	
Independent Auditor's Report	7 - 9
Basic Financial Statements:	
Statement of Fiduciary Net Position	10
Statement of Changes in Fiduciary Net Position	11
Notes to the Financial Statements	12 - 33
Required Supplementary Information (Unaudited):	
Schedule of Changes in the School Districts' Net Pension Liability/(Asset)	34
Schedule of Changes in the Judges' Net Pension Liability/(Asset)	35
Schedule of Changes in the State Patrol's Net Pension Liability/(Asset)	36
Schedule of Employer and Non-Employer Contributions	37 - 39
Schedule of Investment Returns	40
Notes to the Required Supplementary Information	41 - 48
Supplementary Information:	
Schedule of Administrative Expenses	49
Schedule of Investment-Related Expenses	50 - 51
<b>Government Auditing Standards Section</b>	
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 <i>Government Auditing Standards</i>	52 - 53

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 nine members appointed by the Governor, with legislative approval, to five-year terms. Seven of the appointed members must be active or retired participants in the retirement system. Those seven 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 Employees Retirement System;
- ◆ One participant in the State Employees Retirement System; and
- ◆ One participant, who is a teacher, in the Omaha School Employees Retirement System effective September 1, 2024.

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, and the Omaha School Employees Retirement System participant served as a nonvoting, ex-officio Board member from March 19, 2024, through August 31, 2024.

All appointed Board members must be Nebraska citizens. Members of the Board, excluding the State Investment Officer, are paid a \$75 per diem, and all members are reimbursed for actual and necessary expenses in accordance with Neb. Rev. Stat. § 84-1502(3) (Supp. 2025). 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, 2024-2025, Neb. Rev. Stat. § 84-1501 (Reissue 2024), and Neb. Rev. Stat. § 84-1502 (Supp. 2025).

The following Mission Statement, Vision, and Organizational Chart were taken from the Nebraska Public Employees' Retirement Systems 2025 Annual Report to the Legislative Retirement Committee, available on the Nebraska Public Employees Retirement Systems webpage, [npers.ne.gov](http://npers.ne.gov), under the "Member Info" and "Publications" sections.

**MISSION STATEMENT**

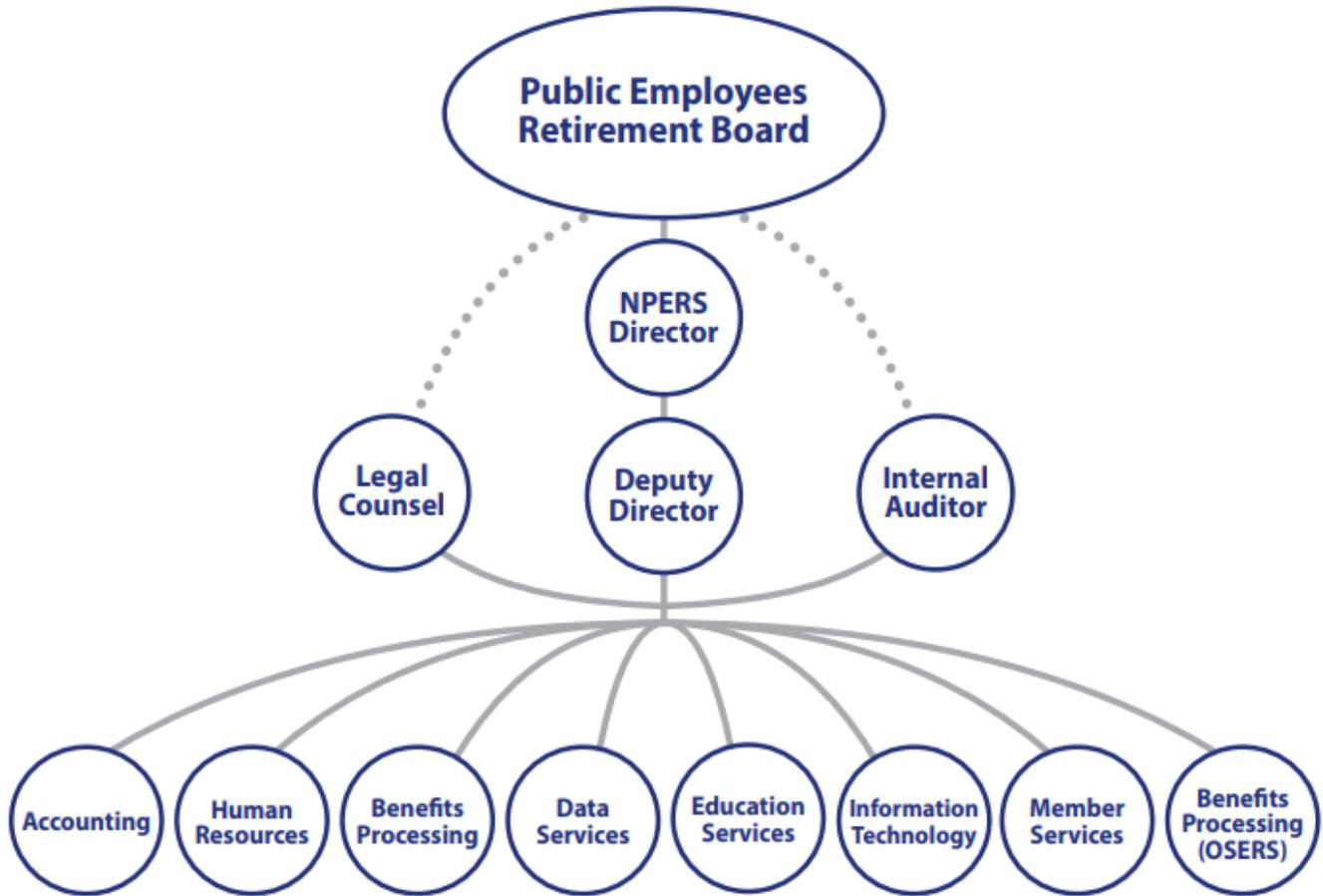
The Nebraska Public Employees Retirement Systems recognizes the importance of a successful retirement and is dedicated to providing the highest quality service necessary to assist members in achieving this goal.

**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.

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

ORGANIZATIONAL CHART



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

**KEY OFFICIALS AND AGENCY CONTACT INFORMATION**

**Public Employees Retirement Board Members  
As of June 30, 2025**

Janis Elliott  
Chair – School Member  
Term Ending January 1, 2029

Thomas Zimmerman  
Vice Chair – Judge Member  
Term Ending January 1, 2026

Patrick Bourne  
Public Member  
Term Ending January 1, 2027  
(Appointed February 2025)

Gerald Clausen  
Public Member  
Term Ending January 1, 2028

Jacob Curtiss  
School Member  
Term Ending January 1, 2030  
(Appointed February 2025)

Michael Donley  
State Member  
Term Ending January 1, 2030  
(Appointed May 2025)

Brent Larson  
Omaha School Member  
Term Ending January 1, 2029  
(Appointed May 2025)

Charles Neumann  
County Member  
Term Ending January 1, 2026

Luke Splattstoesser  
State Patrol Member  
Term Ending January 1, 2028

Ellen Hung  
Ex-Officio (State Investment Officer)

**Nebraska Public Employees Retirement Systems Executive Management**

Tyler Cummings  
Deputy Director/Interim Director

Teresa Zulauf  
Controller

Tag Herbek  
Legal Counsel

Nebraska Public Employees Retirement Systems  
1526 K Street, Suite 400  
P.O. Box 94816  
Lincoln, NE 68509  
npers.ne.gov

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

**COMMENT AND RECOMMENDATION**

During our audit of the Nebraska Public Employees Retirement Systems (NPERS) – School Employees, Judges, and State Patrol Retirement Plans, we noted a certain matter involving the internal control over financial reporting and other operational matters, which is presented below.

**Financial Statement Errors**

We noted that NPERS made several inaccurate accrual entries and other financial statement errors, as follows:

*State Patrol Retirement Contributions*

During 2024, the Nebraska 108th Legislature enacted Legislative Bill (LB) 196, which changed the statutorily set retirement contribution rates for the State Patrol Retirement Plan. Prior to July 1, 2024, the State Patrol Retirement Plan members’ contribution rate was set at either 16% or 17% of their monthly compensation, based on the members’ hire date, which were matched 100% by the State Patrol. Effective July 1, 2024, the members’ contribution rate changed to 10% of their monthly compensation, and the State Patrol’s contribution rate changed to 24% of the member’s monthly compensation.

The Statement of Changes in Fiduciary Net Position prepared by NPERS listed Member Contributions as \$7,328,522 and State Patrol Employer Contributions as \$7,328,523. These financial statement amounts were calculated by allocating 50% of the fiscal year retirement contributions, totaling \$14,657,045, to Member Contributions and 50% to State Patrol Employer Contributions. However, due to LB 196, total fiscal year retirement contributions should have been allocated 29.5% to the Member Contributions, totaling \$4,323,828, and 70.5% to the State Patrol Employer Contributions, totaling \$10,333,217.

As a result of this calculation error, Member Contributions were overstated by \$3,004,694 and State Patrol Employer Contributions were understated by \$3,004,694 on the Statement of Changes in Fiduciary Net Position. These errors were corrected by NPERS after they were identified and communicated.

<b>Effect on the State Patrol Retirement Plan Financial Statements</b>	<b>Overstatement/ (Understatement)</b>
Member Contributions	\$ 3,004,694
State Patrol Employer Contributions	(3,004,694)

*Service Annuity Benefit Transfers*

The School Employees Retirement Plan (School Plan) administers a service annuity benefit to all retired Nebraska school district employees, paid by the State of Nebraska and computed per Neb. Rev. Stat. § 79-933 (Reissue 2024). For the Omaha School Employees Retirement Plan (Omaha Plan) members, a calculated service annuity benefit amount is transferred from the School Plan to the Omaha Plan, which then makes the actual service annuity benefit payments to the Omaha Plan retirees. In accordance with Neb. Rev. Stat. § 79-916 (Supp. 2025), a separate Service Annuity Fund was established for such payments.

Each year, NPERS records an accrual entry to account for the transfers from the Service Annuity Fund to the Omaha Plan for the fiscal year benefits recorded in the State accounting system after June 30th. However, when preparing the accrual entry for fiscal year 2025, NPERS incorrectly excluded \$311,137 of service annuity benefit transfers. As a result, Accounts Payable and Accrued Liabilities and Other Deductions for the School Employees Retirement Plan were both understated by \$311,137 on the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, respectively. Additionally, the School Plan’s Fiduciary Net Position was overstated by \$311,137 on the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. NPERS declined to correct this entry after it was identified, as the amount was not material to the School Employees Retirement Plan.

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

**COMMENT AND RECOMMENDATION**  
(Continued)

Effect on the School Employees Retirement Plan Financial Statements	Overstatement/ (Understatement)
Accounts Payable and Accrued Liabilities	\$ (311,137)
Other Deductions	(311,137)
Fiduciary Net Position	311,137

*Refund Payment Accrual Entry*

At the end of each fiscal year, NPERS records an accrual entry to account for refunds of contributions paid to members after the fiscal year, including refunds paid to beneficiaries of deceased members. A refund to a beneficiary is included in the accrual if the date of the member’s death occurred prior to June 10th, and the death certificate was received by NPERS prior to June 30th.

We tested 25 refunds paid after June 30, 2025, and determined that NPERS incorrectly excluded two of the payments from the accrual entry prepared for fiscal year 2025, totaling \$309,316. These two payments were both refunded contribution payments to beneficiaries of deceased members of the School Employees Retirement Plan, as shown in the table below.

Retirement No.	Date of Death	Death Certificate Received Date	Payment Date	Gross Refund Payment
166558	2/24/2025	6/6/2025	7/30/2025	\$ 152,762
151502	3/11/2025	4/1/2025	8/6/2025	156,554
<b>Total</b>				<b>\$ 309,316</b>

As a result of these errors, Accounts Payable and Accrued Liabilities and Refunds of Contributions for the School Employees Retirement Plan were both understated by \$309,316 on the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, respectively, and Fiduciary Net Position was overstated by \$309,316. NPERS declined to correct this entry after it was identified, as the amount was not material to the School Employees Retirement Plan.

Effect on the School Employees Retirement Plan Financial Statements	Overstatement/ (Understatement)
Accounts Payable and Accrued Liabilities	\$ (309,316)
Refunds of Contributions	(309,316)
Fiduciary Net Position	309,316

*Footnote Disclosure Errors*

We also noted that NPERS made an error when preparing the footnotes to the Plans’ financial statements, which was corrected after it was identified, as follows:

- NPERS improperly excluded the investment security values for the State Patrol Deferred Retirement Option Plan (DROP), totaling \$688,601, from the Nonrated Commingled Funds amount on the Credit Risk of Debt Securities footnote disclosure table. The table originally listed Nonrated Commingled Funds as \$1,234,884,476; however, the correct amount was \$1,235,573,077.

A proper system of internal control and sound accounting practices require financial information to be complete and accurate. This includes procedures to ensure the financial statements and footnote disclosures are thoroughly reviewed, and adjustments are made in a timely manner.

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

**COMMENT AND RECOMMENDATION**

(Concluded)

Without such procedures, there is an increased risk of material misstatements occurring and remaining undetected, resulting in inaccurate financial statements and footnote disclosures.

A similar comment was included in the prior audit report.

We recommend NPERS strengthen procedures to ensure financial information is complete and accurate, and properly reviewed, including the financial statements and footnote disclosures.

*NPERS Management Response: NPERS will work on strengthening procedures to ensure NPERS' financial information is complete and accurate.*

It should be noted this report is critical in nature, containing only our comment and recommendation on the areas noted for improvement and does not include our observation of any strengths of the NPERS – School Employees, Judges, and State Patrol Retirement Plans.

Draft copies of this report were furnished to NPERS to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. Any formal response received has, upon being objectively evaluated and recognized as appropriate, been included in the report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next audit.



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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

## 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, 2025, 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, 2025, 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 (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, 2025, 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 34-48 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, which 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Administrative Expenses and Schedule of Investment-Related Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, 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.

February 27, 2026



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**  
AS OF JUNE 30, 2025

<b>ASSETS</b>	<b>School Employees</b>	<b>Judges</b>	<b>State Patrol</b>
Cash in State Treasury	\$ 734,110	\$ 20,571	\$ 55,656
Deposits with Vendors	863	-	-
Receivables:			
Contributions	52,882,916	1,977,982	6,834,870
Interest and Dividends	47,554,834	728,752	1,627,242
Other Investment Receivables (Note 4)	1,310,359,966	20,085,975	44,953,978
Total Receivables	<u>1,410,797,716</u>	<u>22,792,709</u>	<u>53,416,090</u>
Pooled Investments, at Fair Market Value (Note 4):			
Asset Backed Securities	218,878,880	3,355,223	7,509,289
Bank Loans	304,544,608	4,668,404	10,448,270
Commingled Funds	8,254,769,622	126,551,092	289,863,725
Corporate Bonds	1,624,357,227	24,929,297	55,803,334
Derivative Instruments	6,097,313	93,466	209,187
Equity Securities	4,352,377,488	66,614,019	149,014,770
Government Agency Securities	11,318,457	188,204	425,917
Government Agency Strips	293,416	4,498	10,066
International Government Agency Securities	52,092,950	799,104	1,788,646
International Notes and Bonds	217,529,629	3,334,538	7,462,991
Mortgages	935,265,368	14,336,801	32,087,181
Municipal Bonds	17,324,784	265,574	594,382
Opportunistic Credit	4,591,815	70,389	157,535
Private Equity	1,139,218,845	17,463,250	39,084,176
Private Real Estate	925,259,690	14,183,420	31,743,651
Short Term Investments	103,399,120	1,584,802	3,549,981
U.S. Treasury Bills	5,915,892	90,685	202,962
U.S. Treasury Notes and Bonds	554,076,105	8,509,366	19,049,799
U.S. Treasury Strips	39,834,520	610,629	1,366,638
Total Investments	<u>18,767,145,729</u>	<u>287,652,761</u>	<u>650,372,500</u>
Invested Securities Lending Collateral (Note 4)	<u>1,042,864,286</u>	<u>15,980,190</u>	<u>35,760,791</u>
Capital Assets (Note 9):			
Equipment	4,791,804	65,649	65,649
Less: Accumulated Depreciation	<u>(4,789,660)</u>	<u>(65,615)</u>	<u>(65,615)</u>
Total Capital Assets, Net	<u>2,144</u>	<u>34</u>	<u>34</u>
Total Assets	<u>21,221,544,848</u>	<u>326,446,265</u>	<u>739,605,071</u>
<b>LIABILITIES</b>			
Compensated Absences Payable (Note 5)	470,779	7,599	7,581
Accounts Payable and Accrued Liabilities	16,010,863	169,725	386,396
Obligations Under Securities Lending (Note 4)	1,042,864,286	15,980,190	35,760,791
Obligations Under Reverse Repurchase Agreements	24,683,701	378,379	846,845
Other Investment Payables (Note 4)	<u>1,604,829,962</u>	<u>24,600,224</u>	<u>55,057,871</u>
Total Liabilities	<u>2,688,859,591</u>	<u>41,136,117</u>	<u>92,059,484</u>
Fiduciary Net Position - Restricted for Pension Benefits	<u>\$ 18,532,685,257</u>	<u>\$ 285,310,148</u>	<u>\$ 647,545,587</u>

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, 2025

	<u>School Employees</u>	<u>Judges</u>	<u>State Patrol</u>
<b>ADDITIONS</b>			
Contributions:			
Member	\$ 243,385,706	\$ 2,638,902	\$ 4,323,828
Employer			
Schools	244,654,915	-	-
Court Fees	-	5,686,190	-
State Patrol	-	-	10,333,217
State Appropriations	-	1,459,899	6,834,870
Non-Employer (Note 2)	19,075,781	-	-
Total Contributions	<u>507,116,402</u>	<u>9,784,991</u>	<u>21,491,915</u>
Investment Income:			
Net Appreciation/(Depreciation) in Fair Value of Investments	1,652,745,649	25,339,771	57,352,821
Interest and Dividends	380,562,377	5,847,336	13,122,962
Securities Lending Income	53,076,955	763,318	1,820,059
Total Investment Income	<u>2,086,384,981</u>	<u>31,950,425</u>	<u>72,295,842</u>
Investment Expenses:			
Investment Expenses	(70,536,615)	(1,080,737)	(2,419,738)
Securities Lending Expenses	(50,433,111)	(722,805)	(1,729,399)
Total Investment Expenses	<u>(120,969,726)</u>	<u>(1,803,542)</u>	<u>(4,149,137)</u>
Net Investment Income	<u>1,965,415,255</u>	<u>30,146,883</u>	<u>68,146,705</u>
Other Additions	<u>25,129</u>	<u>-</u>	<u>20,733</u>
Total Additions	<u>2,472,556,786</u>	<u>39,931,874</u>	<u>89,659,353</u>
<b>DEDUCTIONS</b>			
Benefits	848,413,959	14,999,924	28,444,674
Refunds of Contributions	25,584,461	-	1,861,746
Administrative Expenses	4,740,557	120,921	147,598
Other Deductions (Note 6)	1,338,017	-	-
Total Deductions	<u>880,076,994</u>	<u>15,120,845</u>	<u>30,454,018</u>
Net Increase/(Decrease) in Fiduciary Net Position	1,592,479,792	24,811,029	59,205,335
Net Position - Restricted for Pension Benefits:			
Beginning of Year	16,940,205,465	260,499,119	588,340,252
End of Year	<u>\$ 18,532,685,257</u>	<u>\$ 285,310,148</u>	<u>\$ 647,545,587</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2025

**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 six retirement plans and the Deferred Compensation Plan. The six retirement plans administered are the School Employees, State Patrol, Judges, State Employees, County Employees, and Omaha School Employees Retirement Plans.

The Board is comprised of nine members appointed by the Governor, with legislative approval, to five-year terms. Seven of the appointed members must be active or retired participants in the retirement system. Those seven members include the following: 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 Nebraska County Employees Retirement System; one participant in the State Employees Retirement System; and one participant, who is a teacher, in the Omaha School Employees Retirement System. Two appointed Board 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 organization 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. Prior to September 1, 2024, the Omaha School Employees Retirement System member was required to be a nonvoting, ex-officio member.

NPERS is a part of the State of Nebraska reporting entity. The six 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, 2024, 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.

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

**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 basic 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 is capitalized. Equipment is depreciated over 5 to 10 years using the straight-line method.

**G. Compensated Absences**

All permanent employees working for NPERS earn sick and 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**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, 2025, the date of the last actuarial valuation:

	School Employees	Judges	State Patrol
Inactive Plan Members or Beneficiaries			
Currently Receiving Benefits	30,163	209	531
Members in Deferred Retirement Option Plan (DROP)	-	-	33
Inactive Plan Members Entitled to but not yet Receiving Benefits	7,866	3	30
Inactive Nonvested Members	23,578	-	19
Active Plan Members	45,083	143	386
	106,690	355	999

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 2024, Supp. 2025) for the School Employees Retirement Act, Neb. Rev. Stat. §§ 24-701 through 24-714 (Reissue 2016, Cum. Supp. 2024, Supp. 2025) for the Judges Retirement Act, and Neb. Rev. Stat. §§ 81-2014 through 81-2041 (Reissue 2024, Supp. 2025) 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**2. Plan Descriptions and Contribution Information** (Continued)

**School Employees Retirement**

**Plan Description.** The School Employees Retirement Plan is a cost-sharing, multiple-employer defined benefit pension plan. In 1945, the Legislature enacted the law establishing a retirement plan for school employees of the State. During fiscal year 2025, there were 265 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**2. Plan Descriptions and Contribution Information** (Continued)

**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, 2024, to June 30, 2025. The school district (employer) contribution is 101 percent of the employee contribution.

In 2025, the Nebraska Legislature passed Legislative Bill (LB) 645 (2025) which provides for varying contribution rates for members, School Districts and the State based on the actuarial funded status of the School Employees Retirement Plan, effective July 1, 2025. The table below shows the contribution rates for each group under different funding scenarios:

Funded Ratio:	Less than 96%	Between 96% and 98%	Between 98% and 100%	100% and Above
Members	9.75%	8.75%	8.00%	7.25%
School Districts	9.85%	8.84%	8.08%	7.32%
State	2.00%	0.70%	0.70%	0.00%

**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.

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. **Plan Descriptions and Contribution Information** (Continued)

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 docket fees to be collected for the Judges Retirement Plan from four dollars to six dollars through June 30, 2021, to eight dollars for July 1, 2021, through June 30, 2022, to nine 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 compensation until the maximum benefit has been earned. After earning the maximum benefit, members contribute five percent of their compensation for the remainder of their active service. All other members contribute seven percent of their compensation until the maximum benefit has been earned. After earning the maximum benefit, those members contribute one percent of their compensation for the remainder of their active service. Members entering the plan on or after July 1, 2015, contribute 10 percent of their compensation.

**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 compensation multiplied by years of service, not to exceed 75 percent of the final average monthly compensation.

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. Any member who attains age 60 is eligible to receive an unreduced benefit, regardless of years of service.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**2. Plan Descriptions and Contribution Information** (Concluded)

For tier one members, normal benefits are calculated using the average monthly compensation 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 compensation 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.

**Contributions.** Commencing July 1, 2024, both tier one and tier two members are required to contribute 10 percent of their monthly compensation. The State Patrol's (employer) contribution is 24 percent of the member's compensation. The State's contribution is based on an annual actuarial valuation.

**Deferred Retirement Option Plan (DROP).** Neb. Rev. Stat. § 81-2041 (Reissue 2024) established DROP for the State Patrol effective September 1, 2008. DROP is a voluntary deferred retirement plan that a member can enter between the ages of 50 and 60, with 25 years of service. 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 DROP at June 30, 2025, was \$6,670,343.

**3. Funded Status and Funding Progress**

The components of the net pension liability for the plans at July 1, 2025, 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	\$ 17,292,069,116	\$ 18,532,685,257	\$ (1,240,616,141)	107.17%
Judges	\$ 258,841,749	\$ 285,310,148	\$ (26,468,399)	110.23%
State Patrol	\$ 732,345,270	\$ 647,545,587	\$ 84,799,863	88.42%

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**3. Funded Status and Funding Progress** (Continued)

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

	<u>School Employees</u> July 1, 2025	<u>Judges</u> July 1, 2025	<u>State Patrol</u> July 1, 2025
Valuation date	July 1, 2025	July 1, 2025	July 1, 2025
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	25 Years	25 Years	17 Years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
<u>Actuarial assumptions:</u>			
Inflation	2.35%	2.35%	2.35%
Investment rate of return, net of investment expense and including inflation	6.95%	6.95%	6.95%
Projected salary increases, including inflation	2.95% - 12.95%	3.20%	2.95% - 8.45%
Cost-of-Living Adjustments (COLA)	2.00% with a floor benefit equal to 75% purchasing power of original benefit*	2.00% with a floor benefit equal to 75% purchasing power of original benefit**	2.00% 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).

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

**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**3. Funded Status and Funding Progress** (Continued)

The actuarial assumptions used in the July 1, 2025, 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, 2023. The experience study report is dated February 19, 2025.

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	24.0%	4.5%
Non-U.S. Equity	11.5%	4.6%
Global Equity	22.0%	4.8%
Fixed Income	30.0%	3.0%
Private Equity	5.0%	7.1%
Real Estate	7.5%	4.0%
Total	100.0%	

\*Arithmetic mean, net of investment expenses.

**Discount Rate.** The discount rate used to measure the Total Pension Liability at June 30, 2025, was six-and-ninety-fifths percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2019, through June 30, 2023. 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 2124.

**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 six-and-ninety-fifths 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 (five-and-ninety-fifths percent) or one percentage point higher (seven-and-ninety-fifths percent) than the current rate.

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

**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**3. Funded Status and Funding Progress (Concluded)**

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Net Pension Liability/(Asset):			
School	\$ 1,182,234,364	\$ (1,240,616,141)	\$ (3,226,794,217)
Judges	\$ 1,043,941	\$ (26,468,399)	\$ (49,948,395)
State Patrol	\$ 190,281,482	\$ 84,799,683	\$ (140,899)

**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) (Supp. 2025) directs the appointed members of the Nebraska Investment Council to do the following:

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Plans have the ability to access at the measurement date. Instruments categorized in Level 1 consist primarily of a broadly traded range of equity and debt securities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset and/or uncorroborated.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**4. Investments** (Continued)

**Plan Investments at June 30, 2025, at Fair Value Measurement Using:**

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities				
Asset Backed Securities	\$ 229,743,392	\$ -	\$ 229,743,392	\$ -
Bank Loans	319,661,282	-	319,661,230	52
Commingled Funds	1,235,573,077	847,984,946	387,588,131	-
Corporate Bonds	1,705,089,858	-	1,703,320,558	1,769,300
Derivative Instruments	2,309,281	2,309,281	-	-
Government Agency Securities	11,932,578	-	11,932,578	-
Government Agency Strips	307,980	-	307,980	-
International Government Agency Securities	54,680,700	-	54,680,700	-
International Notes and Bonds	228,327,158	-	228,327,158	-
Mortgages	981,689,350	-	981,689,350	-
Municipal Bonds	18,184,740	-	18,184,740	-
Short Term Investments	108,530,742	27,093,619	81,437,123	-
U.S. Treasury Bills	6,209,539	-	6,209,539	-
U.S. Treasury Notes and Bonds	581,635,270	-	581,635,270	-
U.S. Treasury Strips	41,811,787	-	41,811,787	-
	<u>5,525,686,734</u>	<u>877,387,846</u>	<u>4,646,529,536</u>	<u>1,769,352</u>
Other Investments				
Commingled Funds	7,435,611,362	7,435,541,880	-	69,482
Derivative Instruments	4,090,685	294,783	3,795,902	-
Equity Securities	4,568,006,277	4,531,026,766	34,388,535	2,590,976
Total Investments at Fair Value Level	<u>\$ 17,533,395,058</u>	<u>\$ 12,844,251,275</u>	<u>\$ 4,684,713,973</u>	<u>\$ 4,429,810</u>
Investments Measured at the Net Asset Value (NAV)		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private Real Estate:				
Core	\$ 616,389,688	\$ -	Quarterly	90 days
Non-Core	354,797,073	196,602,998		
Opportunistic Credit	4,819,739	-		
Private Equity	1,195,766,271	372,663,385		
Short Term Investments	3,161	-		
Total Investments Measured at NAV	<u>2,171,775,932</u>	<u>\$ 569,266,383</u>		
Total Investments	19,705,170,990			
Securities Lending Collateral	1,094,605,267			
Total	<u>\$ 20,799,776,257</u>			

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

4. **Investments** (Continued)

- Asset Backed Securities, Bank Loans, and Mortgages: matrix pricing, based on accepted modeling and pricing conventions, of the securities' relationship to benchmark quoted prices.
- Commingled Funds: published fair value per share (unit) for each fund.

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

Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) have not been categorized in the fair value hierarchy. The fair value amounts at NAV presented in the above table are intended to permit reconciliation of the fair value hierarchy to the amount presented on the basic financial statements. 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 \$1,094,605,267 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

4. **Investments** (Continued)

**School Employees, Judges, and Patrol Retirement Plans**  
**Investments at June 30, 2025**

	<b>Fair Value</b>	<b>Effective Duration</b>
Debt Securities		
Asset Backed Securities	\$ 229,743,392	1.60
Bank Loans	319,661,282	0.07
Commingled Funds	1,235,573,077	4.45
Corporate Bonds	1,705,089,858	4.40
Derivative Instruments	2,309,281	0.00
Government Agency Securities	11,932,578	7.33
Government Agency Strips	307,980	4.70
International Government Agency Securities	54,680,700	5.95
International Notes and Bonds	228,327,158	6.79
Mortgages	981,689,350	5.55
Municipal Bonds	18,184,740	7.61
Short Term Investments	108,530,742	0.01
U.S. Treasury Bills	6,209,539	0.48
U.S. Treasury Notes and Bonds	581,635,270	9.85
U.S. Treasury Strips	41,811,787	10.05
Other Investments		
Commingled Funds	7,435,611,362	
Derivative Instruments	4,090,685	
Equity Securities	4,568,006,277	
Private Real Estate	971,186,761	
Opportunistic Credit	4,819,739	
Private Equity	1,195,766,271	
Short Term Investments	3,161	
Total Investments	19,705,170,990	
Invested Securities Lending Collateral	1,094,605,267	
Total	\$ 20,799,776,257	

**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. The State does not have a policy that addresses interest rate risk.

**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 include specific investment guidelines. For the core fixed income accounts, these guidelines set the minimum average credit quality rating of the account at an A. Exposure to any single investment grade issuer, excluding obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, is limited to 5 percent. For issuers below investment grade, the maximum exposure is 3 percent. In other fixed income accounts, the guidelines restrict exposure to any single corporate issuer to no more than 5 percent. NPERS’ rated debt investments, presented below, as of June 30, 2025, were rated by Standard and Poor’s or Moody’s based on the greatest degree of risk.

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

**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

4. **Investments** (Continued)

**School Employees, Judges, and State Patrol Retirement Plan Investments at June 30, 2025**

	Quality Ratings					
	Fair Value	A	AA	AAA	B	BB
Asset Backed Securities	\$ 229,743,392	\$ 2,883,217	\$ 2,294,048	\$ 100,189,163	\$ 2,560,923	\$ 14,552,705
Bank Loans	319,661,282	555,028	-	-	159,136,134	39,961,421
Commingled Funds	1,235,573,077	-	-	-	-	-
Corporate Bonds	1,705,089,858	218,401,933	13,220,892	5,299,845	199,308,898	371,677,089
Derivative Instruments	2,309,281	-	-	-	-	-
Government Agency Securities	11,932,578	-	11,807,273	-	-	-
Government Agency Strips	307,980	-	-	-	-	-
International Government Agency Securities	54,680,700	6,711,275	8,714,799	914,971	12,899,256	9,144,353
International Notes and Bonds	228,327,158	16,151,186	12,743,570	-	22,174,087	62,553,910
Mortgages	981,689,350	4,448,308	5,171,799	138,625,890	569,983	178,254
Municipal Bonds	18,184,740	5,881,065	6,267,996	3,259,698	-	282,985
Short Term Investments	108,530,742	-	-	-	-	-

	Quality Ratings					
	BBB	C	CC	CCC	D	Unrated
Asset Backed Securities	\$ 12,193,927	\$ 1,140,468	\$ 1,811,903	\$ 399,883	\$ 4,603,825	\$ 87,113,330
Bank Loans	3,504,678	-	127,409	22,972,708	-	93,403,904
Commingled Funds	-	-	-	-	-	1,235,573,077
Corporate Bonds	813,429,726	-	4,642,794	52,185,725	2,500,693	24,422,263
Derivative Instruments	-	-	-	-	-	2,309,281
Government Agency Securities	-	-	-	-	-	125,305
Government Agency Strips	-	-	-	-	-	307,980
International Government Agency Securities	14,428,491	-	-	-	-	1,867,555
International Notes and Bonds	62,494,068	143,487	-	13,083,968	643,060	38,339,822
Mortgages	1,751,506	-	918,765	1,769,672	1,433,210	826,821,963
Municipal Bonds	2,492,996	-	-	-	-	-
Short Term Investments	-	-	-	-	-	108,530,742

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

4. **Investments** (Continued)

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's 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, 2025, 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 a deposit. The State does not have a formal policy to limit foreign currency risk. The School Employees, Judges, and State Patrol Retirement Plans' exposure to foreign currency risk is presented in the following table.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**4. Investments** (Continued)

**School Employees, Judges, and State Patrol Retirement Plans  
Foreign Currency at June 30, 2025**

	Asset Backed	Bank Loans	Corporate Bonds	Equity Securities	International Government Agency Securities	International Notes and Bonds	Mortgages	Municipal Bonds	Private Equity	Short Term Investments
Australian Dollar	\$ -	\$ -	\$ -	\$ 9,746,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,661
Brazilian Real	-	-	-	34,555,374	-	4,927,881	-	-	-	42,711
British Pound Sterling	-	8,154,762	23,897,948	215,287,003	1,008,730	16,876,607	2,111,015	-	-	6,951,567
Canadian Dollar	-	-	-	82,845,085	873,737	-	-	5,872,277	-	635,003
Chilean Peso	-	-	-	57,355	-	-	-	-	-	-
Chinese Yuan Renminbi	-	-	-	46,713,426	-	-	-	-	-	(4,250)
Chinese Yuan Renminbi Offshore	-	-	-	102,648,622	-	-	-	-	-	900,392
Colombian Peso	-	-	-	113,408	-	-	-	-	-	-
Czech Koruna	-	-	-	654,682	-	-	-	-	-	142,504
Danish Krone	-	-	1	24,653,138	-	-	-	-	-	467
Egyptian Pound	-	-	-	-	-	1,536,464	-	-	-	82
Euro	26,881,625	86,687,422	115,243,815	501,200,005	6,592,677	39,586,670	-	-	94,157,752	14,386,593
Hong Kong Dollar	-	-	-	110,998,702	-	-	-	-	-	(1,044,675)
Hungarian Forint	-	-	-	604,952	-	-	-	-	-	34,392
Indian Rupee	-	-	-	-	-	-	-	-	-	-
Indonesian Rupiah	-	-	-	175,720	-	-	-	-	-	-
Japanese Yen	-	-	-	124,571,915	-	5,126,715	-	-	-	(360,709)
Kuwaiti Dinar	-	-	-	2,947,207	-	-	-	-	-	13,397
Malaysian Ringgit	-	-	-	1,405,634	-	-	-	-	-	-
Mexican Peso	-	-	-	10,581,598	513,150	6,429,163	-	-	-	342,046
New Israeli Shekel	-	-	-	18,710,798	-	1,900,023	-	-	-	109,975
New Taiwan Dollar	-	-	-	-	-	-	-	-	-	-
New Zealand Dollar	-	-	-	-	-	-	-	-	-	321,559
Norwegian Krone	-	-	-	7,056,800	-	-	-	-	-	184,123
Peruvian Nuevo Sol	-	-	-	-	-	6,462,589	-	1,748,473	-	125,663
Philippine Peso	-	-	-	1,159,579	-	-	-	-	-	-
Polish Zloty	-	-	-	13,326,702	-	-	-	-	-	8,783
Singapore Dollar	-	-	-	7,625,367	-	-	-	-	-	241,084
South African Rand	-	-	-	6,222,098	-	17,895,642	-	-	-	318,187
South Korean Won	-	-	-	47,660,949	-	-	-	-	-	5,791
Swedish Krona	-	-	-	7,025,842	-	-	-	-	-	302,713
Swiss Franc	-	-	-	55,652,442	-	-	-	-	-	(218,912)
Thailand Baht	-	-	-	3,977,358	-	-	-	-	-	6,109
Turkish Lira	-	-	-	782,287	-	6,454,108	-	-	-	442,990
United Arab Emirates Dirham	-	-	-	10,028,209	-	-	-	-	-	-
<b>Total</b>	<b>\$ 26,881,625</b>	<b>\$ 94,842,184</b>	<b>\$139,141,764</b>	<b>\$ 1,448,988,665</b>	<b>\$ 8,988,294</b>	<b>\$ 107,195,862</b>	<b>\$ 2,111,015</b>	<b>\$ 7,620,750</b>	<b>\$ 94,157,752</b>	<b>\$ 24,043,246</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**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 securities lending agent 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 fair value of the loaned securities. Securities on loan at year-end consisted of United States government obligations, commingled funds, 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 duration of twenty-five days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The securities lending agent 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. Swaps represent an exchange of streams of payments over time according to specified terms. All changes in the fair value of derivative instruments are reflected in Investment Income, and the fair value of derivative instruments at June 30, 2025, are reflected in Investments. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2025, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

<b>Derivative Instruments at June 30, 2025</b>			
Derivative Instrument	Change in Fair Value	Fair Value	Notional
Credit Default Swaps	\$ 1,081,977	\$ 3,397,226	\$ 88,827,961
Credit Default Swaption	10,990	(309)	(135,500)
Fixed Income Futures	829,906	2,533,592	341,406,569
Fixed Income Options	141,794	(17,888)	(885,132)
Foreign Currency Options	(812,464)	54,762	(1,297,988)
FX Forwards	(24,815,456)	(6,347,194)	-
Interest Rate Swaps	1,579,717	6,853,174	20,162,301
Interest Rate Swaption	802,337	(161,757)	35,025,961
Other	(2)	-	-
Rights	26,705	16,264	-
Warrants	(1,869,512)	72,096	-

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

**NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**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, 2025, 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, 2025, was \$3,584,961. 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 \$3,584,961.

Although the Plans execute derivative instruments with various counterparties, there is approximately 86 percent of the net exposure to credit risk, held with six counterparties. The counterparties are rated A, AA, or were unrated.

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 SOFR (Secured Overnight Financing Rate).

Foreign currency risk for derivative instruments at June 30, 2025, are as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**4. Investments** (Concluded)

**Derivative Instruments Foreign Currency at June 30, 2025**

Currency	Equity Contracts	Exchange Cleared Swaps	Foreign Exchange Contracts	Interest Rate Contracts	Options	Swaps	Swaption
Australian Dollar	\$ -	\$ 463,117	\$ (29,617)	\$ -	\$ -	\$ -	\$ -
Brazilian Real	-	3,186	240,030	-	-	-	-
British Pound Stearling	-	(162,302)	(400,909)	-	-	-	-
Canadian Dollar	-	(371,468)	5,750	53,658	-	-	-
Chinese Yuan							
Renminbi Offshore	-	-	(24,456)	-	-	-	-
Czech Koruna	-	11,446	(2,407)	-	-	-	-
Danish Krone	-	-	(5,026)	-	-	-	-
Egyptian Pound	-	-	29,936	-	-	-	-
Euro	-	404,599	(4,561,061)	(107,128)	45,890	778,037	(1,436)
Indian Rupee	-	-	22,056	-	-	-	-
Indonesian Rupiah	-	-	311	-	-	-	-
Israeli New Shekel	-	-	(191,539)	-	-	-	-
Japanese Yen	-	1,218,285	40,017	-	-	-	-
Mexican Peso	-	-	24,239	-	-	-	-
New Taiwan Dollar	-	-	(1,189,456)	-	-	-	-
New Zealand Dollar	-	-	(3,999)	-	-	-	-
Norwegian Krone	-	-	327	-	-	-	-
Peruvian Nuevo Sol	-	-	(255,090)	-	-	-	-
Polish Zloty	-	-	46,348	-	-	-	-
Singapore Dollar	-	-	(6,042)	-	-	-	-
South African Rand	-	-	(83,375)	-	-	-	-
South Korean Won	16,264	-	(24,806)	-	-	-	-
Swiss Franc	-	-	(40,789)	-	-	-	-
Thai Baht	-	-	(15,448)	-	-	-	-
Turkish Lira	-	-	77,812	-	-	-	-
<b>Total</b>	<b>\$ 16,264</b>	<b>\$1,566,863</b>	<b>\$ (6,347,194)</b>	<b>\$ (53,470)</b>	<b>\$45,890</b>	<b>\$ 778,037</b>	<b>\$ (1,436)</b>

**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, 2025, but the security had not settled.

**Money-Weighted Rate of Return.** For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.65 percent for the School Employees Plan, 11.65 percent for the Judges Plan, and 11.79 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Changes in Compensated Absences Payable**

Changes in compensated absences payable for the year ended June 30, 2025, are summarized as follows:

	School Employees	Judges	State Patrol
Beginning Balance	\$ 283,973	\$ 4,732	\$ 6,582
Net Increases	186,806	2,867	999
Ending Balance	\$ 470,779	\$ 7,599	\$ 7,581
Amounts Due Within One Year	\$ 251,823	\$ 4,065	\$ 4,055

**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 2024). For retirees of the Omaha School Employees Retirement Plan, a calculated service annuity amount is transferred from the School Plan to the Omaha School Employees Retirement Plan. NPERS then makes the actual service annuity payments to the Omaha School Employees Retirement Plan retirees.

In accordance with Neb. Rev. Stat. § 79-916 (Supp. 2025), a separate Service Annuity Fund was established for such payments, and an actuarially computed amount was transferred to the Service Annuity Fund from other School Plan assets. The State may transfer additional amounts to the Service Annuity Fund as may be necessary to pay the normal cost and amortize any unfunded actuarial accrued liability. This Service Annuity Fund is to be used only to reimburse the Omaha School Employees Retirement Plan for its retirees' service annuity payments and related administrative expenses. The assets of the fund, \$16,159,188, consisting almost entirely of investments, are included in the Statement of Fiduciary Net Position at June 30, 2025. The service annuity payments of \$1,338,017 to the Omaha School Employees Retirement Plan are shown as Other Deductions in the Statement of Changes in Fiduciary Net Position.

**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, motor vehicle liability and physical damage, employee health care, employee indemnification, and workers' compensation. The State has chosen to purchase insurance for the following:

- A. Life insurance for eligible employees.
- B. Crime coverage, with a limit of \$11 million per occurrence and a deductible of \$1 million per occurrence subject to specific conditions, limits, and exclusions.
- C. Real and personal property on a blanket basis for losses up to \$200 million with an all other perils deductible of \$1 million per loss occurrence. Newly acquired properties are covered up to \$10 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 \$96.25 million. This coverage does not apply ground up. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**7. Contingencies and Commitments** (Concluded)

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

In fiscal year 2024, one settlement of \$7.45 million exceeded insurance coverage by \$2.05 million. No other claims have exceeded coverage in the last three 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 include purchase of service payments totaling \$1,243,685. 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 (Reissue 2024), Neb. Rev. Stat. § 79-933.05 (Reissue 2024), Neb. Rev. Stat. § 79-933.06 (Reissue 2024), and Neb. Rev. Stat. § 79-933.08 (Reissue 2024).

**9. Capital Assets**

Capital asset activity for the year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>School Employees</b>				
Equipment	\$ 4,791,804	\$ -	\$ -	\$ 4,791,804
Less: Accumulated Depreciation	<u>4,788,843</u>	<u>817</u>	<u>-</u>	<u>4,789,660</u>
Capital Assets, Net	<u>\$ 2,961</u>	<u>\$ (817)</u>	<u>\$ -</u>	<u>\$ 2,144</u>
<b>Judges</b>				
Equipment	\$ 65,649	\$ -	\$ -	\$ 65,649
Less: Accumulated Depreciation	<u>65,603</u>	<u>12</u>	<u>-</u>	<u>65,615</u>
Capital Assets, Net	<u>\$ 46</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ 34</u>
<b>State Patrol</b>				
Equipment	\$ 65,649	\$ -	\$ -	\$ 65,649
Less: Accumulated Depreciation	<u>65,603</u>	<u>12</u>	<u>-</u>	<u>65,615</u>
Capital Assets, Net	<u>\$ 46</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ 34</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
(Concluded)

**10. Subsequent Events**

**State Patrol Additional Contributions.** Neb. Rev. Stat. § 81-2017(3) (Reissue 2024) describes actuarially required contributions. As of July 1, 2025, the actuarially determined additional contribution requirement for the State Patrol Plan is \$9,416,612.

**School Employees Additional Contributions.** Neb. Rev. Stat. § 79-966.01 (Reissue 2024) describes actuarially required contributions. As of July 1, 2025, 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 \$1,494,441.

**Judges Additional Contributions.** Neb. Rev. Stat. § 24-703 (Supp. 2025) describes actuarially required contributions. As of July 1, 2025, 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  
AS OF JUNE 30, 2025  
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>										
Service Cost	\$ 348,941,152	\$ 333,280,265	\$ 319,543,904	\$ 319,551,894	\$ 285,433,873	\$ 278,496,994	\$ 268,216,074	\$ 261,067,772	\$ 227,893,391	\$ 222,525,387
Interest	1,119,888,986	1,084,501,001	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
Benefit term changes	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	101,648,172	65,012,502	20,698,862	(4,848,126)	(22,739,951)	(189,863,578)	(161,275,567)	(53,078,517)	(144,448,222)	(108,321,212)
Assumption changes	204,661,291	91,546,522	83,673,605	82,620,879	(155,121,129)	-	-	-	853,085,886	-
Benefit payments, including member refunds	(875,336,437)	(830,169,641)	(785,743,620)	(736,680,306)	(692,620,210)	(660,565,238)	(626,500,723)	(587,984,401)	(554,369,720)	(528,499,067)
<b>Net change in Total Pension Liability</b>	<b>899,803,164</b>	<b>744,170,649</b>	<b>689,733,028</b>	<b>678,869,087</b>	<b>430,299,138</b>	<b>413,483,780</b>	<b>434,421,809</b>	<b>535,148,812</b>	<b>1,258,841,480</b>	<b>428,994,532</b>
<b>Total Pension Liability - beginning</b>	<b>16,392,265,952</b>	<b>15,648,095,303</b>	<b>14,958,362,275</b>	<b>14,279,493,188</b>	<b>13,849,194,050</b>	<b>13,435,710,270</b>	<b>13,001,288,461</b>	<b>12,466,139,649</b>	<b>11,207,298,169</b>	<b>10,778,303,637</b>
<b>Total Pension Liability - ending (a)</b>	<b>\$ 17,292,069,116</b>	<b>\$ 16,392,265,952</b>	<b>\$ 15,648,095,303</b>	<b>\$ 14,958,362,275</b>	<b>\$ 14,279,493,188</b>	<b>\$ 13,849,194,050</b>	<b>\$ 13,435,710,270</b>	<b>\$ 13,001,288,461</b>	<b>\$ 12,466,139,649</b>	<b>\$ 11,207,298,169</b>
<b>Plan Fiduciary Net Position</b>										
Employer contributions	\$ 244,654,915	\$ 234,343,126	\$ 224,030,311	\$ 216,059,310	\$ 208,990,879	\$ 203,022,597	\$ 196,850,333	\$ 190,657,058	\$ 184,903,366	\$ 178,608,695
State Appropriation contributions	17,541,637	47,734,715	45,821,148	44,704,077	43,034,416	41,860,351	40,543,609	39,339,378	38,039,347	36,919,600
Omaha Service Annuity contributions	1,534,144	1,701,782	1,964,600	1,603,111	1,219,620	1,216,131	1,248,297	1,243,169	992,451	997,118
Employee contributions	243,385,706	233,602,611	223,286,528	216,125,582	210,035,574	203,866,708	197,095,568	191,483,632	186,176,743	178,613,265
Net investment income	1,965,415,256	2,027,279,395	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
Benefit payments, including member refunds	(875,336,437)	(830,169,641)	(785,743,620)	(736,680,306)	(692,620,210)	(660,565,238)	(626,500,723)	(587,984,401)	(554,369,720)	(528,499,067)
Administrative expenses	(4,740,557)	(4,001,388)	(3,681,906)	(3,329,242)	(3,537,301)	(3,385,232)	(3,215,740)	(3,300,321)	(3,334,436)	(3,182,464)
Other changes	25,129	22,300	20,425	15,925	12,234	4,500	33,515	35,414	33,650	28,107
<b>Net change in Plan Fiduciary Net Position</b>	<b>1,592,479,793</b>	<b>1,710,512,900</b>	<b>1,086,932,854</b>	<b>(1,549,796,548)</b>	<b>3,406,819,608</b>	<b>70,789,627</b>	<b>578,648,120</b>	<b>759,437,396</b>	<b>1,178,276,697</b>	<b>12,768,757</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>16,940,205,464</b>	<b>15,229,692,564</b>	<b>14,142,759,710</b>	<b>15,692,556,258</b>	<b>12,285,736,650</b>	<b>12,214,947,023</b>	<b>11,636,298,903</b>	<b>10,876,861,507</b>	<b>9,698,584,810</b>	<b>9,685,816,053</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>\$ 18,532,685,257</b>	<b>\$ 16,940,205,464</b>	<b>\$ 15,229,692,564</b>	<b>\$ 14,142,759,710</b>	<b>\$ 15,692,556,258</b>	<b>\$ 12,285,736,650</b>	<b>\$ 12,214,947,023</b>	<b>\$ 11,636,298,903</b>	<b>\$ 10,876,861,507</b>	<b>\$ 9,698,584,810</b>
<b>Net Pension Liability/(Asset) - ending (a) - (b)</b>	<b>\$ (1,240,616,141)</b>	<b>\$ (547,939,512)</b>	<b>\$ 418,402,739</b>	<b>\$ 815,602,565</b>	<b>\$ (1,413,063,070)</b>	<b>\$ 1,563,457,400</b>	<b>\$ 1,220,763,247</b>	<b>\$ 1,364,989,558</b>	<b>\$ 1,589,278,142</b>	<b>\$ 1,508,713,359</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	107.17%	103.34%	97.33%	94.55%	109.90%	88.71%	90.91%	89.50%	87.25%	86.54%
<b>Covered payroll</b>	\$ 2,476,815,840	\$ 2,372,422,260	\$ 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
<b>Employers' Net Pension Liability/(Asset) as a percentage of covered payroll</b>	(50.09%)	(23.10%)	18.45%	37.29%	(66.79%)	76.07%	61.26%	70.72%	84.90%	83.44%

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**  
**AS OF JUNE 30, 2025**  
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>										
Service Cost	\$ 7,002,719	\$ 6,604,322	\$ 6,322,938	\$ 6,259,658	\$ 5,725,252	\$ 5,550,688	\$ 5,640,784	\$ 5,589,181	\$ 4,997,654	\$ 4,721,039
Interest	16,795,100	16,263,789	15,803,665	15,420,748	15,077,474	14,471,871	14,199,759	13,720,785	13,100,385	12,642,618
Benefit term changes	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	3,237,728	1,465,700	326,592	(1,366,103)	(1,806,596)	(205,585)	(5,002,500)	(2,398,903)	(1,714,732)	(2,303,032)
Assumption changes	127,012	1,201,647	1,125,054	1,062,617	3,553,913	-	-	-	12,705,465	-
Benefit payments, including member refunds	(14,999,924)	(14,402,398)	(13,679,276)	(12,668,823)	(12,066,177)	(11,477,914)	(10,991,157)	(10,144,103)	(9,690,310)	(9,052,110)
<b>Net change in Total Pension Liability</b>	<u>12,162,635</u>	<u>11,133,060</u>	<u>9,898,973</u>	<u>8,708,097</u>	<u>10,483,866</u>	<u>8,339,060</u>	<u>3,846,886</u>	<u>6,766,960</u>	<u>19,398,462</u>	<u>6,008,515</u>
<b>Total Pension Liability - beginning</b>	<u>246,679,114</u>	<u>235,546,054</u>	<u>225,647,081</u>	<u>216,938,984</u>	<u>206,455,118</u>	<u>198,116,058</u>	<u>194,269,172</u>	<u>187,502,212</u>	<u>168,103,750</u>	<u>162,095,235</u>
<b>Total Pension Liability - ending (a)</b>	<u>\$ 258,841,749</u>	<u>\$ 246,679,114</u>	<u>\$ 235,546,054</u>	<u>\$ 225,647,081</u>	<u>\$ 216,938,984</u>	<u>\$ 206,455,118</u>	<u>\$ 198,116,058</u>	<u>\$ 194,269,172</u>	<u>\$ 187,502,212</u>	<u>\$ 168,103,750</u>
<b>Plan Fiduciary Net Position</b>										
Court fees	\$ 5,686,190	\$ 4,887,421	\$ 4,181,623	\$ 3,716,356	\$ 3,319,567	\$ 3,548,379	\$ 3,946,292	\$ 4,112,543	\$ 3,578,851	\$ 3,458,665
State Appropriations	1,459,899	1,370,712	1,295,917	231,537	1,427,719	348,794	442,599	667,613	118,714	-
Employee contributions	2,638,902	2,461,061	2,292,002	2,126,926	2,029,383	1,962,507	1,854,712	1,814,533	1,743,103	1,651,432
Net investment income	30,146,883	31,172,900	21,380,093	(20,061,233)	57,338,744	4,549,079	12,436,060	15,070,504	21,699,250	2,453,560
Benefit payments, including member refunds	(14,999,924)	(14,402,398)	(13,679,276)	(12,668,823)	(12,066,177)	(11,477,914)	(10,991,157)	(10,144,103)	(9,690,310)	(9,052,110)
Administrative expenses	(120,921)	(97,571)	(89,815)	(71,616)	(117,122)	(82,168)	(71,663)	(71,266)	(84,626)	(70,707)
Other changes	-	-	-	-	14	-	-	-	-	-
<b>Net change in Plan Fiduciary Net Position</b>	<u>24,811,029</u>	<u>25,392,125</u>	<u>15,380,544</u>	<u>(26,726,853)</u>	<u>51,932,128</u>	<u>(1,151,323)</u>	<u>7,616,843</u>	<u>11,449,824</u>	<u>17,364,982</u>	<u>(1,559,160)</u>
<b>Plan Fiduciary Net Position - beginning</b>	<u>260,499,119</u>	<u>235,106,994</u>	<u>219,726,450</u>	<u>246,453,303</u>	<u>194,521,175</u>	<u>195,672,498</u>	<u>188,055,655</u>	<u>176,605,831</u>	<u>159,240,849</u>	<u>160,800,009</u>
<b>Plan Fiduciary Net Position - ending (b)</b>	<u>\$ 285,310,148</u>	<u>\$ 260,499,119</u>	<u>\$ 235,106,994</u>	<u>\$ 219,726,450</u>	<u>\$ 246,453,303</u>	<u>\$ 194,521,175</u>	<u>\$ 195,672,498</u>	<u>\$ 188,055,655</u>	<u>\$ 176,605,831</u>	<u>\$ 159,240,849</u>
<b>Net Pension Liability/(Asset) - ending (a) - (b)</b>	<u>\$ (26,468,399)</u>	<u>\$ (13,820,005)</u>	<u>\$ 439,060</u>	<u>\$ 5,920,631</u>	<u>\$ (29,514,319)</u>	<u>\$ 11,933,943</u>	<u>\$ 2,443,560</u>	<u>\$ 6,213,517</u>	<u>\$ 10,896,381</u>	<u>\$ 8,862,901</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	110.23%	105.60%	99.81%	97.38%	113.60%	94.22%	98.77%	96.80%	94.19%	94.73%
<b>Covered payroll</b>	\$ 30,022,105	\$ 28,304,088	\$ 26,661,391	\$ 25,257,506	\$ 24,667,689	\$ 24,366,968	\$ 23,215,585	\$ 23,125,170	\$ 22,801,593	\$ 22,178,157
<b>Employers' Net Pension Liability/(Asset) as a percentage of covered payroll</b>	(88.16%)	(48.83%)	1.65%	23.44%	(119.65%)	48.98%	10.53%	26.87%	47.79%	39.96%

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  
AS OF JUNE 30, 2025  
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>										
Service Cost	\$ 11,957,679	\$ 11,905,315	\$ 10,115,157	\$ 9,630,636	\$ 9,175,423	\$ 8,960,959	\$ 9,079,338	\$ 8,794,874	\$ 7,955,722	\$ 8,152,482
Interest	45,811,539	44,136,609	39,946,663	38,601,148	37,421,871	36,397,966	35,165,912	34,076,868	32,887,178	32,113,989
Benefit term changes	23,958,015	(75,480)	-	-	-	-	-	-	-	-
Differences between expected and actual experience	5,452,931	2,714,833	41,701,690	1,055,992	2,542,389	(6,168,045)	(2,864,410)	(4,016,896)	(1,508,635)	(8,977,294)
Assumption changes	7,384,800	4,456,301	4,214,934	3,850,944	6,936,227	-	-	-	27,947,994	-
Benefit payments, including member refunds	(30,306,420)	(30,341,832)	(28,171,117)	(26,231,520)	(26,256,542)	(24,953,060)	(24,953,776)	(23,828,680)	(24,139,604)	(19,576,376)
<b>Net change in Total Pension Liability</b>	<u>64,258,544</u>	<u>32,795,746</u>	<u>67,807,327</u>	<u>26,907,200</u>	<u>29,819,368</u>	<u>14,237,820</u>	<u>16,427,064</u>	<u>15,026,166</u>	<u>43,142,655</u>	<u>11,712,801</u>
<b>Total Pension Liability - beginning</b>	<u>668,086,726</u>	<u>635,290,980</u>	<u>567,483,653</u>	<u>540,576,453</u>	<u>510,757,085</u>	<u>496,519,265</u>	<u>480,092,201</u>	<u>465,066,035</u>	<u>421,923,380</u>	<u>410,210,579</u>
<b>Total Pension Liability - ending (a)</b>	<u>\$ 732,345,270</u>	<u>\$ 668,086,726</u>	<u>\$ 635,290,980</u>	<u>\$ 567,483,653</u>	<u>\$ 540,576,453</u>	<u>\$ 510,757,085</u>	<u>\$ 496,519,265</u>	<u>\$ 480,092,201</u>	<u>\$ 465,066,035</u>	<u>\$ 421,923,380</u>
<b>Plan Fiduciary Net Position</b>										
Employer contributions	\$ 17,168,087	\$ 13,602,846	\$ 9,254,337	\$ 8,874,355	\$ 9,163,828	\$ 9,083,079	\$ 8,693,805	\$ 8,952,649	\$ 7,053,110	\$ 7,053,408
Employee contributions	4,323,828	6,349,386	5,162,332	5,121,375	5,081,804	4,970,209	4,710,105	4,615,214	4,500,952	4,365,651
Net investment income	68,146,705	70,159,299	47,949,109	(45,135,030)	128,452,500	10,176,689	27,536,775	33,872,593	48,679,867	5,491,550
Benefit payments, including member refunds	(30,306,420)	(30,341,832)	(28,171,117)	(26,231,520)	(26,256,542)	(24,953,060)	(24,953,776)	(23,828,680)	(24,139,604)	(19,576,376)
Administrative expenses	(147,598)	(133,981)	(141,776)	(111,359)	(157,638)	(120,098)	(75,872)	(89,102)	(141,196)	(128,156)
Other changes	20,733	18,534	16,512	17,061	14,895	14,058	17,930	23,184	28,557	26,778
<b>Net change in Plan Fiduciary Net Position</b>	<u>59,205,335</u>	<u>59,654,252</u>	<u>34,069,397</u>	<u>(57,465,118)</u>	<u>116,298,847</u>	<u>(829,123)</u>	<u>15,928,967</u>	<u>23,545,858</u>	<u>35,981,686</u>	<u>(2,767,145)</u>
<b>Plan Fiduciary Net Position - beginning</b>	<u>588,340,252</u>	<u>528,686,000</u>	<u>494,616,603</u>	<u>552,081,721</u>	<u>435,782,874</u>	<u>436,611,997</u>	<u>420,683,030</u>	<u>397,137,172</u>	<u>361,155,486</u>	<u>363,922,631</u>
<b>Plan Fiduciary Net Position - ending (b)</b>	<u>\$ 647,545,587</u>	<u>\$ 588,340,252</u>	<u>\$ 528,686,000</u>	<u>\$ 494,616,603</u>	<u>\$ 552,081,721</u>	<u>\$ 435,782,874</u>	<u>\$ 436,611,997</u>	<u>\$ 420,683,030</u>	<u>\$ 397,137,172</u>	<u>\$ 361,155,486</u>
<b>Net Pension Liability/(Asset) - ending (a) - (b)</b>	<u>\$ 84,799,683</u>	<u>\$ 79,746,474</u>	<u>\$ 106,604,980</u>	<u>\$ 72,867,050</u>	<u>\$ (11,505,268)</u>	<u>\$ 74,974,211</u>	<u>\$ 59,907,268</u>	<u>\$ 59,409,171</u>	<u>\$ 67,928,863</u>	<u>\$ 60,767,894</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	88.42%	88.06%	83.22%	87.16%	102.13%	85.32%	87.93%	87.63%	85.39%	85.60%
<b>Covered payroll</b>	\$ 42,435,934	\$ 38,978,657	\$ 31,646,901	\$ 31,560,068	\$ 31,342,267	\$ 30,810,004	\$ 29,301,599	\$ 28,697,715	\$ 28,091,906	\$ 27,047,938
<b>Employers' Net Pension Liability/(Asset) as a percentage of covered payroll</b>	199.83%	204.59%	336.86%	230.88%	(36.71%)	243.34%	204.45%	207.02%	241.81%	224.67%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS  
**SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS**  
SCHOOL EMPLOYEES RETIREMENT PLAN  
AS OF JUNE 30, 2025  
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 132,266,265	\$ 136,267,152	\$ 129,207,605	\$ 130,956,556	\$ 176,912,402	\$ 179,551,208	\$ 180,295,400	\$ 185,923,377	\$ 129,070,591	\$ 132,846,323
Actual State Appropriations*	17,541,637	47,734,715	45,821,148	44,704,077	43,034,416	41,860,351	40,543,609	39,339,378	38,039,347	36,919,600
Actual Omaha Appropriations	1,534,144	1,701,782	1,964,600	1,603,111	1,219,620	1,216,131	1,248,297	1,243,169	992,451	997,118
Actual employer contributions	<u>244,654,915</u>	<u>234,343,126</u>	<u>224,030,311</u>	<u>216,059,310</u>	<u>208,990,879</u>	<u>203,022,597</u>	<u>196,850,333</u>	<u>190,657,058</u>	<u>184,903,366</u>	<u>178,608,695</u>
Total contributions	263,730,696	283,779,623	271,816,059	262,366,498	253,244,915	246,099,079	238,642,239	231,239,605	223,935,164	216,525,413
Annual contribution deficiency (excess)	<u>\$ (131,464,431)</u>	<u>\$ (147,512,471)</u>	<u>\$ (142,608,454)</u>	<u>\$ (131,409,942)</u>	<u>\$ (76,332,513)</u>	<u>\$ (66,547,871)</u>	<u>\$ (58,346,839)</u>	<u>\$ (45,316,228)</u>	<u>\$ (94,864,573)</u>	<u>\$ (83,679,090)</u>
Covered payroll	\$ 2,476,815,840	\$ 2,372,422,260	\$ 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
Actual contributions as a percentage of covered payroll	10.65%	11.96%	11.98%	11.99%	11.97%	11.97%	11.97%	11.98%	11.96%	11.97%

\* 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  
AS OF JUNE 30, 2025  
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 4,239,548	\$ 4,081,979	\$ 3,911,078	\$ 3,947,893	\$ 4,747,286	\$ 3,897,173	\$ 4,388,891	\$ 4,780,156	\$ 3,697,565	\$ 3,458,665
Court Fees	5,686,190	4,887,421	4,181,623	3,716,356	3,319,567	3,548,379	3,946,292	4,112,543	3,578,851	3,458,665
State Contributions	1,459,899	1,370,712	1,295,917	231,537	1,427,719	348,794	442,599	667,613	118,714	-
Actual employer contributions	<u>7,146,089</u>	<u>6,258,133</u>	<u>5,477,540</u>	<u>3,947,893</u>	<u>4,747,286</u>	<u>3,897,173</u>	<u>4,388,891</u>	<u>4,780,156</u>	<u>3,697,565</u>	<u>3,458,665</u>
Annual contribution deficiency (excess)	<u>\$ (2,906,541)</u>	<u>\$ (2,176,154)</u>	<u>\$ (1,566,462)</u>	<u>\$ -</u>						
Covered payroll	\$ 30,022,105	\$ 28,304,088	\$ 26,661,391	\$ 25,257,506	\$ 24,667,689	\$ 24,366,968	\$ 23,215,585	\$ 23,125,170	\$ 22,801,593	\$ 22,178,157
Actual contributions as a percentage of covered payroll	23.80%	22.11%	20.54%	15.63%	19.24%	15.99%	18.90%	20.67%	16.22%	15.59%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS  
**SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS**  
STATE PATROL RETIREMENT PLAN  
AS OF JUNE 30, 2025  
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 17,168,087	\$ 13,602,846	\$ 9,254,337	\$ 8,874,355	\$ 9,163,828	\$ 9,083,079	\$ 8,693,805	\$ 8,952,649	\$ 7,053,110	\$ 7,053,408
Actual employer contributions*	<u>17,168,087</u>	<u>13,602,846</u>	<u>9,254,337</u>	<u>8,874,355</u>	<u>9,163,828</u>	<u>9,083,079</u>	<u>8,693,805</u>	<u>8,952,649</u>	<u>7,053,110</u>	<u>7,053,408</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 42,435,934	\$ 38,978,657	\$ 31,646,901	\$ 31,560,068	\$ 31,342,267	\$ 30,810,004	\$ 29,301,599	\$ 28,697,715	\$ 28,091,906	\$ 27,047,938
Actual contributions as a percentage of covered payroll	40.46%	34.90%	29.24%	28.12%	29.24%	29.48%	29.67%	31.20%	25.11%	26.08%

\* Includes any additional appropriations by the State beyond the regular, payroll-related contributions.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS  
**SCHEDULE OF INVESTMENT RETURNS**  
AS OF JUNE 30, 2025  
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense:										
School Employees Retirement Plan	11.65%	13.48%	9.92%	-8.30%	29.99%	2.36%	6.72%	8.63%	13.83%	1.56%
Judges Retirement Plan	11.65%	13.47%	9.87%	-8.25%	29.97%	2.36%	6.72%	8.64%	13.82%	1.55%
State Patrol Retirement Plan	11.79%	13.44%	9.89%	-8.17%	29.86%	2.24%	6.21%	8.17%	13.16%	1.85%

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

**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:

- 2025: Legislative Bill (LB) 645 (2025), which was passed by the 2025 Nebraska Legislature, provides for varying contribution rates for members, School Districts, and the State based on the actuarial funded status of the System, effective July 1, 2025.
- 2021: The 2021 Legislature passed LB 17 (2021), which 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.

The following changes were made in the actuarial assumptions:

July 1, 2025, valuation:

- Investment return assumption was lowered from 7.00% to 6.95%.
- The productivity assumption for salary increases was increased by 0.10%.
- Retirement rates for active members were adjusted to partially reflect observed experience.
- Termination rates for active members were adjusted to partially reflect observed experience.

July 1, 2024, valuation:

- Price inflation decreased from 2.45% to 2.35%.
- Long-term investment return decreased from 7.10% to 7.00%.
- General wage growth decreased from 2.95% to 2.85%.
- Payroll growth decreased from 2.95% to 2.85%.
- COLA assumption decreased to 2.00% for Tier 1 members.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
(Continued)

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.

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.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
(Continued)

- 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.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
(Continued)

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

The following changes were made in the actuarial assumptions:

July 1, 2025, valuation:

- Long-term investment return decreased from 7.00% to 6.95%.
- Salary increase assumption was increased from a flat 3.10% to 3.20%.
- Administrative expenses assumption was increased from 0.31% to 0.32% of payroll.
- Retirement rates were adjusted to better reflect observed experience.

July 1, 2024, valuation:

- Price inflation decreased from 2.45% to 2.35%.
- Long-term investment return decreased from 7.10% to 7.00%.
- General wage growth decreased from 2.95% to 2.85%.
- Payroll growth decreased from 2.95% to 2.85%.
- Salary increases were lowered from a flat 3.20% to 3.10%.
- COLA assumption decreased to 2.00% for Tier 1 members.

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.

July 1, 2022, valuation:

- Price inflation decreased from 2.65% to 2.55%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
(Continued)

- 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 Total Pension Liability (TPL).

July 1, 2017, valuation:

- Price inflation decreased from 3.25% to 2.75%.
- Long-term investment return decreased from 8.00% to 7.50%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

(Continued)

- 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:

- 2025: The 2025 Legislature passed Legislative Bill (LB) 645 (2025), which changed the pre-retirement and post-retirement death benefits that currently provide for a survivor benefit from 75% of the member's benefit to a 100% survivor benefit.
- 2024: The 2024 Legislature passed LB 196 (2024), which decreased the member contribution rate to 10.00% of covered pay and increased the employer contribution rate to 24.00% of pay.
- 2021: The 2021 Legislature passed LB 17 (2021), which 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.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
(Continued)

The following changes were made in the actuarial assumptions:

July 1, 2025, valuation:

- Long-term investment return decreased from 7.00% to 6.95%.
- Salary increase assumption was adjusted to better reflect observed experience.
- Administrative expenses assumption was increased from 0.26% to 0.35% of payroll.

July 1, 2024, valuation:

- Price inflation decreased from 2.45% to 2.35%.
- Long-term investment return decreased from 7.10% to 7.00%.
- Covered Payroll growth assumption decreased from 2.95% to 2.85%.
- General wage inflation decreased from 2.95% to 2.85%.
- COLA assumption decreased to 2.00% for Tier 1 members.

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%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
(Concluded)

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

July 1, 2017, valuation:

- Price inflation decreased from 3.25% to 2.75%.
- Long-term investment return decreased from 8.00% to 7.50%.
- Covered payroll growth assumption decreased from 4.00% to 3.50%.
- 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**  
FISCAL YEAR ENDED JUNE 30, 2025

	<u>School Employees</u>	<u>Judges</u>	<u>State Patrol</u>	<u>Total</u>
<b>Personnel</b>				
Personal Services	\$ 2,565,706	\$ 42,798	\$ 42,702	\$ 2,651,206
Travel	14,672	182	434	15,288
<b>Professional and Technical Services</b>				
Professional	60,511	502	1,689	62,702
Actuary	153,792	47,102	57,224	258,118
Computer Support Services	933,192	15,810	16,283	965,285
Accounting and Auditing	105,665	919	15,627	122,211
<b>Communications</b>				
Printing	194,431	3,118	3,147	200,696
<b>Other Expenses</b>				
Postage	146,194	1,580	2,344	150,118
Supplies	44,451	429	847	45,727
Hardware & Software	57,714	1,586	1,586	60,886
Rent	116,135	1,670	1,715	119,520
Miscellaneous	348,094	5,225	4,000	357,319
<b>Total Administrative Expenses</b>	<u>\$ 4,740,557</u>	<u>\$ 120,921</u>	<u>\$ 147,598</u>	<u>\$ 5,009,076</u>

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS  
**SCHEDULE OF INVESTMENT-RELATED EXPENSES**  
FOR THE YEAR ENDED JUNE 30, 2025

	School Employees	Judges	Patrol	Total
BlackRock Financial Management, Inc.	\$ 96,880	\$ 1,489	\$ 3,334	\$ 101,703
The Northern Trust Company	314,765	4,834	10,818	330,417
<b>Total Domestic Equity</b>	<b>411,645</b>	<b>6,323</b>	<b>14,152</b>	<b>432,120</b>
BlackRock Financial Management, Inc.	1,161,621	17,837	39,935	1,219,393
Robert W. Baird & Co. Incorporated	1,320,459	20,275	45,392	1,386,126
Barings LLC	2,200,446	33,786	75,641	2,309,873
Loomis Sayles & Company, L.P.	1,517,839	23,305	52,176	1,593,320
Pacific Investment Management Company, LLC	3,385,559	51,983	116,381	3,553,923
<b>Total Fixed Income</b>	<b>9,585,924</b>	<b>147,186</b>	<b>329,525</b>	<b>10,062,635</b>
Arrowstreet Capital LP	6,697,949	103,304	231,209	7,032,462
Dodge & Cox	5,331,213	81,859	183,270	5,596,342
GQG Partners	4,093,904	62,860	140,733	4,297,497
Wellington Management Company, LLP	2,635,966	40,473	90,614	2,767,053
<b>Total Global Equity</b>	<b>18,759,032</b>	<b>288,496</b>	<b>645,826</b>	<b>19,693,354</b>
BlackRock Financial Management, Inc.	613,643	9,422	21,097	644,162
<b>Total International Equity</b>	<b>613,643</b>	<b>9,422</b>	<b>21,097</b>	<b>644,162</b>
Almanac Realty Investors, LLC	1,084,507	16,653	37,279	1,138,439
Carlyle Realty Partners	90,174	1,383	3,094	94,651
Clarion Partners	1,416,976	21,756	48,709	1,487,441
Kayne Anderson	715,324	10,981	24,581	750,886
Landmark Partners	1,890,123	29,022	64,969	1,984,114
Morgan Stanley Prime Property	415,279	6,376	14,274	435,929
Oaktree Capital Management, Inc	2,962,424	45,473	101,772	3,109,669
PGIM Real Estate (formerly Prudential)	2,145,067	32,936	73,735	2,251,738
Rockpoint Group, L.L.C.	2,752	42	95	2,889
Rockwood Capital, LLC	799,747	12,280	27,491	839,518
Torchlight Investors	990,542	15,210	34,049	1,039,801
UBS Realty Investors, LLC	1,650,667	25,345	56,744	1,732,756
<b>Total Real Estate</b>	<b>14,163,582</b>	<b>217,457</b>	<b>486,792</b>	<b>14,867,831</b>
Ares Management, LLC	356,402	5,420	12,137	373,959
Beecken Petty O'Keefe & Company	4,843	74	166	5,083
Bridgepoint Capital	2,061,905	31,446	70,417	2,163,768
CVC Capital Partners	45,787	703	1,574	48,064
(The) Energy & Minerals Group	161,021	2,453	5,494	168,968
Francisco Partners	2,819,673	42,928	96,131	2,958,732
Genstar Capital	1,546,792	23,513	52,655	1,622,960
Leonard Green & Partners, L.P.	147,518	2,242	5,021	154,781
(The) Jordan Company	1,602,955	24,405	54,657	1,682,017
HarbourVest Partners, LLC	2,443,835	37,523	84,010	2,565,368
Lightyear Capital	8,022	121	272	8,415
McCarthy Capital Corporation	2,043,497	31,068	69,576	2,144,141
Merit Capital Partners	2,712	42	93	2,847
New Enterprise Associates	979,697	14,890	33,345	1,027,932
New Mountain Capital, LLC	1,378,557	21,027	47,089	1,446,673

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS  
**SCHEDULE OF INVESTMENT-RELATED EXPENSES**  
FOR THE YEAR ENDED JUNE 30, 2025

	<b>School</b>			
	<b>Employees</b>	<b>Judges</b>	<b>Patrol</b>	<b>Total</b>
Pathway Capital Management	145,123	2,228	4,989	152,340
Pine Brook Partners	156,355	2,377	5,323	164,055
Presidio Partners (formerly CMEA Capital)	54,658	831	1,861	57,350
Quantum Energy Partners	472,399	7,200	16,124	495,723
Sun Capital Partners, Inc.	2,908	44	99	3,051
The Rohatyn Group Management, L.P. (TRG)	69,497	1,066	2,388	72,951
Trive Capital	1,524,373	22,594	50,605	1,597,572
Wayzata Investment Partners, LLC	10,024	153	342	10,519
Wynnchurch Capital LLC	783,295	11,832	26,508	821,635
<b>Total Private Equity</b>	<b>18,821,848</b>	<b>286,180</b>	<b>640,876</b>	<b>19,748,904</b>
Other Investment Expenses	8,180,941	125,673	281,470	8,588,084
<b>Total Other Investment Expenses</b>	<b>8,180,941</b>	<b>125,673</b>	<b>281,470</b>	<b>8,588,084</b>
<b>Total Investment Expenses</b>	<b>\$ 70,536,615</b>	<b>\$ 1,080,737</b>	<b>\$ 2,419,738</b>	<b>\$ 74,037,090</b>

(Concluded)



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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

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 (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the NPERS – School Employees, Judges, and State Patrol Retirement Plans' basic financial statements, and have issued our report thereon dated February 27, 2026. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the Comment Section of the report, that we consider to be a significant deficiency.

**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*.

**NPERS – School Employees, Judges, and State Patrol Retirement Plans’ Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on NPERS – School Employees, Judges, and State Patrol Retirement Plans’ response to the finding identified in our audit and described in the Comment Section of the report. NPERS – School Employees, Judges, and State Patrol Retirement Plans’ response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

February 27, 2026



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