AUDIT REPORT
OF THE
NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS – STATE AND
COUNTY EMPLOYEES RETIREMENT PLANS

PENSION TRUST FUNDS
OF THE STATE OF NEBRASKA

JANUARY 1, 2025, THROUGH DECEMBER 31, 2025

Issued on September 18, 2026

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY EMPLOYEES RETIREMENT PLANS

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY EMPLOYEES 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 an Omaha School Employees' Retirement System (OSERS) 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. The Board hires a director to manage the day-to-day operations. Expenses are 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.

The following Mission Statement, Vision, and Organizational Chart were taken from the Nebraska Public Employees Retirement Systems 2026 Annual Report to the Legislative Retirement Committee, available on the Nebraska Public Employees Retirement Systems webpage, npers.ne.gov, under the "Member Info" and "Publications" sections.

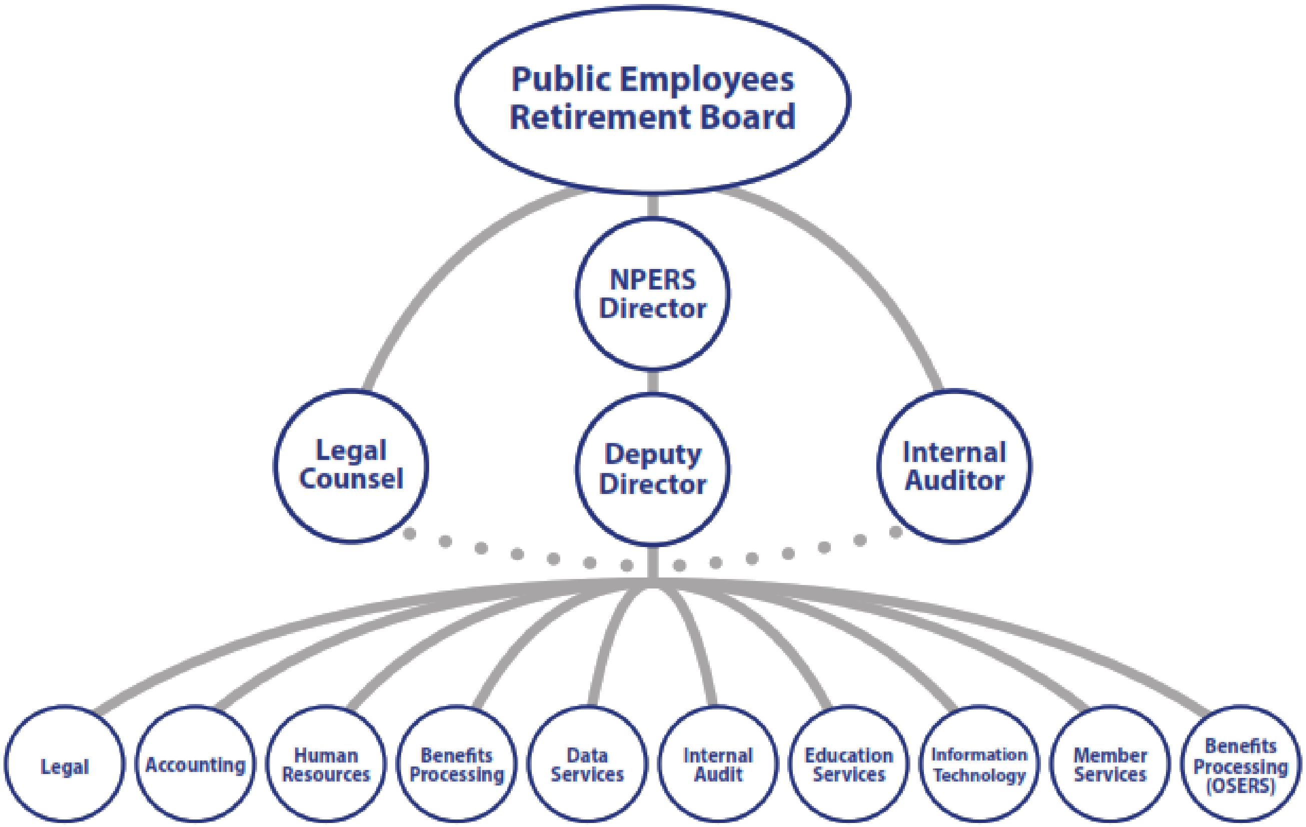
MISSION STATEMENT

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

VISION

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

ORGANIZATIONAL CHART



KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Public Employees Retirement Board Members
As of December 31, 2025

Janis Elliott
Chairperson – School Member
Term Ended January 1, 2029

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

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

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

Luke Splattstoesser
State Patrol Member
Term Ending January 1, 2028

Gerald Clausen
Public Member
Term Ending January 1, 2028

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

Charles Neumann
County Member
Term Ending January 1, 2026

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

Ellen Hung
Ex-Officio (State Investment Officer)

Nebraska Public Employees Retirement Systems Executive Management

Tyler Cummings
Interim Director
(Resigned April 2026)

Tag Herbek
Legal Counsel/
Interim Director
(Appointed April 2026)

Teresa Zulauf
Controller

Nebraska Public Employees Retirement Systems
1526 K Street, Suite 400
P.O. Box 94816
Lincoln, NE 68509-4816
npers.ne.gov

COMMENT AND RECOMMENDATION

During our audit of the Nebraska Public Employees Retirement Systems (NPERS) – State and County Employees Retirement Plans, we noted a certain matter involving the internal control over financial reporting and other operational matters that are presented here.

Uncorrected Non-Interest-Bearing Fund Balances

During the calendar year 2024 audit, we noted that NPERS lacked adequate procedures to ensure balances held in a non-interest-bearing fund were reviewed timely, and funds were either forfeited, refunded, or transferred to the interest-bearing fund, which was included in the Comment and Recommendation ("Non-Interest-Bearing Fund Balances") in the Comment Section of the audit report. However, during the calendar year 2025 audit, we noted that NPERS failed to perform proper follow-up procedures to ensure the errors noted for two of the five members' balances, included in the prior audit Comment and Recommendation, were properly corrected.

As of December 31, 2025, the two members, shown below, are owed approximately $22,172 in unpaid dividends and interest and $32,346 in wrongfully forfeited funds.

	Balance as of 12/31/2025	Estimated Unpaid Interest and Dividends	Estimated Unpaid Forfeited Funds	Refund Previously Paid	Estimated Balance at 12/31/2025
Member #1	$ -	$ 17,790	$ 32,346	$ (16,067)	$ 34,069
Member #2	37,703	4,382	-	-	42,085
Totals	**$ 37,703**	**$ 22,172**	**$ 32,346**	**$ (16,067)**	**$ 76,154**

Background Information

In 2020, NPERS reviewed the immigration statuses of current State Employees Retirement Plan (State Plan) members and requested immigration documentation from State agencies to determine certain members' eligibility to participate in the State Plan. If a member was not a U.S. citizen or lawful permanent resident, NPERS removed the member from the State Plan and transferred his or her retirement account balance to Fund 51, a non-interest-bearing fund.

After receiving inquiries from nonimmigrants who were removed from the State Plan, including H-1B visa holders, NPERS submitted a request to the Nebraska Attorney General (Attorney General) for a legal opinion on the interpretation of the eligibility requirements for the retirement systems. At that time, Neb. Rev. Stat. § 84-1307(3) (Cum. Supp. 2020) stated, in part, the following:

> *On and after July 1, 2010, no employee shall be authorized to participate in the retirement system provided for in the State Employees Retirement Act unless the employee (a) is a United States citizen or (b) is a qualified alien under the federal Immigration and Nationality Act, 8 U.S.C. 1101 et seq., as such act existed on January 1, 2009, and is lawfully present in the United States.*

According to Op. Att'y Gen. No. 22-006 (Aug. 19, 2022), the opinion request from NPERS asked the Attorney General the following:

> *[W]hether the Nebraska statutes should be interpreted to limit eligibility to citizens and individuals identified as qualified aliens under other federal statutes or should be interpreted to not limit the eligibility of certain visa holders with work authorization.*

The Attorney General's opinion responded with the following conclusion:

> *Based on the foregoing, we interpret the INA [Immigration and Nationality Act] and PRWORA [Personal Responsibility and Work Opportunity Reconciliation Act of 1996] to <u>put in doubt the State's authority to limit the eligibility for retirement benefits of certain nonimmigrants who hold federal visas with work authorization</u>. While Nebraska has general authority to regulate eligibility for most state and local public benefits, that term as used in*

COMMENT AND RECOMMENDATION
(Continued)

> *PRWORA does not apply to some contracts with and benefits for certain classifications of nonimmigrants. And, as shown in Beltagui [Beltagui v. Nebraska Dept. of Health and Hum. Servs., 2018-LCA-00004, *23 (Nov. 16, 2018)], <u>application of the statutes in question to a particular subset of employees of those employers participating in the retirement plans you administer will likely not be upheld</u>.*

(Emphasis added.) As a result of the Attorney General's Opinion, NPERS issued Immigration Eligibility Guides, which explained that only U.S. citizens and certain qualified aliens who are lawfully present in the U.S. may participate in the retirement systems, including members with valid H-1B visas. Subsequently, the Nebraska Legislature revised Neb. Rev. Stat. § 84-1307(3) (Supp. 2025), which, during the period covered by this audit, stated, in part, the following:

> *No employee shall be authorized to participate in the retirement system provided for in the State Employees Retirement Act unless the employee is a United States citizen or is lawfully present in the United States. The employing state agency and the employee shall maintain at least one of the following documents, which shall be unexpired if applicable to the particular document or which has an expiration date that has been extended by the United States Department of Homeland Security or the United States Citizenship and Immigration Services so that such document is still valid, to demonstrate United States citizenship or lawful presence in the United States as of the employee's date of hire and produce any such document so maintained upon request of the retirement board or the Nebraska Public Employees Retirement Systems:*
>
> * * * *
>
> *(k) A United States Citizenship and Immigration Services Employment Authorization Document, Form I-766;*
>
> *(l) A United States Citizenship and Immigration Services Permanent Resident Card, Form I-551; or*
>
> *(m) Any other document issued by the United States Department of Homeland Security or the United States Citizenship and Immigration Services <u>granting employment authorization</u> in the United States and approved by the retirement board.*

(Emphasis added.) During calendar year 2024, we reviewed members of the State Plan, including the State Cash Balance Benefit Plan and State Defined Contribution Plan, who were not rehired and whose contributions were posted to the non-interest-bearing fund. The following uncorrected issues were noted with two of the State Cash Balance Benefit Plan members.

<u>Member #1</u>

The member was hired by the State in November 2016 and immediately began contributing to the State Plan. In April 2020, NPERS was provided with a copy of the member's U.S. Citizenship and Immigration Services (USCIS) Employment Authorization Document (EAD), which was valid from April 3, 2018, through September 9, 2021. The EAD listed a category code C26, which is for an individual with an H-4 visa who is the spouse of an H-1B nonimmigrant visa holder. Determining that, despite holding a valid EAD, the member was ineligible to participate in the State Plan, NPERS transferred her $28,644 retirement account balance to the non-interest-bearing fund in April 2020.

According to Op. Att'y Gen. No. 22-006 (Aug. 19, 2022), the INA and PRWORA must be interpreted "to put in doubt the State's authority to limit the eligibility for retirement benefits of certain nonimmigrants <u>who hold federal visas with work authorization</u>." (Emphasis added.) As a result of this opinion, NPERS issued an Immigration Eligibility Guide in June 2023, which was subsequently revised in October 2023. Among other things, that administrative document declared H-4 visa holders eligible to participate in the retirement systems "as of the date the eligibility determination is made."

COMMENT AND RECOMMENDATION
(Continued)

To determine eligibility, NPERS required employers to submit documentation to NPERS for review. However, the member terminated employment in September 2021, almost two years before the Immigration Eligibility Guide was issued, and almost a year before the Attorney General's opinion was issued.

Per both the Attorney General's opinion and NPERS' own guidance, the member was clearly eligible to participate in the State Plan during her entire employment with the State.

Nevertheless, in July 2025, after this finding was communicated to management, NPERS forfeited $32,346 from the member's retirement account held in the interest-bearing and non-interest-bearing funds and paid the member an unsought refund of $16,067.

During calendar year 2025, we noted that NPERS failed to take appropriate or timely action to correct the forfeiture and refund at issue and had not credited the member's account for unpaid interest and dividends for the balance that was incorrectly held in the non-interest-bearing fund.

As of December 31, 2025, the member was owed approximately $32,346 in forfeited funds and $17,790 in unpaid interest and dividends. This represents an increase of $2,879 compared to the approximate amount calculated as of December 31, 2024, earned for the balance that should have been held in the interest-bearing fund until the member requested a distribution from the account.

In August 2026, NPERS provided clarification that the actions taken in July 2025 on the member's account were based on the original decision that the member was ineligible to participate in the State Plan. NPERS concluded that because the member terminated employment prior to the issuance of the Attorney General's opinion, the member's eligibility must be evaluated based on NPERS' legal interpretations and procedures at the time the retirement contributions were made. Therefore, according to NPERS, no further action was necessary to correct the forfeiture and refund processed in July 2025.

Given the existing legal opinion and the remaining concern regarding the forfeiture of the member's funds and unpaid interest and dividends, the APA will recommend NPERS seek further guidance from the Attorney General to ensure the fulfillment of its fiduciary duties in this matter.

Member #2

The member was hired by the State in October 2016 but did not begin contributing to the State Plan until October 2017. The member became a lawful permanent resident on January 8, 2018. Prior thereto, she had a valid EAD with a category code C09P. That category code allows an individual to work in the U.S. while his or her Form I-485 ("Application to Register Permanent Residence or Adjust Status") is pending with the USCIS.

In April 2020, NPERS directed Ameritas, the Plans' record keeper, to transfer $1,781 of contributions deposited prior to when the member became a lawful permanent resident from her retirement account balance to the non-interest-bearing fund. NPERS then directed the employer to refund $1,781 of ineligible contributions to the employee and employer through the payroll process, which was completed in May 2020.

In attempting to follow those directions, however, Ameritas mistakenly transferred the member's entire balance, totaling $17,839 as of April 15, 2020, to the non-interest-bearing account. Lacking procedures to ensure that the balances listed on the "Contributions in Fund 51 Report," provided by Ameritas, were reviewed properly, NPERS failed to correct the error and transfer the member's retirement contributions to the interest-bearing fund, resulting in the loss of interest and dividends.

COMMENT AND RECOMMENDATION
(Concluded)

In July 2025, after this finding was communicated to management, NPERS correctly transferred the non-interest-bearing account balance, totaling $16,237, to the interest-bearing fund, and credited the member's interest-bearing fund for $5,260 of previously unpaid dividends and interest. However, the member had not yet received the remaining amount of the unpaid dividends and interest, totaling $3,282, that was owed based on the approximate amount calculated as of December 31, 2024.

During calendar year 2025, we noted that NPERS failed to take appropriate or timely action to ensure the member's account was credited for the remaining amount of approximate unpaid interest and dividends. Based on a discussion with NPERS, due to staff turnover during fiscal year 2026, the process of working with Ameritas, the State Plan's record keeper, to issue unpaid dividends and interest to the member was still ongoing. As a result, as of December 31, 2025, the member was owed approximately $4,382 in unpaid interest and dividends, an increase of $1,100, compared to the amount reported in calendar year 2024.

A proper system of internal controls and sound accounting practices require procedures to ensure that member accounts are reviewed and transferred properly to an interest-bearing fund, when appropriate, and any interest and dividends owed are properly paid to the members.

Without such procedures, there is an increased risk of incorrect benefit payments and refunds, which could result in the loss of retirement plan funds.

> We recommend NPERS seek guidance from the Attorney General regarding the proper disposition of Member #1's forfeited funds as well as unpaid interest and dividends. We also recommend NPERS strengthen procedures to ensure an adequate and timely review of balances held in the non-interest-bearing fund is completed, and funds are transferred properly to the interest-bearing fund, when appropriate, including any interest or dividends payable to members. Lastly, we recommend NPERS work with Ameritas, the State Plan's record keeper, to correct all identified errors.

NPERS Management Response: NPERS acknowledges the APA's findings and recommendation. NPERS and the APA have differing interpretations regarding the application of Attorney General Opinion 22-006 and NPERS's subsequent immigration eligibility guidance to Member #1. NPERS previously communicated its position to the APA in August and September 2025 and again in August 2026. NPERS continues to believe Member #1's eligibility was appropriately determined under the legal interpretation and procedures in effect at the time and does not agree that the Attorney General Opinion or subsequent guidance established retroactive eligibility. Consistent with the APA's recommendation, NPERS will seek guidance from the Nebraska Attorney General regarding the appropriate disposition of the forfeited funds and any related interest or dividends and will determine any necessary action based on that guidance. Member #2's account correction was finalized on August 3,2026 which credited the remaining applicable interest and dividends to the account totaling $3,787.12. NPERS agrees with the recommendation to strengthen procedures for reviewing and correcting noninterest-bearing fund balances and will continue to work with Ameritas to improve those processes.

It should be noted this report is critical in nature, containing only our comment and recommendation on the area noted for improvement and does not include our observation of any strengths of the NPERS – State and County Employees 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 been incorporated into this report. Such response has been objectively evaluated and recognized as appropriate 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

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY 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 Statements of Fiduciary Net Position and the related Statements of Changes in Fiduciary Net Position of the Nebraska Public Employees Retirement Systems (NPERS) – State and County Employees Retirement Plans, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the NPERS – State and County Employees 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 – State and County Employees Retirement Plans, as of December 31, 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NPERS – State and County Employees 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 – State and County Employees 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 – State and County Employees Retirement Plans. They do not purport to, and do not, present fairly the financial position of the State of Nebraska as of December 31, 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 the 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 – State and County Employees Retirement Plans' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NPERS – State and County Employees 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 – State and County Employees 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 the State Employer Net Pension Liability/(Asset), Schedule of Changes in the County Employers' Net Pension Liability/(Asset), Schedule of State Employer Contributions, Schedule of County Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information, on pages 39-49 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 Government 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 that collectively comprise the NPERS – State and County Employees Retirement Plans' basic financial statements. The Schedule of Administrative Expenses and the 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 the Schedule of Investment-Related Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Administrative Expenses and the 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 September 8, 2026, on our consideration of the NPERS – State and County Employees 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' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NPERS' internal control over financial reporting and compliance.

Zachary Wells

September 8, 2026

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

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE EMPLOYEES RETIREMENT PLAN
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2025

	STATE CASH BALANCE BENEFIT	STATE DEFINED CONTRIBUTION
ASSETS		
Cash in State Treasury	$ 39,247	$ 72,530
Receivables:		
Contributions Receivable	6,989,041	650,543
Interest and Dividends	8,809,482	229,955
Other Investment Receivables (Note 4)	142,383,768	-
Receivable from Defined Contribution Plan	424,006	-
Total Receivables	158,606,297	880,498
Pooled Investments, at Fair Market Value (Note 4):		
Asset Backed Securities	35,649,992	-
Bank Loans	35,904,290	-
Commingled Funds	1,161,890,216	785,765,364
Corporate Bonds	292,676,906	-
Derivative Instruments	1,131,324	-
Equity Securities	497,609,337	-
Government Agency Securities	1,789,594	-
Government Agency Strips	43,897	-
International Government Agency Securities	8,523,312	-
International Notes and Bonds	35,964,690	-
Mortgages	178,653,765	-
Municipal Bonds	5,132,226	-
Opportunistic Credit	652,772	-
Private Equity	158,604,098	-
Private Real Estate	131,343,220	-
Short Term Investments	8,793,757	(48,189)
U.S. Treasury Bills	122,084	-
U.S. Treasury Notes and Bonds	199,217,570	-
U.S. Treasury Strips	2,106,077	-
Total Investments	2,755,809,127	785,717,175
Invested Securities Lending Collateral (Note 4)	191,799,884	-
Capital Assets (Note 8):		
Equipment	463,030	527,744
Less: Accumulated Depreciation	(462,680)	(527,659)
Total Capital Assets, Net	350	85
Total Assets	3,106,254,905	786,670,288
LIABILITIES		
Compensated Absences Payable (Notes 6)	126,936	14,892
Other Investment Payables (Note 4)	183,347,529	53,144
Benefits Payable	5,940,868	-
Obligations Under Securities Lending (Note 4)	191,799,884	-
Obligations Under Reverse Repurchase Agreements	2,849,412	-
Payable to Cash Balance Benefit Plan	-	424,006
Total Liabilities	384,064,629	492,042
Fiduciary Net Position - Restricted for Pension Benefits	$ 2,722,190,276	$ 786,178,246

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

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES RETIREMENT PLAN
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2025

	COUNTY CASH BALANCE BENEFIT	COUNTY DEFINED CONTRIBUTION
ASSETS		
Cash in State Treasury	$ 32,521	$ 97,793
Receivables:		
Contributions Receivable	2,731,500	243,620
Interest and Dividends	3,029,194	67,841
Other Investment Receivables (Note 4)	48,995,406	-
Total Receivables	54,756,100	311,461
Pooled Investments, at Fair Market Value (Note 4):		
Asset Backed Securities	12,195,927	-
Bank Loans	12,282,891	-
Commingled Funds	402,559,034	263,500,757
Corporate Bonds	100,155,057	-
Derivative Instruments	387,028	-
Equity Securities	170,232,312	-
Government Agency Securities	628,692	-
Government Agency Strips	15,017	-
International Government Agency Securities	2,916,494	-
International Notes and Bonds	12,303,574	-
Mortgages	61,117,839	-
Municipal Bonds	1,755,745	-
Opportunistic Credit	223,315	-
Private Equity	54,258,867	-
Private Real Estate	44,932,842	-
Short Term Investments	2,936,769	(44,058)
U.S. Treasury Bills	41,765	-
U.S. Treasury Notes and Bonds	68,171,063	-
U.S. Treasury Strips	720,492	-
Total Investments	947,834,723	263,456,699
Invested Securities Lending Collateral (Note 4)	65,615,108	-
Capital Assets (Note 8):		
Equipment	264,743	263,902
Less: Accumulated Depreciation	(264,514)	(263,853)
Total Capital Assets, Net	229	49
Total Assets	1,068,238,681	263,866,002
LIABILITIES		
Compensated Absences Payable (Notes 6)	52,481	7,827
Other Investment Payables (Note 4)	62,702,447	18,059
Benefits Payable	2,040,317	-
Obligations Under Securities Lending (Note 4)	65,615,108	-
Obligations Under Reverse Repurchase Agreements	974,787	-
Payable to Cash Balance Plan	-	285,678
Total Liabilities	131,385,140	311,564
Fiduciary Net Position - Restricted for Pension Benefits	$ 936,853,541	$ 263,554,438

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

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE EMPLOYEES RETIREMENT PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2025

	STATE CASH BALANCE BENEFIT	STATE DEFINED CONTRIBUTION
ADDITIONS		
Contributions:		
Member	$ 50,367,496	$ 5,097,855
Employer (Note 5)	78,618,844	7,952,823
Total Contributions	128,986,340	13,050,678
Investment Income:		
Net Appreciation/(Depreciation) in Fair Value of Investments	324,814,904	99,833,840
Interest and Dividends	58,218,623	3,828,918
Securities Lending Income	6,719,660	-
Total Investment Income	389,753,187	103,662,758
Investment Expenses:		
Investment Expenses	11,611,927	524,323
Securities Lending Expenses	6,281,620	-
Total Investment Expenses	17,893,547	524,323
Net Investment Income	371,859,640	103,138,435
Other Additions	8,910	3,270
Transfers In (Note 9)	10,461,828	-
Total Additions	511,316,718	116,192,383
DEDUCTIONS		
Benefits and Refunds	188,295,744	78,051,556
Administrative Expenses	2,262,061	236,654
Total Deductions	190,557,805	78,288,210
Transfers Out (Note 9)	-	10,461,828
Net Increase/(Decrease) in Fiduciary Net Position	320,758,913	27,442,345
Net Position - Restricted for Pension Benefits:		
Beginning of Year	2,401,431,363	758,735,901
End of Year	$ 2,722,190,276	$ 786,178,246

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

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
COUNTY EMPLOYEES RETIREMENT PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2025

	COUNTY CASH BALANCE BENEFIT	COUNTY DEFINED CONTRIBUTION
ADDITIONS		
Contributions:		
Member	$ 19,588,522	$ 1,830,586
Employer (Note 5)	28,655,250	2,649,146
Total Contributions	48,243,772	4,479,732
Investment Income:		
Net Appreciation/(Depreciation) in Fair Value of Investments	111,459,770	32,764,861
Interest and Dividends	20,080,379	958,328
Securities Lending Income	2,298,808	-
Total Investment Income	133,838,957	33,723,189
Investment Expenses:		
Investment Expenses	3,987,014	161,486
Securities Lending Expenses	2,148,954	-
Total Investment Expenses	6,135,968	161,486
Net Investment Income	127,702,989	33,561,703
Other Additions	3,225	1,170
Transfers In (Note 9)	1,541,671	-
Total Additions	177,491,657	38,042,605
DEDUCTIONS		
Benefits and Refunds	64,102,742	14,914,646
Administrative Expenses	998,789	113,236
Total Deductions	65,101,531	15,027,882
Transfers Out (Note 9)	-	1,541,671
Net Increase/(Decrease) in Fiduciary Net Position	112,390,126	21,473,052
Net Position - Restricted for Pension Benefits:		
Beginning of Year	824,463,415	242,081,386
End of Year	$ 936,853,541	$ 263,554,438

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Nebraska Public Employees Retirement Systems (NPERS) – State and County Employees 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 following are the six retirement plans administered: the School Employees, State Patrol, Judges, State Employees, County Employees, and the 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 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 Board 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 School Employees, Judges, and State Patrol Retirement Plans for the fiscal year ended June 30, 2025, the Deferred Compensation Plan for the year ended December 31, 2022, and the Omaha School Employees Retirement Plan for the calendar year ended December 31, 2025.

The financial statements reflect only the State and County Employees 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 were accounted for on a flow of economic resources measurement focus.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statements of Fiduciary Net Position.

The State and County Employees 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 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, investments are under 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 Plans.

F. Capital Assets

Capital assets consist of computer software and equipment. All capital assets are valued at cost when historical records are available and at estimated historical cost when 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 3 to 10 years, using the straight-line method.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 currently eligible to receive termination payments and other employees expected to become eligible in the future to receive such payments upon termination, are included.

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 GAAP requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

2. Plan Descriptions and Contribution Information

The following summary description of the plans is provided for general information purposes. Participants should refer to Neb. Rev. Stat. §§ 84-1301 through 84-1333 (Reissue 2014, Cum. Supp. 2024, Supp. 2025) for the State Employees Retirement Plan and Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022, Cum. Supp. 2024, Supp. 2025) for the County Employees Retirement Plan for more complete information.

A. Nebraska State Employees Retirement Plan

The single employer plan became effective by statute on January 1, 1964. The State Employees Retirement Plan (State Plan) consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected either to continue participation in the Defined Contribution Plan or to begin participation in the Cash Balance Benefit Plan. The Defined Contribution Plan is closed to new entrants. On or after January 1, 2003, all new members of the State Plan become members of the Cash Balance Benefit Plan.

All permanent full-time employees are required to begin participation in the retirement system upon employment. Prior to April 2011, all permanent part-time employees who had attained the age of 20 could exercise the option to begin participation in the retirement system. Effective April 2011, the age requirement decreased to 18.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. Plan Descriptions and Contribution Information (Continued)

Contributions. Per statute, each member contributes 4.8 percent of his or her monthly compensation. The State matches a member's contribution at a rate of 156 percent. The employee's and employer's contributions are kept in separate accounts.

The employee's account is fully vested. The employer's account is fully vested after a total of three years of participation in the system, including credit for participation in another Nebraska governmental plan prior to actual contribution to the State Plan.

When employees terminate and are not fully vested, the amount contributed by the State is forfeited and used to reduce NPERS expenses. When forfeitures are not sufficient to pay administrative expenses, NPERS may also assess a charge in the form of basis points against plan assets. NPERS also uses plan assets when forfeitures are not sufficient in the Cash Balance Benefit Fund.

Defined Contribution Option. Upon attainment of age 55, regardless of service, the retirement allowance is equal to the sum of the employee and employer accounts. Members have several forms of payment available, including withdrawals, deferrals, annuities, or a combination of these.

Cash Balance Benefit. Upon attainment of age 55, regardless of service, the retirement allowance is equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment in the normal form. The normal form of payment is a single-life annuity with five-year certain, payable monthly.

Members have the option to convert their member cash balance account to a monthly annuity with built-in cost-of-living adjustments of 2.5 percent annually. Also available are additional forms of payment allowed under the State Plan, which are actuarially equivalent to the normal form, including the option of a lump-sum or partial lump-sum.

State Plan membership consisted of the following at December 31, 2025:

	Defined Contribution Plan	Cash Balance Benefit Plan
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-	2,982
Inactive Plan Members Entitled to but not yet Receiving Benefits	966	11,976
Active Plan Members	1,233	16,875
Total	2,199	31,833

The 2,982 retirees and beneficiaries receiving benefits include Defined Contribution Plan members who elected an annuity. Defined Contribution Plan members may also choose from other forms of payment, such as withdrawal or lump-sum payment. Generally, these are one-time payouts. Therefore, these retired members are not shown above.

The NPERS employees are employees of the State of Nebraska and, therefore, participate in the State Plan. The following includes the Defined Contribution Plan and Cash Balance Benefit Plan contributions to the State Plan for the current and preceding two years for NPERS employees.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. Plan Descriptions and Contribution Information (Continued)

Calendar Year	Employee Contributions	Employer Contributions
2025	$ 158,805	$ 247,736
2024	$ 143,690	$ 224,157
2023	$ 128,497	$ 200,455

B. Nebraska County Employees Retirement Plan

In 1973, the State Legislature brought the County Employees Retirement Plan (County Plan) under the administration of the Board. This multiple-employer plan covers employees of 91 of the State's 93 counties, 13 county health districts, and 3 other miscellaneous political subdivisions. Douglas and Lancaster counties have separate retirement plans for their employees, as allowed under Neb. Rev. Stat. § 23-1118 (Reissue 2022). As of December 31, 2025, there were 107 participating employers.

Prior to January 1, 2003, the County Plan consisted of a Defined Contribution Plan. Effective January 1, 2003, a Cash Balance Benefit Plan was added to the County Employees' Retirement Act. The Cash Balance Benefit Plan is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected either to continue participation in the Defined Contribution Plan or to begin participation in the Cash Balance Benefit Plan. The Defined Contribution Plan is closed to new entrants. On or after January 1, 2003, all new members of the County Plan become members of the Cash Balance Benefit Plan.

Participation in the County Plan is required of all full-time employees upon employment and of all full-time elected officials upon taking office. Prior to April 2011, all permanent part-time employees could elect voluntary participation upon reaching age 20. Effective April 2011, the age requirement for permanent part-time employees decreased to age 18. Part-time elected officials may exercise the option to join.

Contributions. Per statute, county employees and elected officials contribute 4.5 percent of their total compensation, and the county contributes 150 percent of the member rate. Present and future commissioned law enforcement personnel employed by such counties make additional contributions to a supplemental retirement plan. Commissioned law enforcement personnel in participating counties with fewer than 85,000 inhabitants contribute an extra 1 percent, or a total of 5.5 percent of their total compensation, which increased to 2 and 6.5 percent, respectively, as of September 2, 2023. Commissioned law enforcement personnel in participating counties with a population in excess of 85,000 inhabitants contribute an extra 2 percent, or a total of 6.5 percent of their total compensation, which increased to 3 and 7.5 percent, respectively, as of September 2, 2023. The county contributes 150 percent for the first 4.5 percent, and the extra percent is matched at 100 percent. The employee's and employer's contributions are kept in separate accounts.

The employee's account is fully vested. The employer's account is vested after a total of three years of participation in the system, including credit for participation in another Nebraska governmental plan prior to actual contribution to the County Plan.

When employees terminate and are not fully vested, the amount contributed by the county is forfeited and used to reduce NPERS expenses. When forfeitures are not sufficient to pay administrative expenses, NPERS may also assess a charge in the form of basis points against plan assets. NPERS also uses plan assets when forfeitures are not sufficient in the Cash Balance Benefit Plan.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. Plan Descriptions and Contribution Information (Concluded)

Defined Contribution Plan. Upon attainment of age 55, regardless of service, the retirement allowance is equal to the sum of the employee and employer accounts. Members have several forms of payment available, including withdrawals, deferrals, annuities, or a combination of these.

Cash Balance Benefit Plan. Upon attainment of age 55, regardless of service, the retirement allowance is equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment in the normal form. The normal form of payment is a single-life annuity with five-year certain, payable monthly.

Members will have the option to convert their member cash balance account to a monthly annuity with built-in cost-of-living adjustments of 2.5 percent annually. Also available are additional forms of payment allowed under the County Plan that are actuarially equivalent to the normal form, including the option of a lump-sum or partial lump-sum.

County Plan membership consisted of the following at December 31, 2025:

	Defined Contribution Plan	Cash Balance Benefit Plan
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-	1,044
Inactive Plan Members Entitled to but not yet Receiving Benefits	435	5,125
Active Plan Members	515	7,552
Total	950	13,721

The 1,044 retirees and beneficiaries receiving benefits include Defined Contribution Plan members who elected an annuity. Defined Contribution Plan members may also choose from other forms of payment, such as withdrawal or lump-sum payment. Generally, these are one-time payouts. Therefore, these retired members are not shown above.

3. Funded Status and Funding Progress

The components of the net pension asset for each Cash Balance Benefit Plan as of January 1, 2026, 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/(Asset)
State Plan	$ 2,463,590,076	$ 2,722,190,276	$ (258,600,200)	110.50%
County Plan	$ 836,278,437	$ 936,853,541	$ (100,575,104)	112.03%

3. Funded Status and Funding Progress (Continued)

The Total Pension Liability as of December 31, 2025, was determined based on an actuarial valuation prepared as of January 1, 2026. The key actuarial assumptions, as of the latest actuarial valuation date, are as follows:

	State Plan	County Plan
Valuation date	January 1, 2026	January 1, 2026
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed
Single equivalent amortization period	25 Years	25 Years
Asset valuation method	5-year smoothing	5-year smoothing
Actuarial assumptions:		
Inflation	2.35%	2.35%
Investment rate of return, net of investment expense and including inflation	6.90%	6.90%
Municipal bond index rate	4.82%	4.82%
Projected salary increases, including inflation	2.95% - 9.30%	2.95% - 9.45%
Interest credit rating	6.00%	6.00%
Cost-Of-Living Adjustments (COLA)	None, except 2.5% per year for retirees electing annuity payments with a COLA feature.	None, except 2.5% per year for retirees electing annuity payments with a COLA feature.

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

3. Funded Status and Funding Progress (Continued)

The State and County Plans' post-retirement mortality rates for retired members 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 actuarial assumptions used in the valuation are based on the results of the actuarial experience study, which covered the four-year period ending December 31, 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, which is responsible for investing the pension plan assets. The long-term expected real rate of return and target asset allocation were also the result of the most recent experience study. The State and County 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%
Risk-Seeking Fixed Income	10.0%	3.9%
Risk-Reducing Fixed Income	20.0%	2.5%
Private Equity	5.0%	7.1%
Real Estate	7.5%	4.0%
Total	100.00%	

*Arithmetic mean, net of investment expenses.

Discount Rate. The discount rate used to measure the Total Pension Liability at December 31, 2025, was 6.90 percent, which is 0.05 percent less than the discount rate used to measure the Total Pension Liability at December 31, 2024. The discount rate is reviewed as part of the actuarial experience study, which was performed for the period January 1, 2020, through December 31, 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 greater of the contractually required rates and the actuarially determined rates. 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 2125.

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

Sensitivity of the net pension liability/(asset) to changes in the discount rate. The following presents the net pension liability/(asset) of the Plans, calculated using the discount rate of 6.90 percent, as well as what the Plans' net pension liability/(asset) would be if calculated using a discount rate one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate.

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability/(Asset):			
State	$ (10,162,223)	$ (258,600,200)	$ (463,773,910)
County	$ (22,021,017)	$ (100,575,104)	$ (166,267,628)

4. <u>Investments</u>

Investments. Listed below is a summary of the investment portfolio that comprises the Investments on the Statements of Fiduciary Net Position. All securities purchased or held must be in the custody of the State or deposited with an agent in the State's name. 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 pension plans' policy regarding the allocation of invested assets is established and may be amended by the Nebraska Investment Council. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. During the calendar year, the Nebraska Investment Council's target investment allocation was:

Asset Class	Target Allocation
U.S. Equity	20.5%
Non-U.S. Equity	10.0%
Global Equity	18.5%
Core Bonds Fixed Income	30.0%
Return-Seeking Fixed Income	8.5%
Private Equity	5.0%
Real Estate	7.5%
Total	100.00%

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

- 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.

Plan Investments at December 31, 2025, at Fair Value Measurement Using:

	Fair Value	Level 1	Level 2	Level 3
Debt Securities				
U.S. Treasury Notes and Bonds	$ 267,388,633	$ -	$ 267,388,633	$ -
U.S. Treasury Strips	2,826,569	-	2,826,569	-
U.S. Treasury Bills	163,849	-	163,849	-
Government Agency Securities	2,418,286	-	2,418,286	-
Government Agency Strips	58,914	-	58,914	-
Corporate Bonds	392,831,963	-	392,702,354	129,609
International Government Agency Securities	11,439,806	-	11,439,806	-
International Notes and Bonds	48,268,264	-	48,268,264	-
Asset Backed Securities	47,845,919	-	47,845,919	-
Bank Loans	48,187,181	-	48,187,181	-
Short Term Investments	11,222,067	2,206,593	9,015,474	-
Commingled Funds	502,348,200	391,560,092	110,788,108	-
Derivative Instruments	(189,641)	(192,838)	3,197	-
Mortgages	239,771,604	-	239,771,604	-
Municipal Bonds	6,887,971	-	6,887,971	-
	1,581,469,585	393,573,847	1,187,766,129	129,609
Other Investments				
Equity Securities	667,841,649	661,935,627	5,454,990	451,032
Commingled Funds	2,111,367,171	2,111,355,176	-	11,995
Derivative Instruments	1,707,993	61,627	1,646,366	-
Total Investments Measured at Fair Value	4,362,386,398	$ 3,166,926,277	$ 1,194,867,485	$ 592,636
Investments Measured at the Net Asset Value (NAV):		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Real Estate:				
Core	110,807,641	$ -	Quarterly	90 days
Non-Core	65,468,421	30,717,273		
Opportunistic Credit	876,087	-		
Private Equity	212,862,965	56,563,152		
Short Term Investments	416,212	-		
Total Investments Measured at NAV	$ 390,431,326	$ 87,280,425		
Total	$ 4,752,817,724			
Securities Lending Collateral	257,414,992			
Total Investments at Fair Value	$ 5,010,232,716			

4. Investments (Continued)

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, U.S. Treasury Strips, Government Agency Securities, 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.

- 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 Corporate Bonds, 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 in the consolidated statements of financial position. Investments valued using the net asset value per share are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Plans value these investments based on the partnerships' audited financial statements. If December 31 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than December 31. If December 31 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 $257,414,992 in Securities Lending Short Term Collateral Investment Pool Investments, which are investments loaned to broker-dealers and banks under the securities lending program, were not classified for fair value measurement purposes.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

State and County Employees Retirement Plan Investments at December 31, 2025

	State and County Cash Balance Benefit Plan		State and County Defined Contribution Plan	
	Fair Value	Effective Duration	Fair Value	Effective Duration
Debt Securities				
U.S. Treasury Notes and Bonds	$ 267,388,633	7.79	$ -	
U.S. Treasury Strips	2,826,569	10.31	-	
U.S. Treasury Bills	163,849	0.06	-	
Government Agency Securities	2,418,286	7.41	-	
Government Agency Strips	58,914	4.21	-	
Corporate Bonds	392,831,963	4.56	-	
International Government Agency Securities	11,439,806	5.44	-	
International Notes and Bonds	48,268,264	7.03	-	
Asset Backed Securities	47,845,919	1.61	-	
Bank Loans	48,187,181	0.05	-	
Short Term Investments	11,222,067	0.01	-	
Commingled Funds	383,649,263	4.53	118,698,937	3.81
Derivative Instruments	(189,641)	0.00	-	
Mortgages	239,771,604	4.52	-	
Municipal Bonds	6,887,971	7.10	-	
	1,462,770,648		118,698,937	
Other Investments				
Opportunistic Credit	876,087		-	
Private Equity	212,862,965		-	
Equity Securities	667,841,649		-	
Commingled Funds	1,180,799,987		930,567,184	
Short Term Investments	508,459		(92,247)	
Derivative Instruments	1,707,993		-	
Private Real Estate	176,276,062		-	
Total Investments	3,703,643,850		1,049,173,874	
Invested Securities Lending Collateral	257,414,992		-	
Total	$3,961,058,842		$ 1,049,173,874	

4. Investments (Continued)

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The State has contracts with investment managers that limit the effective duration compared to that of the portfolio's benchmark.

Credit Risk of Debt Securities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State has contracts with investment managers that set minimum average quality ratings for its core fixed income accounts at an A. The maximum exposure to any single investment grade issuer, excluding the U.S. government, its agencies or instrumentalities, is five percent, and the maximum exposure to a single issuer below investment grade is three percent. The minimum credit rating of a derivatives counterparty is A. NPERS' rated debt investments, as of December 31, 2025, were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented on the following table using the Standard and Poor's rating scale.

4. **Investments** (Continued)

NPERS – State and County Employees Retirement Plan Investments at December 31, 2025

		Quality Ratings				
	Fair Value	**AAA**	**AA**	**A**	**BBB**	**BB**
Cash Balance Benefit Plan:						
Asset Backed Securities	$ 47,845,919	$ 17,913,696	$ 782,370	$ 194,393	$ 1,955,241	$ 1,643,155
Bank Loans	48,187,181	-	-	82,940	1,178,765	5,070,948
Mortgages	239,771,604	26,179,633	916,460	784,494	186,775	81,635
International Government Agency Securities	11,439,806	1,546	2,004,262	1,862,385	2,965,889	1,136,667
International Notes and Bonds	48,268,264	964,746	3,575,650	5,385,723	12,098,536	9,993,957
Corporate Bonds	392,831,963	1,051,894	4,934,919	62,145,101	201,730,166	72,979,826
Government Agency Securities	2,418,286	-	2,401,424	-	-	-
Government Agency Strips	58,914	-	-	-	-	-
Municipal Bonds	6,887,971	946,191	3,798,221	1,596,500	493,672	53,387
Short Term Investments	11,222,067	-	-	-	-	-
Commingled Funds	383,649,263	-	-	-	-	-
Derivative Instruments	(189,641)	-	-	-	-	-
Defined Contribution Plan:						
Commingled Funds	118,698,937	-	-	-	-	-
Short Term Investments	(92,247)	-	-	-	-	-

		Quality Ratings				
	B	**CCC**	**CC**	**C**	**D**	**Unrated**
Cash Balance Benefit Plan:						
Asset Backed Securities	$ 457,226	$ 70,544	$ 730,277	$ 420	$ 819,745	$ 23,278,852
Bank Loans	22,269,022	3,255,690	138,018	-	12,998	16,178,800
Mortgages	94,198	289,409	-	-	264,719	210,974,281
International Government Agency Securities	2,489,951	-	-	-	-	979,106
International Notes and Bonds	2,786,554	3,261,658	-	40,064	91,636	10,069,740
Corporate Bonds	34,929,770	11,061,472	418,971	6,438	-	3,573,406
Government Agency Securities	-	-	-	-	-	16,862
Government Agency Strips	-	-	-	-	-	58,914
Municipal Bonds	-	-	-	-	-	-
Short Term Investments	-	-	-	-	-	11,222,067
Commingled Funds	-	-	-	-	-	383,649,263
Derivative Instruments	-	-	-	-	-	(189,641)
Defined Contribution Plan:						
Commingled Funds	-	-	-	-	-	118,698,937
Short Term Investments	-	-	-	-	-	(92,247)

4. Investments (Continued)

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

At December 31, 2025, the State and County Defined Contribution and Cash Balance Benefit Plans had no debt security investments, from a single entity, that comprised more than five percent of total investments.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The State does not have a formal policy to limit foreign currency risk. At December 31, 2025, the State and County Defined Contribution Plans did not have exposure to foreign currency risk. The State and County Cash Balance Benefit Plans’ exposure to foreign currency risk is presented on the following table.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

Cash Balance Benefit Plans' Foreign Currency at December 31, 2025

	Australian Dollar	Brazilian Real	British Pound Sterling	Canadian Dollar	Chilean Peso	Chinese Yuan Renminbi	Colombian Peso
Asset Backed Securities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bank Loans	-	-	715,981	-	-	-	-
Corporate Bonds	-	-	3,925,543	-	-	-	-
Equity Securities	2,416,711	4,593,345	34,575,677	13,058,502	32,344	4,255,455	27,436
International Government Agency Securities	-	-	169,557	-	-	-	-
International Notes and Bonds	350,599	507,814	4,924,247	614,147	-	-	1,292,814
Mortgages	-	-	345,990	-	-	-	-
Municipal Bonds	2,016,176	-	-	629,145	-	-	-
Private Equity	-	-	-	-	-	-	-
Short Term Investments	268,817	13,882	31,772	(47,219)	-	-	5,876
Total	$5,052,303	$5,115,041	$44,688,767	$ 14,254,575	$ 32,344	$ 4,255,455	$1,326,126

	Czech Koruna	Danish Krone	Egyptian Pound	Euro Currency	Hong Kong Offshore Yuan Renminbi	Hong Kong Dollar	Hungarian Forint
Asset Backed Securities	$ -	$ -	$ -	$ 4,001,455	$ -	$ -	$ -
Bank Loans	-	-	-	10,811,159	-	-	-
Corporate Bonds	-	-	-	18,861,416	-	-	-
Equity Securities	-	3,352,393	-	64,626,424	26,181,165	10,119,973	53,635
International Government Agency Securities	-	-	-	1,307,308	-	-	-
International Notes and Bonds	-	-	275,576	5,272,801	-	-	692,876
Mortgages	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-
Private Equity	-	-	-	16,404,656	-	-	-
Short Term Investments	29,236	655	530	1,225,646	188,786	(15,796)	6,210
Total	$29,236	$ 3,353,048	$ 276,106	$122,510,865	$26,369,951	$10,104,177	$ 752,721

4. Investments (Continued)

Cash Balance Benefit Plans' Foreign Currency at December 31, 2025
(Continued)

	Japanese Yen	Kuwaiti Dinar	Malaysian Ringgit	Mexican Peso	New Israeli Shekel	New Zealand Dollar	Norwegian Krone
Asset Backed Securities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bank Loans	-	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-	-
Equity Securities	22,955,683	650,641	208,092	1,696,400	3,528,671	-	614,599
International Government Agency Securities	-	-	-	91,434	-	-	-
International Notes and Bonds	2,483,657	-	-	956,790	-	-	-
Mortgages	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-
Private Equity	-	-	-	-	-	-	-
Short Term Investments	250,184	-	12,066	28,883	(18,574)	(187,071)	49,609
Total	$ 25,689,524	$ 650,641	$ 220,158	$ 2,773,507	$3,510,097	$ (187,071)	$ 664,208

	Peruvian Nuevo Sol	Philippine Peso	Polish Zloty	Singapore Dollar	South African Rand	South Korean Won	Swedish Krona
Asset Backed Securities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bank Loans	-	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-	-
Equity Securities	-	216,149	2,551,877	192,314	717,819	12,841,451	139,724
International Government Agency Securities	-	-	-	-	-	-	-
International Notes and Bonds	1,753,129	-	-	-	3,816,778	-	-
Mortgages	-	-	-	-	-	-	-
Municipal Bonds	355,868	-	-	-	-	-	-
Private Equity	-	-	-	-	-	-	-
Short Term Investments	50,425	-	39,685	44,599	98,648	3,808	78,877
Total	$ 2,159,422	$ 216,149	$ 2,591,562	$ 236,913	$ 4,633,245	$ 12,845,259	$ 218,601

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

Cash Balance Benefit Plans' Foreign Currency at December 31, 2025
(Concluded)

	Swiss Franc	Thailand Baht	Turkish Lira	United Arab Emirates Dirham	Uruguayan Peso	Uzbekistani Som	Total
Asset Backed Securities	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,001,455
Bank Loans	-	-	-	-	-	-	11,527,140
Corporate Bonds	-	-	-	-	-	99,190	22,886,149
Equity Securities	11,923,802	802,892	5,453	1,774,393	-	-	224,113,020
International Government Agency Securities	-	-	-	-	-	-	1,568,299
International Notes and Bonds	-	-	1,481,801	-	201,981	-	24,625,010
Mortgages	-	-	-	-	-	-	345,990
Municipal Bonds	-	-	-	-	-	-	3,001,189
Private Equity	-	-	-	-	-	-	16,404,656
Short Term Investments	(110,825)	1,117	17,077	-	-	-	2,066,903
Total	$ 11,812,977	$ 804,009	$1,504,331	$ 1,774,393	$ 201,981	$ 99,190	$ 310,539,811

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 State's securities lending program and receives collateral in the forms of cash, United States government or government agency obligations, sovereign debt rated A or better, or convertible bonds at least equal in value to the market value of the loaned securities. Securities on loan at year-end consisted of United States government obligations, equity securities, corporate bonds, and non-US fixed income. At year-end, the State had no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe 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 resulting 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 an average duration of twenty-five days as of June 30, 2025. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The custodian indemnifies the State against default by the borrower of securities, but it does not indemnify against the default by an issuer of a security held in the short-term investment funds where cash collateral is invested.

Derivative Instruments. Derivative instruments are financial contracts whose underlying values depend on the values of one or more underlying assets, reference rates, or financial indices. These instruments are used primarily to enhance performance and reduce the volatility of the portfolio, in accordance with the Nebraska Investment Council-approved Derivatives Policy.

The State invests in futures contracts, options, and swaps. Futures represent commitments to purchase or sell securities or money market instruments at a future date and at a specific price. Options represent the right, but not the obligation, to purchase or sell securities at a future date and at a specific price. The State invests in these contracts related to securities of the U.S. government or Government Agency obligations based on reference notes, which are traded on organized exchanges, thereby minimizing the State's credit risk. The net change in the contract value is settled daily in cash with the exchanges. Swaps represent an exchange of streams of payments over time according to specified terms.

At December 31, 2025, the State and County Defined Contribution Plans did not invest in derivative financial instruments. All changes in fair value of derivatives are reflected in Investment Income and the fair value of derivatives at December 31, 2025, is reflected in Investments. The fair value balances and notional amounts of investment derivative instruments for the year then ended for the State and County Cash Balance Benefit Plans are as follows:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

DERIVATIVE INSTRUMENTS AT DECEMBER 31, 2025

Derivative Instruments	Change in Fair Value	Fair Value	Notional
Credit Default Swaps	$ 166,430	$ 724,722	$ 16,728,716
Credit Default Swaption	2,392	-	-
Equity Futures	(302)	-	-
Fixed Income Futures	740,408	(140,462)	87,056,252
Fixed Income Options	27,797	502	(101,662)
Foreign Currency Options	(17,261)	(345)	(5,051)
FX Forwards	(5,430,794)	(456,527)	-
Interest Rate Swaps	474,982	1,378,517	(3,513,306)
Interest Rate Swaption	115,565	-	-
Warrants	(173,555)	11,945	-

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 December 31, 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 State and County Cash Balance Benefit 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 December 31, 2025, was $554,929. 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 $554,929.

Although the State and County Cash Balance Benefit Plans execute derivative instruments with various counterparties, approximately 89 percent of the net exposure to credit risk is held with seven counterparties. The counterparties are rated A, AA, or unrated.

The State and County Cash Balance Benefit 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 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 State and County Cash Balance Benefit Plans' interest rate swaps were fixed with a SOFR (Secured Overnight Financing Rate).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Continued)

Foreign currency risk for derivative instruments at December 31, 2025, are as follows:

Derivative Instruments Foreign Currency at December 31, 2025

Currency	Exchange Cleared Swaps	Foreign Exchange Contracts	Interest Rate Contracts	Margined Options	Swaps
Australian Dollar	$(68,740)	$ (50,879)	$ 3,197	$ -	$ -
Brazilian Real	(5,309)	(28,390)	-	-	-
British Pound Sterling	(2,728)	(138,705)	14,827	-	-
Canadian Dollar	(36,995)	(61,475)	(15,082)	-	-
Colombian Peso	-	(22,099)	-	-	-
Czech Koruna	(1,865)	-	-	-	-
Danish Krone	-	(223)	-	-	-
Euro Currency	33,984	(207,909)	(30,511)	502	237,635
Hong Kong Dollar	-	1	-	-	-
Indian Rupee	-	(5,671)	-	-	-
Indonesian Rupiah	-	86	-	-	-
New Israeli Shekel	-	(15,145)	-	-	-
Japanese Yen	379,816	10,813	-	-	-
Mexican Peso	-	66,052	-	-	-
New Taiwan Dollar	-	38,023	-	-	-
New Zealand Dollar	-	(2,926)	-	-	-
Norwegian Krone	-	(117)	-	-	-
Peruvian Nuevo Sol	-	(49,479)	-	-	-
Polish Zloty	-	7,008	-	-	-
Singapore Dollar	-	(16,155)	-	-	-
South African Rand	-	(31,982)	-	-	-
South Korean Won	-	3,632	-	-	-
Swiss Franc	-	(5,043)	-	-	-
Thailand Baht	-	(206)	-	-	-
Turkish Lira	-	59,118	-	-	-
Uzbekistani Som	-	(272)	-	-	-
Hong Kong Offshore Yuan Renminbi	-	(4,583)	-	-	-
Total	$298,163	$ (456,526)	$ (27,569)	$ 502	$ 237,635

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 as 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 December 31, 2025, but the security had not settled.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Investments (Concluded)

Money-Weighted Rate of Return. For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.63% for the State and 15.61% for the County Cash Balance Benefit Plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Employer Contributions

Historically, employer contributions have been reported net of forfeitures. Forfeitures result when a member terminates prior to vesting in the employer contribution portion of his or her account. In accordance with Neb. Rev. Stat. § 23-2319.01(1) (Reissue 2022) and Neb. Rev. Stat. § 84-1321.01(1) (Reissue 2024) forfeitures are first used to pay administrative expenses of the Board. The balance of the Defined Contribution forfeiture accounts at December 31, 2025, was $0 for the State Plan and $0 for the County Plan. The balance of the Cash Balance Benefit Plan forfeiture accounts was $1,564,265 for the State Plan and $378,885 for the County Plan.

6. Compensated Absences

The liability for the vested portion of compensated absences for each plan at December 31, 2025, was as follows:

	State Cash Balance Benefit Employees	State Defined Contribution Employees	County Cash Balance Benefit Employees	County Defined Contribution Employees
Beginning Balance	$ 63,372	$ 8,280	$ 30,488	$ 4,528
Increases	63,564	6,612	21,993	3,299
Decreases	-	-	-	-
Ending Balance	$ 126,936	$ 14,892	$ 52,481	$ 7,827
Amounts Due within One Year	$ 67,701	$ 7,943	$ 27,991	$ 4,175

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 worker's compensation. The State has chosen to purchase insurance for the following:

A. Life insurance for eligible employees.

B. Crime coverage, with a limit of $11,000,000 per occurrence and a deductible of $1,000,000 per occurrence to specific conditions, limits, and exclusions.

7. Contingencies and Commitments (Concluded)

C. Real and personal property on a blanket basis for losses up to $200,000,000 with an all other perils deductible of $1,000,000 per loss occurrence. Newly acquired properties are covered up to $10,000,000 for 90 days. If not reported after 90 days, the property is covered for $5,000,000 under the miscellaneous unnamed location coverage. There is a wind and hail limit on the real and personal property of $157,475,000. 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.

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

In calendar year 2024, one settlement of $7,450,000 exceeded insurance coverage by $2,050,000. No other claims have exceeded coverage in the last three years. Workers' compensation is funded in the Risk Management 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 the 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 NPERS, 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. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
State Defined Contribution Plan				
Equipment	$ 527,744	$ -	$ -	$ 527,744
Less: Accumulated Depreciation	527,617	42	-	527,659
Capital Assets, Net	$ 127	$ (42)	$ -	$ 85
State Cash Balance Benefit Plan				
Equipment	$ 463,030	$ -	$ -	$ 463,030
Less: Accumulated Depreciation	462,518	162	-	462,680
Capital Assets, Net	$ 512	$ (162)	$ -	$ 350
County Defined Contribution Plan				
Equipment	$ 263,902	$ -	$ -	$ 263,902
Less: Accumulated Depreciation	263,829	24	-	263,853
Capital Assets, Net	$ 73	$ (24)	$ -	$ 49
County Cash Balance Benefit Plan				
Equipment	$ 264,743	$ -	$ -	$ 264,743
Less: Accumulated Depreciation	264,406	108	-	264,514
Capital Assets, Net	$ 337	$ (108)	$ -	$ 229

NOTES TO THE FINANCIAL STATEMENTS
(Concluded)

9. Transfers

Transfer activity for the year ended December 31, 2025, was as follows:

	State Cash Balance Benefit Plan	State Defined Contribution Plan
Annuity Balances from Defined Contribution to Cash Balance Benefit Plan	$ 10,919,868	$ (10,919,868)
Miscellaneous Transfers	(458,040)	458,040
Total Transfers	$ 10,461,828	$ (10,461,828)

	County Cash Balance Benefit Plan	County Defined Contribution Plan
Annuity Balances from Defined Contribution to Cash Balance Benefit Plan	$ 1,811,003	$ (1,811,003)
Miscellaneous Transfers	(269,332)	269,332
Total Transfers	$ 1,541,671	$ (1,541,671)

The annuity balances represent the transfer of balances of members who elected an annuity in the Defined Contribution Plan. Since NPERS pays the annuities, the balances are transferred to the Cash Balance Benefit Plan in order for the annuity to be processed. Miscellaneous transfers consist of members who had previous balances in the Defined Contribution Plan but were rehired after January 1, 2003. They are required to be in the Cash Balance Benefit Plan; therefore, their Defined Contribution Plan balance was transferred to the Cash Balance Benefit Plan.

10. Equal Retirement Benefit Fund

On January 1, 1984, the Equal Retirement Benefit Fund (ERBF) was created for the State and County Plans. Each State agency and county participating in the retirement system makes contributions to the fund at least annually, in addition to regular retirement contributions.

Upon retirement, members with an accumulated account balance based on contributions made prior to January 1, 1984, have the option to convert to an annuity, at which time they are eligible to receive a benefit from the fund. The ERBF benefit is included in the member's regular retirement annuity and is included in the benefit payments reported in the financial statements. The balances of the funds are not included in the financial statements. As of December 31, 2025, there was $487,144 in the State ERBF and a balance of $606,521 in the County ERBF.

11. Subsequent Events

The Board granted a 3.47% dividend for the State Cash Balance Benefit Plan and a 3.36% dividend for the County Cash Balance Benefit Plan for calendar year 2025 on May 18, 2026. All eligible State and County Cash Balance Benefit Plan members will receive the dividend on July 31, 2026. The dividend for the State Cash Balance Benefit Plan totaled $62,752,320 plus interest up to the date it was paid. The dividend for the County Cash Balance Benefit Plan totaled $23,025,842 plus interest up to the date it was paid.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY EMPLOYEES RETIREMENT PLANS

SCHEDULE OF CHANGES IN THE STATE EMPLOYER NET PENSION LIABILITY/(ASSET)

STATE EMPLOYEES CASH BALANCE RETIREMENT PLAN
AS OF DECEMBER 31, 2025
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 113,418,427	$ 104,323,619	$ 97,639,148	$ 84,172,378	$ 77,800,741	$ 66,765,739	$ 61,853,977	$ 61,061,110	$ 64,050,683	$ 61,768,235
Interest	157,535,698	149,104,230	145,257,062	134,353,270	126,535,395	121,384,492	116,719,477	108,435,469	102,758,618	98,053,908
Benefit term changes	14,795,460	39,035,162	-	107,253,060	68,135,274	33,745,768	-	56,311,516	31,484,516	-
Differences between expected and actual experience	(9,234,074)	(1,352,088)	(11,189,943)	(10,313,532)	(15,112,129)	(14,022,451)	(10,589,929)	(3,987,151)	(18,938,806)	(14,007,040)
Assumption changes	10,784,302	20,733,231	13,568,175	12,811,624	11,780,941	21,516,477	-	-	42,820,238	-
Transfers	10,461,828	5,724,179	8,387,489	5,848,530	6,512,820	9,317,802	5,371,677	7,735,118	3,591,366	5,115,400
Benefit payments, including member refunds	(188,295,744)	(178,365,104)	(158,272,678)	(152,819,703)	(132,839,323)	(112,330,647)	(113,827,088)	(121,911,299)	(94,358,979)	(84,773,402)
Net change in Total Pension Liability	109,465,897	139,203,229	95,389,253	181,305,627	142,813,719	126,377,180	59,528,114	107,644,763	131,407,636	66,157,101
Total Pension Liability - beginning	2,354,124,179	2,214,920,950	2,119,531,697	1,938,226,070	1,795,412,351	1,669,035,171	1,609,507,057	1,501,862,294	1,370,454,658	1,304,297,557
Total Pension Liability - ending (a)	$ 2,463,590,076	$ 2,354,124,179	$ 2,214,920,950	$ 2,119,531,697	$ 1,938,226,070	$ 1,795,412,351	$ 1,669,035,171	$ 1,609,507,057	$ 1,501,862,294	$ 1,370,454,658
Plan Fiduciary Net Position										
Employer contributions	$ 78,618,844	$ 72,580,197	$ 66,349,931	$ 61,842,606	$ 52,713,963	$ 51,505,962	$ 48,889,798	$ 46,580,471	$ 45,437,713	$ 44,894,300
Employee contributions	50,367,496	46,506,322	42,517,486	39,603,801	33,833,051	33,007,021	31,334,445	29,854,372	29,127,571	28,775,358
Net investment income	371,868,550	243,928,528	286,699,139	(262,554,721)	328,390,307	221,996,967	286,205,172	(63,590,687)	237,283,016	112,758,193
Benefit payments, including member refunds	(188,295,744)	(178,365,104)	(158,272,678)	(152,819,703)	(132,839,323)	(112,330,647)	(113,827,088)	(121,911,299)	(94,358,979)	(84,773,402)
Administrative expenses	(2,262,061)	(1,994,344)	(1,749,273)	(1,635,685)	(1,496,593)	(1,519,944)	(1,373,893)	(1,398,690)	(1,293,454)	(1,134,239)
Transfers	10,461,828	5,724,179	8,387,489	5,848,530	6,512,820	9,317,802	5,371,677	7,735,118	3,591,366	5,115,400
Net change in Plan Fiduciary Net Position	320,758,913	188,379,778	243,932,094	(309,715,172)	287,114,225	201,977,161	256,600,111	(102,730,715)	219,787,233	105,635,610
Plan Fiduciary Net Position - beginning	2,401,431,363	2,213,051,585	1,969,119,491	2,278,834,663	1,991,720,438	1,789,743,277	1,533,143,166	1,635,873,881	1,416,086,648	1,310,451,038
Plan Fiduciary Net Position - ending (b)	$ 2,722,190,276	$ 2,401,431,363	$ 2,213,051,585	$ 1,969,119,491	$ 2,278,834,663	$ 1,991,720,438	$ 1,789,743,277	$ 1,533,143,166	$ 1,635,873,881	$ 1,416,086,648
Net Pension Liability/(Asset) - ending (a) - (b)	$ (258,600,200)	$ (47,307,184)	$ 1,869,365	$ 150,412,206	$ (340,608,593)	$ (196,308,087)	$ (120,708,106)	$ 76,363,891	$ (134,011,587)	$ (45,631,990)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	110.50%	102.01%	99.92%	92.90%	117.57%	110.93%	107.23%	95.26%	108.92%	103.33%
Covered payroll	$ 1,049,931,143	$ 969,286,819	$ 886,083,480	$ 825,889,503	$ 703,979,207	$ 687,846,715	$ 652,908,627	$ 622,068,256	$ 606,807,065	$ 599,549,947
Employers' Net Pension Liability/(Asset) as a percentage of covered payroll	-24.63%	-4.88%	0.21%	18.21%	-48.38%	-28.54%	-18.49%	12.28%	-22.08%	-7.61%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

STATE AND COUNTY EMPLOYEES RETIREMENT PLANS

SCHEDULE OF CHANGES IN THE COUNTY EMPLOYERS' NET PENSION LIABILITY/(ASSET)

COUNTY EMPLOYEES CASH BALANCE RETIREMENT PLAN

AS OF DECEMBER 31, 2025

(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 44,199,027	$ 40,805,082	$ 36,861,874	$ 34,513,169	$ 33,851,595	$ 27,295,084	$ 26,124,594	$ 25,625,451	$ 25,927,269	$ 24,325,759
Interest	53,477,116	50,726,687	48,876,554	45,065,873	42,509,928	39,247,354	37,261,345	33,168,144	31,644,765	29,509,568
Benefit term changes	4,934,615	6,880,949	695,086	34,882,396	13,076,477	14,555,363	-	32,324,341	1,838,521	-
Differences between expected and actual experience	(7,548,919)	(891,590)	(2,939,837)	(7,950,766)	(9,140,951)	(4,950,342)	(4,751,826)	(2,191,990)	(7,230,377)	(5,428,286)
Assumption changes	3,567,616	5,333,624	4,511,819	4,290,014	4,002,909	13,301,086	-	-	7,781,664	-
Transfers	1,541,671	2,697,920	2,592,697	2,400,327	4,302,374	3,453,930	1,618,132	1,885,618	619,284	1,678,510
Benefit payments, including member refunds	(64,102,742)	(56,412,744)	(52,413,533)	(49,246,394)	(39,083,554)	(29,649,425)	(39,518,999)	(32,810,743)	(21,934,437)	(22,092,412)
Net change in Total Pension Liability	36,068,384	49,139,928	38,184,660	63,954,619	49,518,778	63,253,050	20,733,246	58,000,821	38,646,689	27,993,139
Total Pension Liability - beginning	800,210,053	751,070,125	712,885,465	648,930,846	599,412,068	536,159,018	515,425,772	457,424,951	418,778,262	390,785,123
Total Pension Liability - ending (a)	$ 836,278,437	$ 800,210,053	$ 751,070,125	$ 712,885,465	$ 648,930,846	$ 599,412,068	$ 536,159,018	$ 515,425,772	$ 457,424,951	$ 418,778,262
Plan Fiduciary Net Position										
Employer contributions	$ 28,655,250	$ 27,308,848	$ 24,306,422	$ 22,583,699	$ 21,051,278	$ 20,161,779	$ 19,124,880	$ 18,289,442	$ 17,752,388	$ 16,935,811
Employee contributions	19,588,522	18,635,212	16,432,364	15,238,007	14,234,691	13,625,158	12,923,475	12,368,734	12,000,061	11,352,667
Net investment income	127,706,214	83,546,515	94,917,879	(87,685,972)	107,453,528	73,218,241	91,644,439	(20,161,536)	72,075,672	33,115,136
Benefit payments, including member refunds	(64,102,742)	(56,412,744)	(52,413,533)	(49,246,394)	(39,083,554)	(29,649,425)	(39,518,999)	(32,810,743)	(21,934,437)	(22,092,412)
Administrative expenses	(998,789)	(932,269)	(1,106,922)	(875,824)	(889,862)	(811,821)	(755,388)	(728,112)	(750,056)	(649,709)
Transfers	1,541,671	2,697,920	2,592,697	2,400,327	4,302,374	3,453,930	1,618,132	1,885,618	619,284	1,678,510
Net change in Plan Fiduciary Net Position	112,390,126	74,843,482	84,728,907	(97,586,157)	107,068,455	79,997,862	85,036,539	(21,156,597)	79,762,912	40,340,003
Plan Fiduciary Net Position - beginning	824,463,415	749,619,933	664,891,026	762,477,183	655,408,728	575,410,866	490,374,327	511,530,924	431,768,012	391,428,009
Plan Fiduciary Net Position - ending (b)	$ 936,853,541	$ 824,463,415	$ 749,619,933	$ 664,891,026	$ 762,477,183	$ 655,408,728	$ 575,410,866	$ 490,374,327	$ 511,530,924	$ 431,768,012
Net Pension Liability/(Asset) - ending (a) - (b)	$ (100,575,104)	$ (24,253,362)	$ 1,450,192	$ 47,994,439	$ (113,546,337)	$ (55,996,660)	$ (39,251,848)	$ 25,051,445	$ (54,105,973)	$ (12,989,750)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	112.03%	103.03%	99.81%	93.27%	117.50%	109.34%	107.32%	95.14%	111.83%	103.10%
Covered payroll	$ 400,212,989	$ 384,090,689	$ 350,236,628	$ 325,413,530	$ 303,332,536	$ 290,515,548	$ 275,574,640	$ 263,536,628	$ 255,798,098	$ 244,031,859
Employers' Net Pension Liability/(Asset) as a percentage of covered payroll	-25.13%	-6.31%	0.41%	14.75%	-37.43%	-19.27%	-14.24%	9.51%	-21.15%	-5.32%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY EMPLOYEES RETIREMENT PLANS

SCHEDULE OF STATE EMPLOYER CONTRIBUTIONS

STATE EMPLOYEES CASH BALANCE RETIREMENT PLAN
AS OF DECEMBER 31, 2025
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	$ 64,255,786	$ 56,509,422	$ 53,962,484	$ 39,642,696	$ 36,466,123	$ 34,942,613	$ 36,171,138	$ 29,859,276	$ 29,915,588	$ 32,975,247
Actual employer contributions	78,618,844	72,580,197	66,349,931	61,842,606	52,713,963	51,505,962	48,889,798	46,580,471	45,437,713	44,894,300
Annual contribution deficiency (excess)	$ (14,363,058)	$ (16,070,775)	$ (12,387,447)	$ (22,199,910)	$ (16,247,840)	$ (16,563,349)	$ (12,718,660)	$ (16,721,195)	$ (15,522,125)	$ (11,919,053)
Covered payroll	$ 1,049,931,143	$ 969,286,819	$ 886,083,480	$ 825,889,503	$ 703,979,207	$ 687,846,715	$ 652,908,627	$ 622,068,256	$ 606,807,065	$ 599,549,947
Actual contributions as a percentage of covered payroll	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

STATE AND COUNTY EMPLOYEES RETIREMENT PLANS

SCHEDULE OF COUNTY EMPLOYER CONTRIBUTIONS

COUNTY EMPLOYEES CASH BALANCE RETIREMENT PLAN

AS OF DECEMBER 31, 2025

(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	$ 23,372,439	$ 22,046,806	$ 20,103,582	$ 15,619,849	$ 16,258,624	$ 14,060,953	$ 14,384,996	$ 11,279,368	$ 12,303,889	$ 12,836,076
Actual employer contributions	28,655,250	27,308,848	24,306,422	22,583,699	21,051,278	20,161,779	19,124,880	18,289,442	17,752,388	16,935,811
Annual contribution deficiency (excess)	$ (5,282,811)	$ (5,262,042)	$ (4,202,840)	$ (6,963,850)	$ (4,792,654)	$ (6,100,826)	$ (4,739,884)	$ (7,010,074)	$ (5,448,499)	$ (4,099,735)
Covered payroll	$ 400,212,989	$ 384,090,689	$ 350,236,628	$ 325,413,530	$ 303,332,536	$ 290,515,548	$ 275,574,640	$ 263,536,628	$ 255,798,098	$ 244,031,859
Actual contributions as a percentage of covered payroll	7.16%	7.11%	6.94%	6.94%	6.94%	6.94%	6.94%	6.94%	6.94%	6.94%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY EMPLOYEES RETIREMENT PLANS
SCHEDULE OF INVESTMENT RETURNS
AS OF DECEMBER 31, 2025
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense:										
State Employees Retirement Plan	15.63%	11.15%	14.70%	-11.61%	16.61%	12.49%	18.87%	-3.93%	16.85%	8.61%
County Employees Retirement Plan	15.61%	11.20%	14.36%	-11.57%	16.40%	12.70%	18.89%	-3.96%	16.60%	8.40%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Last 10 Years

State Cash Balance Benefit Retirement Plan

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

2026: The Board granted a dividend of 0.95% in 2025, which was first reflected in the January 1, 2026, valuation.

2025: The Board granted a dividend of 2.48% in 2024, which was first reflected in the January 1, 2025, valuation.

2023: The Board granted a dividend of 7.50% in 2022, which was first reflected in the January 1, 2023, valuation.

2022: The Board granted a dividend of 5.25% in 2021, which was first reflected in the January 1, 2022, valuation.

2021: The Board granted a dividend of 3.00% in 2020, which was first reflected in the January 1, 2021, valuation.

2019: The Board granted a dividend of 5.46% in 2018, which was first reflected in the January 1, 2019, valuation.

2018: The Board granted a dividend of 3.07% in 2017, which was first reflected in the January 1, 2018, valuation.

The following changes were made in the actuarial assumptions:

January 1, 2026, valuation:

- Investment return assumption was lowered from 6.95% to 6.90%.

January 1, 2025, valuation:

- Investment return assumption was lowered from 7.00% to 6.95%.
- General wage inflation was increased from 2.85% to 2.95%.
- Retirement rates were adjusted to better reflect observed experience.
- The proportion of retirement benefits assumed to be paid out as a lump sum was lowered from 50.00% to 45.00%.

January 1, 2024, valuation:

- Price inflation assumption was lowered from 2.45% to 2.35%.
- Investment return assumption was lowered from 7.10% to 7.00%.
- Interest crediting rate on Cash Balance accounts decreased from 6.05% to 6.00%.
- General wage inflation was lowered from 2.95% to 2.85%.

State Cash Balance Benefit Retirement Plan (Continued)

January 1, 2023, valuation:

- Price inflation assumption was lowered from 2.55% to 2.45%.
- Investment return assumption was lowered from 7.20% to 7.10%.
- Interest crediting rate on Cash Balance accounts decreased from 6.10% to 6.05%.
- General wage inflation was lowered from 3.05% to 2.95%.

January 1, 2022, valuation:

- Price inflation assumption was lowered from 2.65% to 2.55%
- Investment return assumption was lowered from 7.30% to 7.20%.
- Interest crediting rate on Cash Balance accounts decreased from 6.15% to 6.10%.
- General wage inflation was lowered from 3.15% to 3.05%.

January 1, 2021, valuation:

- Price inflation assumption was lowered from 2.75% to 2.65%.
- Investment return assumption was lowered from 7.50% to 7.30%.
- Interest crediting rate on Cash Balance accounts decreased from 6.25% to 6.15%.
- General wage inflation was lowered from 3.50% to 3.15%.
- Salary merit increases were adjusted to better reflect observed experience.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.21% of pay.
- Retirement and termination rates were adjusted to better reflect observed experience.
- Mortality assumptions were changed for active members to the Pub-2010 General Members (Above Median) Mortality Table (100% of male, 95% of female rates), set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
- Mortality assumptions were changed for beneficiaries to 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.
- Mortality assumptions were changed for retired members to 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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

State Cash Balance Benefit Retirement Plan (Concluded)

January 1, 2018, valuation:

- Investment return assumption was lowered from 7.75% to 7.50%.
- Price inflation assumption was lowered from 3.25% to 2.75%.
- General wage growth was lowered from 4.00% to 3.50%.
- Covered payroll growth assumption decreased from 4.00% to 3.50%.
- Individual salary increase assumption was lowered by 0.50% in order to remain consistent with the general wage growth assumption.
- Assumed cash balance interest crediting rate was lowered from 6.75% to 6.25%.
- Mortality assumption was changed to the RP-2014 White Collar Mortality Table, with adjustments made to better reflect observed experience. Generational mortality improvements are modeled using a System-specific projection scale.
- Retirement rates were adjusted to better reflect observed experience.
- Termination rates were changed to a service-based assumption.

County Cash Balance Benefit Retirement Plan

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

2026: The Board granted a dividend of 0.84% in 2025, which was first reflected in the January 1, 2026, valuation.

2025: The Board granted a dividend of 1.20% in 2024, which was first reflected in the January 1, 2025, valuation.

2024: Legislative Bill 103 increased the additional contribution rates for commissioned law enforcement officers by 1%.

2023: The Board granted a dividend of 6.50% in 2022, which was first reflected in the January 1, 2023, valuation.

2022: The Board granted a dividend of 2.50% in 2021, which was first reflected in the January 1, 2022, valuation.

2021: The Board granted a dividend of 3.00% in 2020, which was first reflected in the January 1, 2021, valuation.

2019: The Board granted a dividend of 8.42% in 2018, which was first reflected in the January 1, 2019, valuation.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

County Cash Balance Benefit Retirement Plan (Continued)

2018: The Board granted a dividend of 0.51% in 2017, which was first reflected in the January 1, 2018, valuation.

The following changes were made in the actuarial assumptions:

January 1, 2026, valuation:

- Investment return assumption was lowered from 6.95% to 6.90%.

January 1, 2025, valuation:

- Investment return assumption was lowered from 7.00% to 6.95%.
- General wage inflation was increased from 2.85% to 2.95%.
- Administrative expense assumption was increased from 0.27% to 0.29% of pay.
- Retirement rates were adjusted to better reflect observed experience.
- Termination rates were adjusted to better reflect observed experience.

January 1, 2024, valuation:

- Price inflation assumption was lowered from 2.45% to 2.35%.
- Investment return assumption was lowered from 7.10% to 7.00%.
- Interest crediting rate on Cash Balance accounts decreased from 6.05% to 6.00%.
- General wage inflation was lowered from 2.95% to 2.85%.

January 1, 2023, valuation:

- Price inflation assumption was lowered from 2.55% to 2.45%.
- Investment return assumption was lowered from 7.20% to 7.10%.
- Interest crediting rate on Cash Balance accounts decreased from 6.10% to 6.05%.
- General wage inflation was lowered from 3.05% to 2.95%.

January 1, 2022, valuation:

- Price inflation assumption was lowered from 2.65% to 2.55%.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

County Cash Balance Benefit Retirement Plan (Continued)

- Investment return assumption was lowered from 7.30% to 7.20%.
- Interest crediting rate on Cash Balance accounts decreased from 6.15% to 6.10%.
- General wage inflation was lowered from 3.15% to 3.05%.

January 1, 2021, valuation:

- Price inflation assumption was lowered from 2.75% to 2.65%.
- Investment return assumption was lowered from 7.50% to 7.30%.
- Interest crediting rate on Cash Balance accounts decreased from 6.25% to 6.15%.
- General wage inflation was lowered from 3.50% to 3.15%.
- Salary merit increases were adjusted to better reflect observed experience.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.27% of pay.
- Retirement and termination rates were adjusted to better reflect observed experience.
- The lump sum election rate for retirees was decreased from 60% to 50%.
- Mortality assumptions were changed for active members to the Pub-2010 General Members (Above Median) Mortality Tables (100% of male rates, 95% of female rates), set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
- Mortality assumptions were changed for beneficiaries to 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.
- Mortality assumptions were changed for retired members to 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.

January 1, 2018, valuation:

- Investment return assumption was lowered from 7.75% to 7.50%.
- Price inflation assumption was lowered from 3.25% to 2.75%.
- General wage growth was lowered from 4.00% to 3.50%.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Concluded)

County Cash Balance Benefit Retirement Plan (Concluded)

- Covered payroll growth assumption decreased from 4.00% to 3.50%.

- Individual salary increase assumption was lowered by 0.50% in order to remain consistent with the general wage growth assumption.

- Assumed cash balance interest crediting rate was lowered from 6.75% to 6.25%.

- Mortality assumption was changed to the RP-2014 White Collar Mortality Table, with adjustments made to better reflect observed experience. Generational mortality improvements are modeled using a System-specific projection scale.

- Termination rates were changed to a service-based assumption.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY EMPLOYEES RETIREMENT PLANS
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2025

	STATE CASH BALANCE BENEFIT	STATE DEFINED CONTRIBUTION	COUNTY CASH BALANCE BENEFIT	COUNTY DEFINED CONTRIBUTION	TOTAL
Personnel					
Personal Services	$ 716,415	$ 84,651	$ 296,203	$ 43,544	$ 1,140,813
Travel	4,424	430	1,915	221	6,990
Professional and Technical Services					
Professional	9,719	1,044	4,693	528	15,984
Actuary	50,401	-	55,650	-	106,051
Computer Support Services	250,493	28,147	105,527	14,942	399,109
Accounting and Auditing	35,241	4,146	14,511	2,073	55,971
Communications					
Printing	41,627	4,692	17,298	2,319	65,936
Other Expenses					
Postage	27,352	2,985	11,163	1,435	42,935
Supplies	7,419	814	3,045	366	11,644
Hardware and Software	24,485	2,881	10,082	1,440	38,888
Rent	26,791	2,913	10,994	1,565	42,263
Record Keeping and Check Charge Fees	889,534	86,442	400,368	36,914	1,413,258
Statement Fees	63,431	3,826	24,025	1,742	93,024
Miscellaneous	114,729	13,683	43,315	6,147	177,874
Total Administrative Expenses	$ 2,262,061	$ 236,654	$ 998,789	$ 113,236	$ 3,610,740

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY EMPLOYEES RETIREMENT PLANS
SCHEDULE OF INVESTMENT-RELATED EXPENSES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2025

	STATE CASH BALANCE BENEFIT	STATE DEFINED CONTRIBUTION	COUNTY CASH BALANCE BENEFIT	COUNTY DEFINED CONTRIBUTION	TOTAL
BlackRock Financial Management, Inc.	$ 10,073	$ 10,556	$ 3,455	$ 3,335	$ 27,419
The Northern Trust Company	45,052	-	15,438	-	60,490
Total Domestic Equity	**55,125**	**10,556**	**18,893**	**3,335**	**87,909**
BlackRock Financial Management, Inc.	162,367	3,174	55,637	611	221,789
Robert W. Baird & Co. Incorporated	203,267	-	69,649	-	272,916
Barings LLC	307,521	-	105,391	-	412,912
Loomis, Sayles & Company, L.P.	212,384	-	72,787	-	285,171
Pacific Investment Management Company, LLC	471,779	36,017	161,680	9,768	679,244
T. Rowe Price Associates, Inc. (Stable)	-	133,980	-	39,929	173,909
Total Fixed Income	**1,357,318**	**173,171**	**465,144**	**50,308**	**2,045,941**
Arrowstreet Capital	951,954	-	326,279	-	1,278,233
Dodge & Cox	723,618	-	247,974	-	971,592
GQG Partners LLC	542,733	-	185,999	-	728,732
T. Rowe Price Associates, Inc. (Global)	-	67,978	-	10,500	78,478
Wellington Management Company, LLP	364,141	-	126,300	-	490,441
Total Global Equity	**2,582,446**	**67,978**	**886,552**	**10,500**	**3,547,476**
BlackRock Financial Management, Inc.	84,744	7,528	29,069	1,908	123,249
Total International Equity	**84,744**	**7,528**	**29,069**	**1,908**	**123,249**
Almanac Realty Investors, LLC	136,461	-	46,758	-	183,219
Carlyle Realty Partners, L.P.	41,365	-	14,190	-	55,555
Clarion Partners, LLC	199,467	-	68,351	-	267,818
Goldman Sachs Asset Management, L.P.	-	7,243	-	1,395	8,638
Kayne Anderson Capital Advisors, L.P.	106,765	-	36,589	-	143,354
Ares Management LLC (fka Landmark Partners, LLC)	263,284	-	90,224	-	353,508
Morgan Stanley Investment Management Inc. (Prime Property Fund, LLC)	60,228	-	20,638	-	80,866
Oaktree Capital Management, Inc.	390,387	-	133,547	-	523,934
PGIM Real Estate	299,404	-	102,598	-	402,002
Rockpoint Group, LLC	402	-	138	-	540
Rockwood Capital, LLC	100,803	-	34,544	-	135,347
Torchlight Investors, LLC	132,333	-	45,351	-	177,684
UBS Realty Investors LLC	224,023	-	76,769	-	300,792
Total Real Estate	**1,954,922**	**7,243**	**669,697**	**1,395**	**2,633,257**
Ares Management LLC	42,094	-	14,550	-	56,644
Beecken Petty O'Keefe & Company	905	-	309	-	1,214
Bridgepoint Advisers Limited	281,400	-	96,586	-	377,986
CVC Capital Partners plc	2,041	-	698	-	2,739
(The) Energy & Minerals Group, LLC	17,144	-	5,911	-	23,055
Francisco Partners Management, LLC	336,210	-	116,152	-	452,362
Genstar Capital Partners LLC	210,652	-	72,639	-	283,291
HarbourVest Partners, LLC	333,489	-	114,268	-	447,757
TJC L.P. (fka The Jordan Company)	178,733	-	61,655	-	240,388
Leonard Green & Partners, L.P.	20,758	-	7,151	-	27,909
Lightyear Capital LLC	1,222	-	419	-	1,641
M-One Capital Management, LLC (fka McCarthy Capital Corporation)	252,296	-	87,095	-	339,391
Merit Capital Partners, L.P.	422	-	144	-	566
New Enterprise Associates, Inc.	131,614	-	45,405	-	177,019
New Mountain Capital, LLC	172,051	-	59,046	-	231,097
One Rock Capital Partners, LLC	307,951	-	103,231	-	411,182
Pathway Capital Management, L.P.	19,965	-	6,841	-	26,806
Pine Brook Capital Partners, L.P.	19,163	-	6,609	-	25,772
Presidio Partners, L.P. (formerly CMEA Capital)	7,053	-	2,432	-	9,485
Quantum Energy Partners, LLC	53,147	-	18,313	-	71,460
Sun Capital Partners, Inc.	341	-	117	-	458
The Rohatyn Group Management, L.P. (TRG)	(3,106)	-	(1,025)	-	(4,131)
Trive Capital Management LLC	244,361	-	86,389	-	330,750
Wayzata Investment Partners LLC	1,275	-	440	-	1,715
Wynnchurch Capital, L.P.	108,102	-	37,352	-	145,454
Total Private Equity	**2,739,283**	**-**	**942,727**	**-**	**3,682,010**
BlackRock Financial Management, Inc.	-	243,750	-	89,631	333,381
Total Target Date Funds	**-**	**243,750**	**-**	**89,631**	**333,381**
Total Investment Manager Fees	**8,773,838**	**510,226**	**3,012,082**	**157,077**	**12,453,223**
Other Investment Expenses	2,838,089	14,097	974,932	4,409	3,831,527
Total Other Investment Expenses	**2,838,089**	**14,097**	**974,932**	**4,409**	**3,831,527**
Total Investment-Related Expenses	**$ 11,611,927**	**$ 524,323**	**$ 3,987,014**	**$ 161,486**	**$ 16,284,750**

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STATE AND COUNTY EMPLOYEES 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) – State and County Employees Retirement Plans, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the NPERS – State and County Employees Retirement Plans' basic financial statements, and have issued our report thereon dated September 8, 2026. The report was modified to emphasize that the financial statements present only the funds of the NPERS – State and County Employees Retirement Plans.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the NPERS – State and County Employees 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 – State and County Employees Retirement Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the NPERS – State and County Employees 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the NPERS – State and County Employees Retirement Plans' financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the NPERS – State and County Employees 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*.

Additional items
We noted a certain additional item that we reported to management of the NPERS – State and County Employees Retirement Plans in the Comment Section of this report.

NPERS' Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on NPERS' response to the finding identified in our audit and described in the Comment Section of the report. NPERS' 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, not to provide an opinion on the effectiveness of the NPERS – State and County Employees 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 – State and County Employees Retirement Plans' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zachary Wells

September 8, 2026

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