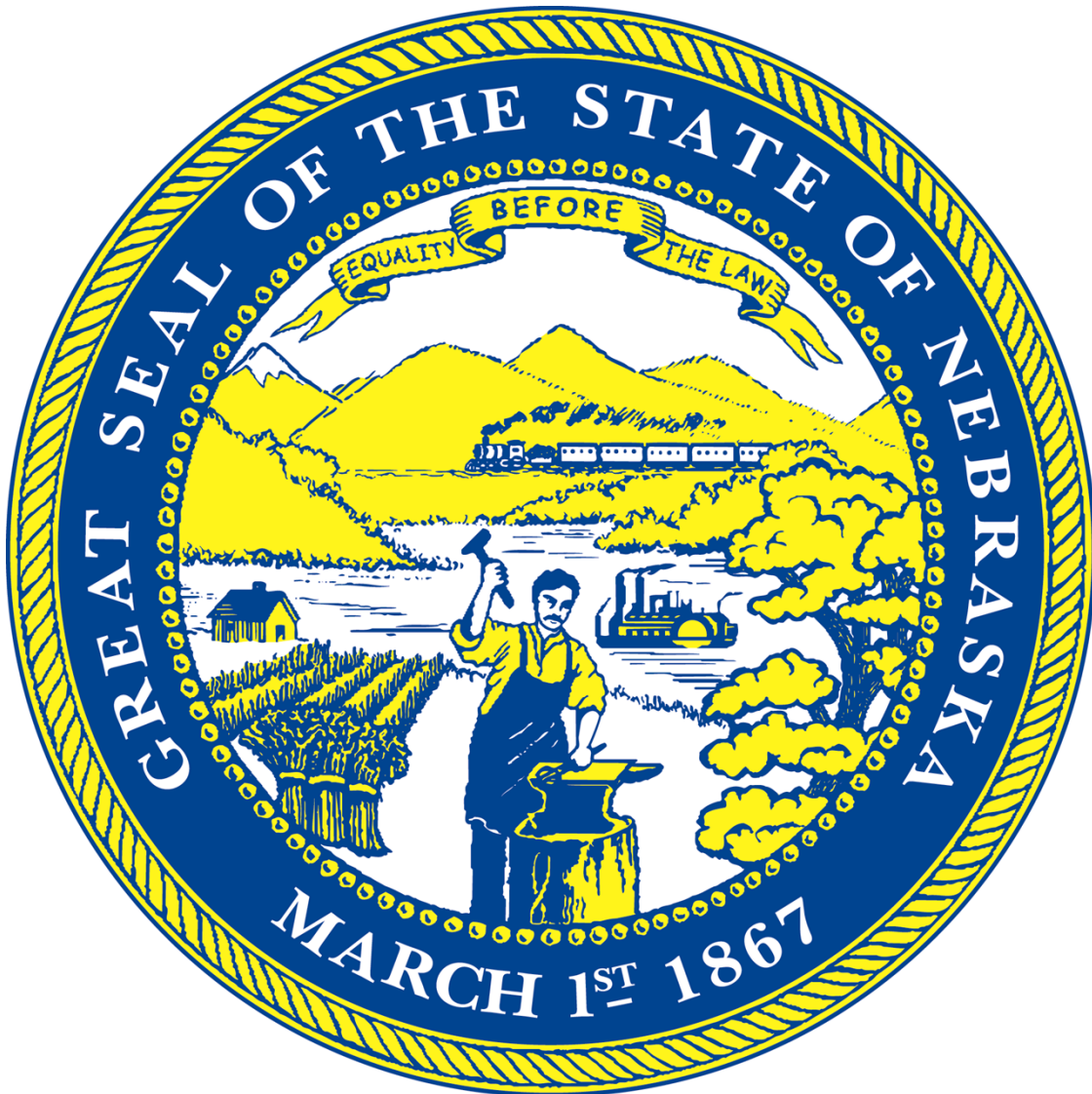


# State of Nebraska

## *Annual Comprehensive Financial Report*

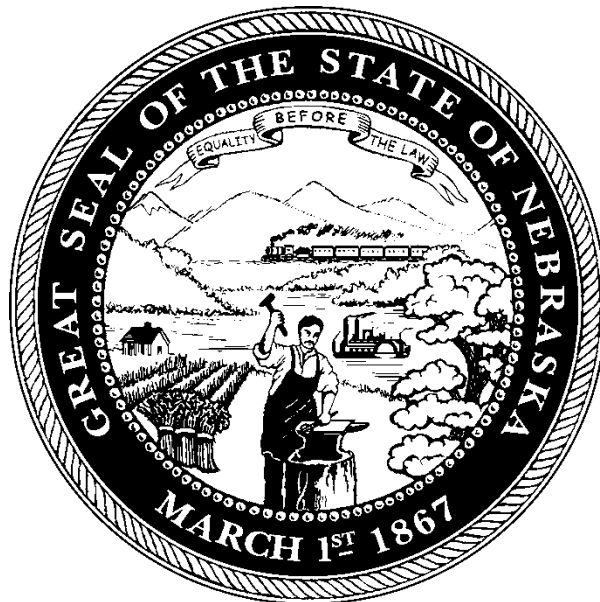
Fiscal Year Ended June 30, 2021



# State of Nebraska

## Annual Comprehensive Financial Report

Year Ended June 30, 2021



**Pete Ricketts**

*Governor*

**Administrative Services**

**Jason Jackson**

*Director*

**Philip Olsen**

*State Accounting Administrator*

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2021

## TABLE OF CONTENTS

|   |             |
|---|-------------|
| <b>INTRODUCTORY SECTION</b>   | <b>Page</b> |
| Selected State Officials.....   | 7           |
| Transmittal Letter from Administrative Services .....                                       | 8           |
| Organizational Chart.....   | 13          |
| <br>  |             |
| <b>FINANCIAL SECTION</b>  |             |
| Independent Auditor’s Report .....  | 15          |
| Management’s Discussion and Analysis .....  | 18          |
| Basic Financial Statements  |             |
| Government-wide Financial Statements  |             |
| Statement of Net Position.....  | 35          |
| Statement of Activities .....   | 36          |
| Fund Financial Statements   |             |
| Balance Sheet – Governmental Funds .....  | 38          |
| Reconciliation of the Balance Sheet – Governmental Funds to the                             |             |
| Statement of Net Position .....   | 39          |
| Statement of Revenues, Expenditures, and Changes in Fund Balances                           |             |
| Governmental Funds .....  | 40          |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in                   |             |
| Fund Balances – Governmental Funds to the Statement of Activities .....                     | 41          |
| Statement of Net Position – Proprietary Funds .....   | 42          |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds ..... | 43          |
| Statement of Cash Flows – Proprietary Funds .....   | 44          |
| Statement of Fiduciary Net Position – Fiduciary Funds .....                                 | 46          |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....                      | 47          |
| Statement of Net Position – Component Units .....   | 48          |
| Statement of Activities – Component Units.....  | 49          |
| Notes to the Financial Statements   |             |
| Summary of Significant Accounting Policies .....  | 50          |
| Deposits and Investments Portfolio.....   | 55          |
| Receivables.....  | 63          |
| Capital Assets.....   | 64          |
| Interfund Balances.....   | 65          |
| Accounts Payable and Accrued Liabilities.....   | 66          |
| Noncurrent Liabilities .....  | 66          |
| Lease Commitments .....   | 67          |
| Obligations Under Other Financing Arrangements .....  | 68          |
| Governmental Fund Balances .....  | 69          |
| Contingencies and Commitments.....  | 70          |
| Risk Management.....  | 71          |
| Pension Plans.....  | 72          |
| Other Postemployment Benefits.....  | 83          |
| Bonds Payable .....   | 86          |
| Tax Abatements .....  | 87          |
| Restatements.....   | 93          |
| COVID-19 Government Assistance.....   | 93          |
| Required Supplementary Information  |             |
| Budgetary Comparison Schedule – General Fund .....  | 96          |
| Notes to Required Supplementary Information for Budgetary Comparisons .....                 | 97          |
| Information about Infrastructure Assets Reported Using the Modified Approach .....          | 98          |
| Required Supplementary Information about Pension Plans                                      |             |
| Schedule of State’s Proportionate Share of the Net Pension Liability.....                   | 99          |
| Schedule of State Contributions .....   | 100         |

**TABLE OF CONTENTS (Continued)**

**FINANCIAL SECTION (Continued)**

Required Supplementary Information about Pension Plans (Continued)

    State Patrol Retirement Plan Schedule of Changes in the Employers' Net Pension Liability .....101

    State Patrol Retirement Plan Schedule of Employer Contributions .....102

    Judges' Retirement Plan Schedule of Changes in the Employers' Net Pension Liability .....103

    Judges' Retirement Plan Schedule of Employer Contributions .....104

    State Employees' Retirement Plan Schedule of Changes in the Employers' Net Pension Liability .....105

    State Employees' Retirement Plan Schedule of Employer Contributions .....106

    Notes to Required Supplementary Information for Pension Plans .....107

Information About Other Postemployment Benefit Plans.....119

Notes to Required Supplementary Information for Other Postemployment Benefit Plans.....120

Combining Financial Statements

    Nonmajor Governmental Funds

        Combining Balance Sheet – Nonmajor Governmental Funds .....124

        Combining Statement of Revenues, Expenditures, and Changes in  
            Fund Balances – Nonmajor Governmental Funds .....125

        Combining Balance Sheet – Nonmajor Special Revenue Funds .....126

        Combining Statement of Revenues, Expenditures, and Changes in  
            Fund Balances – Nonmajor Special Revenue Funds .....128

        Combining Balance Sheet – Nonmajor Permanent Funds .....130

        Combining Statement of Revenues, Expenditures, and Changes in  
            Fund Balances – Nonmajor Permanent Funds .....131

    Nonmajor Enterprise Funds

        Combining Statement of Net Position – Nonmajor Enterprise Funds .....134

        Combining Statement of Revenues, Expenses, and Changes in  
            Fund Net Position – Nonmajor Enterprise Funds .....135

        Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....136

    Internal Service Funds

        Combining Statement of Net Position – Internal Service Funds .....138

        Combining Statement of Revenues, Expenses, and Changes in  
            Fund Net Position – Internal Service Funds .....140

        Combining Statement of Cash Flows – Internal Service Funds.....142

    Fiduciary Funds

        Combining Statement of Fiduciary Net Position – Pension Trust Funds .....146

        Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds.....148

        Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds.....150

        Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds .....151

        Combining Statement of Fiduciary Net Position – Custodial Funds .....152

        Combining Statement of Changes in Assets and Liabilities – Custodial Funds .....153

    Budgetary Comparison Schedules

        Budgetary Comparison Schedule – Cash Funds .....155

        Budgetary Comparison Schedule – Construction Funds.....156

        Budgetary Comparison Schedule – Federal Funds .....157

        Budgetary Comparison Schedule – Revolving Funds.....158

**STATISTICAL SECTION**

Net Position by Component.....161

Changes in Net Position.....162

Fund Balances - Governmental Funds.....167

Changes in Fund Balances - Governmental Funds.....168

Individual Income Tax Rates.....170

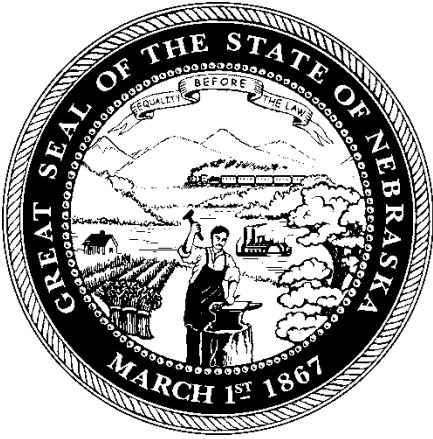
Individual Income Tax Liability by Income Level.....171

Taxable Sales by Industry.....172

---

**TABLE OF CONTENTS (Concluded)**

|  |     |
|--|-----|
| Schedule of Ratios of Outstanding Debt .....                                 | 173 |
| Comparative Unemployment, Nebraska and United States .....                   | 174 |
| Population, Personal and Per Capita Income, Nebraska and United States ..... | 175 |
| Ten Largest Employers.....   | 175 |
| Public and State Operated School Enrollment, Prekindergarten-Grade 12.....   | 176 |
| Public Higher Education Institutions Total Fall Headcount Enrollment.....    | 176 |
| Full Time Equivalent Permanent Employees by Function .....                   | 177 |
| Operating Indicators by Function .....                                       | 178 |
| Capital Asset Statistics by Function .....                                   | 179 |
| Miscellaneous Data.....  | 180 |



# INTRODUCTORY SECTION

---

# SELECTED STATE OFFICIALS

As of June 30, 2021

---

## EXECUTIVE

**Pete Ricketts**

Governor

**Mike Foley**

Lieutenant Governor

**Doug Peterson**

Attorney General

**Charlie Janssen**

Auditor of Public Accounts

**Robert B. Evnen**

Secretary of State

**John Murante**

State Treasurer

## JUDICIAL

**Supreme Court of Nebraska**

Michael G. Heavican, Chief Justice

William B. Cassel, Justice

Jeffrey J. Funke, Justice

Jonathan J. Papik, Justice

Lindsey Miller-Lerman, Justice

Stephanie F. Stacy, Justice

John R. Freudenberg, Justice

## LEGISLATIVE

**Mike Hilgers**

Speaker of the Legislature

Nebraska Unicameral (49 Senators)



Pete Ricketts, Governor

April 28, 2022

The Honorable Pete Ricketts, Governor  
Members of the Legislature  
Citizens of the State of Nebraska

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the State of Nebraska (the “State”) for the fiscal year ended June 30, 2021. This report is the primary means of reporting the State government’s financial activities. The ACFR is presented in three sections. (1) The Introductory Section contains this letter of transmittal and some information about the State and its operations. (2) The Financial Section contains Management’s Discussion and Analysis, Government Wide Financial Statements, Fund Financial Statements for Governmental Funds, Proprietary Funds, Fiduciary Funds, and Combining Statements for Major Component Units. The Financial Section also includes the Notes to the Financial Statements, Required Supplementary Information and various combining statements. (3) The Statistical Section contains selected financial and demographic information, generally presented on a multi-year basis.

The ACFR consists of management’s representations concerning the finances of the State of Nebraska. The State Accounting Division of Administrative Services assumes responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the State has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the State’s financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for governments. Because the cost of internal controls should not outweigh their benefits, the State’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The State of Nebraska’s financial statements have been audited by the State of Nebraska Auditor of Public Accounts. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was not a reasonable basis for rendering unmodified opinions that the State’s financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP). The independent auditor’s report is presented as the first component of the financial section of this report.

Philip J. Olsen, CPA  
Administrator

Department of Administrative Services | STATE ACCOUNTING

P.O. Box 94664  
Lincoln, Nebraska 68509-4664

1526 K Street, Ste. 190  
Lincoln, Nebraska 68508

OFFICE 402-471-2581

FAX 402-471-2583

[das.nebraska.gov](http://das.nebraska.gov)



The independent audit of the financial statements of the State was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the State’s separately issued Single Audit Report.

The ACFR has been prepared in conformance with Governmental Accounting Standards Board (GASB) statements 34 and 35, and other related statements. This reporting model’s objective is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

The Auditor of Public Accounts issued a disclaimer of opinion. The COVID-19 pandemic displaced many Nebraska workers who then applied for Unemployment Insurance benefits. Benefit payments increased from \$67 million in 2019, to \$820 million in 2020, and \$609 million in 2021, funded largely with federal funds. The State complied with US Department of Labor requirements; however, reporting concerns and unknowns around fraudulent claims also prevented the issuance of an unmodified opinion.

A number of errors, primarily with accrued receivables and payables calculations provide an opportunity for State Accounting to work in new ways internally and with agencies to provide more accurate and consistent financial numbers. All material errors identified by the Auditor of Public Accounts were corrected.

Midway through the reporting process, the State Accounting Division of Administrative Services engaged with an external consulting firm to support the reconciliation process for the year-end closing and Annual Comprehensive Financial Report (ACFR) production. Specific tasks performed include the following:

- Provided advisory consultation to support financial reporting, which was approved by the State Accounting Office (SAO);
- Performed year-over-year (YOY) comparison to identify accounting trends to further analyze account balance variances that exceeded the SAO prescribed funds threshold; and,
- Addressed prospective audit questions from previous years and current reporting year, specific to financial reporting.

In addition, the firm is performing an analysis of the State’s year-end close process to provide recommendations to identify internal controls to mitigate risks related to financial statement reporting. The SAO will continue to engage with the external consulting firm to identify the processes, reports and data gaps for remediation for the year-end close process. The goal is for SAO to complete the year-end close process on-time and issue an ACFR report which reflects no material errors or required adjustments.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The State’s MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

The State was admitted to the Union as the thirty-seventh state in 1867. Nebraska’s government is divided into three branches: legislative, executive and judicial. Nebraska is the only state with a Unicameral Legislature, which has 49 members elected on a non-partisan ballot. The chief executive is the governor, who is elected for a four-year term. Within the executive branch are various departments and agencies that perform a variety of functions. Since Nebraska’s Constitution generally allows no indebtedness, government expenses of such departments and agencies must be met on a pay-as-you-go basis. The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development, and recreation facilities and development. An organizational chart of the State is shown on page 13.

The State reporting entity reflected in this ACFR is described more fully in Note 1.B. to the financial statements. It should be noted that the reporting entity includes the familiar government activities plus two component units, the University of Nebraska and the State College System.

Budgetary control of state expenditures is maintained chiefly by three processes. First, a budget is required to be adopted through passage of appropriation bills by the Legislature. Second, the appropriated funds are allocated by program and fund type and are controlled by the executive branch through an allotment process. The Legislature may also enact a supplemental appropriation bill and other appropriation bills as it deems necessary. Finally, the State's accounting system checks each expenditure to ensure the appropriation and allotment are not exceeded.

Budget-to-actual comparisons are provided in this ACFR for various categories of General Fund revenues and appropriated annual budgets. This comparison is presented on page 96 as part of the Required Supplementary Information to the basic financial statements for the governmental funds. Budget-to-actual comparisons for Cash Funds, Construction Funds, Federal Funds, and Revolving Funds are also presented as Other Information on pages 155 through 158.

## **FACTORS AFFECTING FINANCIAL CONDITION**

In order to better understand the information presented in the basic financial statements, such information should be considered from the broader perspective of the specific environment within which the State operates.

### ***Current Revenue Outlook***

The General Fund operations of the State are almost entirely dependent upon the income and sales taxes the State receives each year. Such taxes represent 96 percent of all General Fund revenues. Net revenue from income taxes and sales taxes for the fiscal year ended June 30, 2021 increased \$1,118 million from the prior year.

The current forecast for fiscal year 2022 anticipates net receipts in the General Fund to decrease about \$234 million, a 3.9% decrease over fiscal year 2021.

Significant changes in other governmental funds include an increase in federal revenue to support Coronavirus relief efforts. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, P.L.116-136 (CARES Act) was enacted. In that law, Nebraska was allocated \$1.25 billion through the Coronavirus Relief Fund. Of this amount, \$166 million went directly to Douglas County and the remaining \$1.083 billion to the State of Nebraska. In fiscal year 2021, \$684 million was recognized as revenue in the federal fund, and \$121 million in the Unemployment Insurance Trust fund.

For the fiscal year ending June 30, 2021 the State's General Fund ended the fiscal year with a cash and investments balance of \$2,440 million. The balance had exceeded \$1 billion dollars for the prior two years.

### ***Economy of the State***

The University of Nebraska-Lincoln Bureau of Business Research and the Nebraska Business Forecast Council are forecasting the Nebraska economy will continue to recover in 2021 but have difficulty reversing severe job losses in the leisure and hospitality sector and state and local government employment. The Council's April 2021 State forecast is shown on the following chart. The agriculture sector is a major segment of the Nebraska economy. Farm income (net) continued growing in 2020 from the 2017 low. Farm income is projected to remain nearly constant in 2021. Farm income is expected to increase 1.1% in 2021, with a sharp decline in 2022. The services, finance, manufacturing, information and construction sectors will see modest improvements in 2021 followed by additional, slight growth in 2022 and 2023. The retail sector continues to restructure given increased on-line competition and is also significantly impacted by the COVID-19 pandemic. Retail jobs are expected to increase 1% in 2021, and then continuing the long downward trend in 2022. Annual nonfarm income is projected to show growth in the 0.6% to 3.2% range for 2022 through 2023 following a 3.7% increase in 2021. Similarly, employment will grow in the 0.9% to 1.5% range following a 2.6% increase in 2021.

|                                 | ACTUAL    |           |         | PROJECTED |           |           |
|---------------------------------|-----------|-----------|---------|-----------|-----------|-----------|
|                                 | 2018      | 2019      | 2020    | 2021      | 2022      | 2023      |
| <b>Net Farm Income (USDA):</b>  |           |           |         |           |           |           |
| Annual Totals (in millions \$)  | 2,575     | 4,149     | 5,685   | 5,745     | 4,957     | 4,887     |
| Growth Rates                    | 17.8%     | 61.1%     | 37.0%   | 1.1%      | -13.7%    | -1.4%     |
| <b>Nonfarm Personal Income:</b> |           |           |         |           |           |           |
| Annual Totals (in millions \$)  | 99,522    | 102,591   | 107,890 | 111,832   | 112,554   | 116,174   |
| Growth Rates                    | 4.9%      | 3.1%      | 5.2%    | 3.7%      | 0.6%      | 3.2%      |
| <b>Nonfarm Employment:</b>      |           |           |         |           |           |           |
| Annual Totals                   | 1,023,800 | 1,026,900 | 989,300 | 1,014,900 | 1,029,800 | 1,038,900 |
| Growth Rates                    | 0.5%      | 0.3%      | -3.7%   | 2.6%      | 1.5%      | 0.9%      |

### ***Long-term Financial Planning***

The State is always looking at least four years out in its analysis of the financial condition of the State in preparing the State's budgets. Currently, we have a working model of the biennium budget for fiscal years 2023 and 2024. In our analysis, we use forecasting models for revenues and then examine major expenditure categories, especially those that have a trend of outpacing revenues. Revenues for fiscal years 2022, 2023, 2024, and 2025 are projected to increase by 2.9%, 3.2%, 0.7%, and 0.7% respectively on a nominal basis. Note that revenue projections include receipts of one-time transfers which could influence growth rates.

Higher than projected tax receipts have historically boosted state revenue. By operation of law, any revenue above the certified forecast is used to rebuild the cash reserve, which is intended to supplement weak revenue during recessionary periods. The potential for relatively large annual growth in expenditures for aid to education, health and human services aid programs and provider rates, Medicaid and Medicaid expansion presents a challenge in preparing a budget that keeps expenses within projected revenue. Additionally, growth in the prison population continues to present complex challenges to controlling operating costs and planning for possible capital asset improvements. To ensure a balanced budget, the State exerts considerable time and effort in reviewing the trends of future revenues and expenditures.

### ***Major Initiatives***

Major initiatives focus on growing Nebraska by creating opportunity through more effective, more efficient, and customer focused state government. Priorities include efficient and effective customer service, sustainable growth, enhanced public safety and reduced regulatory burden that deliver value to the taxpayers of the State of Nebraska.

## ACKNOWLEDGEMENTS

The 2021 ACFR continues our commitment to comprehensive disclosure of the State's financial condition. We are committed to issuing reports that are informative and meet governmental accounting standards. Reports that meet these standards provide the reader with an opportunity to make more informed judgments about the government's financial position and results of operations.

This report represents the continuous effort on our part to fulfill this commitment. We wish to express our appreciation to the accounting staff of the State Accounting Division of Administrative Services and the budget and accounting staff throughout State government for their assistance in the preparation of this report.

Questions or requests for additional information related to this report can be directed to the State Accounting office at (402) 471-2581.

Respectfully submitted,

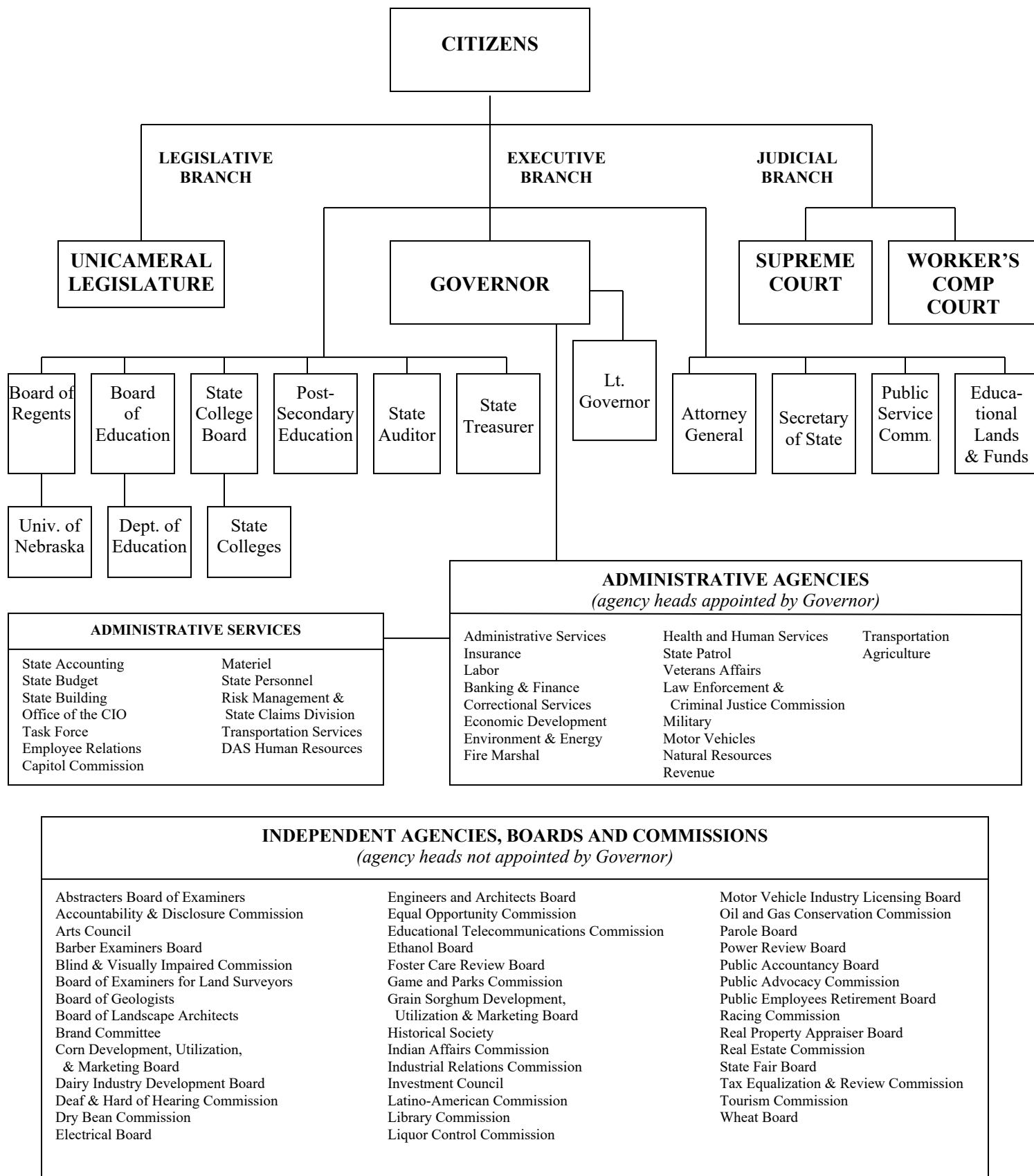


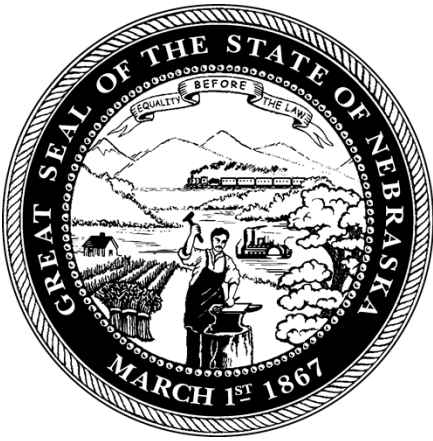
Jason Jackson  
Director, Administrative Services



Philip Olsen  
State Accounting Administrator

# Nebraska State Government Organization Chart





# FINANCIAL SECTION

---



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Charlie Janssen  
State Auditor

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

## Independent Auditor's Report

The Honorable Governor,  
Members of the Legislature and  
Citizens of the State of Nebraska:

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State of Nebraska's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on conducting the audit 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. Because of the matters described in the "Basis for Disclaimer of Opinions" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions.

### ***Basis for Disclaimer of Opinions***

The State of Nebraska was unable to provide sufficient appropriate audit evidence that controls were in place to ensure the financial statements were free from material misstatements. During testing, we proposed over 110 adjustments to the financial statements for a total of over \$4,300,000,000. Even though the Department of Administrative Services made the majority of these proposed adjustments, the significant dollar amount and number of errors to several financial statement line items and funds, provide support that controls were not in place or were not effective for the proper presentation of the financial statements of which substantive procedures alone would not provide sufficient audit evidence. Therefore, we conclude that the possible effects on the financial statements of undetected misstatements, could be both material and pervasive. Additionally, the Nebraska Department of Labor was unable to provide timely and accurate records of the Unemployment Insurance Fund. Monies for the Fund are maintained outside of the Nebraska State Treasurer in separate bank accounts. Journal entries are prepared to record the activity in the State accounting system, EnterpriseOne. Our testing noted numerous errors and required multiple proposed adjustments to the financial statements. The Department agreed with the adjustments proposed

by our office; however, due to the inability of the Department to provide accurate and complete accounting records we were unable to determine whether any further adjustments may have been necessary for the financial statements.

***Disclaimer of Opinion***

Because of the significance of the matters described in the “Basis for Disclaimer of Opinions” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. Accordingly, we do not express opinions on these financial statements.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 18 through 33, the Budgetary Comparison Schedule on page 96, the Information About Infrastructure Assets Reported Using the Modified Approach on page 98, the Information About Pension Plans on pages 99 through 118, and the Information About Other Postemployment Benefit Plans on pages 119 through 121 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

***Supplementary Information***

We were engaged for the purpose of forming opinions on the financial statements that collectively comprise the State of Nebraska's basic financial statements. The combining statements included as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Because of the significance of the matters described in the “Basis for Disclaimer of Opinions” paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022, on our consideration of the State of Nebraska’s 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. That report will be issued under separate cover in the State’s Single Audit Report. 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 the State of Nebraska’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nebraska’s internal control over financial reporting and compliance.



Kris Kucera, CPA, CFE  
Assistant Deputy

Lincoln, Nebraska  
April 28, 2022



(This page is left intentionally blank.)

# MANAGEMENT’S DISCUSSION AND ANALYSIS

Management of the State of Nebraska provides the following discussion and analysis of the State of Nebraska’s financial performance, as reflected in the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. Please read it in conjunction with the additional information furnished in the letter of transmittal at the front of this report, and with the State’s basic financial statements. Numerical years refer to fiscal years with a June 30 year-end, unless otherwise noted.

The State of Nebraska (State) implemented one new standard in 2021 required by the Governmental Accounting Standards Board (GASB) that had an impact on the June 30, 2021 financial statements. Statement No. 84, *Fiduciary Activities*, provides criteria for determining and identifying fiduciary activities of the State. The focus is on whether the government has control of the assets of the fiduciary activity and the beneficiaries with whom the government has a fiduciary relationship with. Activity meeting the criteria should be reported in the fiduciary fund financial statements. A statement of fiduciary net position and a statement of changes in fiduciary net position should be presented. There are four types of fiduciary funds that should be reported, 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds.

Additionally, the State has implemented Statement No. 98, *The Annual Comprehensive Financial Report*. This statement replaces the term Comprehensive Annual Financial Report with Annual Comprehensive Financial Report along with the associated acronym.

Statement No. 92, *Omnibus 2020*, updated the standards language to uniformly use the term “derivative instrument”. The footnotes were updated to replace any references to “derivative” or “derivative investment” with “derivative instrument”. The statement had no other impacts on the State’s financial statements.

The State also implemented the following new standards in 2021 that had no impact on the June 30, 2021 financial statements. Statement No. 90, *Majority Equity Interest*. Statement No. 93, *Replacement of Interbank Offered Rates*. Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32)*.

A comparative analysis of government-wide data for the last two years is presented below. Additionally, an analysis of activity in the State’s funds for the fiscal year ended June 30, 2021 is presented, along with an analysis of the State’s capital assets and long-term debt related to capital assets. These analyses include the restatement of certain balances for fiscal year ended June 30, 2021 as more fully described in Note 17 to the financial statements. These analyses also take into account restatements of certain balances for fiscal year ended June 30, 2020, presented for MD&A purposes including explanations of changes in the State’s funds.

## FINANCIAL HIGHLIGHTS

### Government-wide

The assets and deferred outflows of the State exceeded its liabilities and deferred inflows at June 30, 2021 by \$17.3 billion (presented as “net position” in the ACFR). The majority of the net position is represented by the investment in the State’s infrastructure and other capital assets which cannot be used to fund ongoing activities of the State. Of the net position, unrestricted net position was reported as \$2.2 billion, most of which is available to be used to fund future needs of the State. The primary government’s net general revenues, contributions and transfers exceeded net expenses for 2021 resulting in an increase in net position of \$2,028 million. This increase in net position follows an increase in 2020 of \$436 million.

## Fund Level

General Fund revenues for 2021 were \$638 million above the original budgeted amount and above the final budget by \$379 million. Expenditures were \$599 million less than the original budgeted amount and below the final budget by \$498 million. On a Generally Accepted Accounting Principles (GAAP) basis, the General Fund had \$1,098 million excess in revenues prior to net other financing uses of \$83 million causing an increase in fund balances of \$1,181 million, and thereby increasing the fund balance on June 30, 2021 to \$2,364 million. Other governmental funds revenues exceeded expenditures by \$469 million, chiefly due to market changes. In addition to these operating changes, other governmental funds paid \$28 million in net other financing uses. This \$441 million net increase resulted in raising such fund balances at June 30, 2021 to \$4,964 million.

The \$579 million of net position of the Unemployment Insurance Fund represents 87% of the enterprise funds. Such fund had a \$29 million increase in net position for 2021 compared to a \$2 million increase in 2020, an increase in growth of \$27 million. Business assessment fees collected from employers and federal revenue in response to the COVID-19 pandemic exceeded the unemployment insurance claims in 2021. Business assessment fees from employers was down 9.5% from 2020. Federal operating and nonoperating revenue of \$565 million represents a decrease of \$178 million from 2020.

## Long-term Liabilities

Long-term liabilities shown on the government-wide financial statements totaled \$1,115 million at June 30, 2021, which is a \$159 million increase from the prior year, primarily due to an increase in the State's pension liability. The remaining liabilities consist of Medicaid liability, claims payable for workers' compensation, medical excess liability, capital lease obligations, unemployment insurance and employee health insurance, in addition to the calculated amount for accrued vacation and vested sick leave due to employees when they retire. After a retired employee reaches the age of 65, the State has no further obligation for other post-employment benefits, except for a very small number of employees.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State's financial statements. The State's basic financial statements include three components: government-wide financial statements, fund financial statements and notes to the financial statements. This ACFR also contains other supplementary information (e.g., budgetary schedules and combining financial statements) in addition to the basic financial statements. These components are described below.

### Government-wide Financial Statements

These statements provide a broad view of the State's operations in a manner similar to the private sector, providing both a short-term and a long-term view of the State's financial position. The statements are prepared using the accrual basis of accounting. This means all revenues and expenses related to the fiscal year are recorded in the statements, even if cash has not been received or paid. If taxes are owed to the State but not yet received, such transaction is recorded as an asset (a receivable) and revenue to the State. Likewise, if the State owes for vacation time but has not yet paid the worker for such vacation earned, then the liability and payroll expense are recorded. The government-wide financial statements include two statements, the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* (page 35) presents all the State's assets and liabilities with the difference between the two reported as "net position." Changes in net position over time may indicate the relative health of the State and this statement will assist users in assessing whether or not the State's financial position is improving or deteriorating.

The *Statement of Activities* (pages 36 and 37) presents information showing how the State's net position changed during the reported year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows, using the accrual basis of accounting discussed earlier.

Both of these statements have separate sections for three different types of State programs or activities. These sections are: Governmental Activities, Business-type Activities and Discretely Presented Component Units. Governmental Activities and Business-type Activities are combined to report on what is termed Primary Government activities, which is separate and distinct from the activity of the component units. Fiduciary Funds, which include the Pension Trust Funds, are not included in the government-wide financial statements.

### ***Primary Government***

GOVERNMENTAL ACTIVITIES – Activities in this section are mostly supported by taxes and federal grants. All General Fund activity is included here. Of the Governmental activities, program revenue, expenses and governmental assets represent 93% of all activity of the primary government.

BUSINESS-TYPE ACTIVITIES – Functions reported in this section include those activities whereby the State charges fees and other charges to external users of the State’s services and purchasers of State’s goods in order to recover all or a significant portion of the State’s operating costs related to these activities, much like a private business. Such activities are unemployment insurance services, lottery tickets, premium surcharges for excess liability coverage and the sales and services provided by Cornhusker State Industries.

### ***Component Units***

DISCRETELY PRESENTED COMPONENT UNITS – These are separate entities for which the State has financial accountability (in which the State provides over one-fifth of their funding) but such organizations have independent qualities as well. The University of Nebraska and the Nebraska State College System are the State’s only two discretely presented component units. While presented in this report, each of these two units have separate audited financial statements and such audited reports can be obtained from their respective administrative offices.

The government-wide financial statements can be found immediately following this discussion and analysis.

## **Fund Financial Statements**

This is the second set of financial statements presented in the ACFR. These statements are different from the government-wide statements in that some of these statements use a different accounting approach and focus on the near-term inflows and outflows of the State’s operations. As previously noted, these Statements are commonly referred to as GAAP Fund Statements, as they are prepared in accordance with generally accepted accounting principles. The Fund Financial Statements (which begin on page 38) provide detailed information about the State’s major funds. A fund is a method of accounting that uses a set of accounts to maintain accountability and control over specific sources of funding and spending for a particular activity or objective. The State’s funds are divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds. It is important to note that each of these three fund categories use different accounting approaches and should be analyzed differently.

***Governmental Funds Financial Statements*** – Most of the basic services provided by the State are reported in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds financial statements use modified accrual accounting, which limits assets to cash and all other financial assets that can readily be converted into cash. This is different from the governmental activities recorded in the government-wide financial statements that use full accrual accounting. These fund statements provide a detailed short-term view of the State’s finances that assist the reader in determining whether or not there will be adequate financial resources to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader can better understand the long-term impact of the State’s near-term financing decisions. To aid the reader in such analysis, reconciliations are provided between the government-wide financial statements and the governmental funds financial statements (see pages 39 and 41).

The State of Nebraska's governmental funds include five major funds: the General Fund, the Highway Fund, the Federal Fund, the Health and Social Services Fund and the Permanent School Fund. Non-major special revenue, capital project and other permanent funds are also included in the governmental funds.

***Proprietary Funds Financial Statements*** – These funds are used to show activities that operate more like those of commercial enterprises. Thus, when the State charges for the services it provides, these services are generally reported in proprietary funds. Proprietary funds consist of both Enterprise Funds (services provided to outside customers) and Internal Service Funds (services provided to other State agencies). Proprietary funds utilize accrual accounting, the same method used by private businesses. Therefore, the net position reported in these statements as Enterprise Funds will be identical to the net position reported in the net position for business-type activities in the government-wide financial statements. However, because the Internal Service Funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

***Fiduciary Funds Financial Statements*** – Whenever the State receives funds on behalf of others, it is acting in a fiduciary capacity or trustee of those funds. Thus, assets in these funds are restricted as to use and do not represent discretionary assets that the State could use to finance its operations. They are presented in these statements only for the purpose of showing that the State has responsibility for these assets. For that reason, such assets are not included in the government-wide financial statements. Fiduciary funds are reported on the accrual basis of accounting.

The State's principal fiduciary fund is the Pension Trust Fund, which contains retirement contributions held by the State for state employees, county employees and public school employees (see Note 13 to the financial statements). The Investment Trust Fund includes investments held in trust for the Omaha School Employees' Retirement System. There are also Private-Purpose Trust Funds whereby the State has control of unclaimed property and contributions from State participants received by the College Savings Plan. The State also has Custodial Funds whereby the State collects funds for other governments or individuals.

***Component Units Financial Statements*** – As mentioned in the discussion of the government-wide financial statements, the State has included the net position and activities of the University of Nebraska and the Nebraska State College System in a single column of such statements, labeling them as discretely presented component units. We have provided separate component unit statements to allow the reader to analyze each of these two units separately beginning on page 48.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in all of the basic financial statements. The notes can be found immediately following the component units' financial statements beginning on page 50.

## **Required Supplementary Information**

Following the basic financial statements and the accompanying notes thereto is additional Required Supplementary Information that further explains and supports the information in such financial statements. The required supplementary information includes a budgetary comparison schedule that reconciles the statutory fund balance used for budgetary purposes to the fund balance determined by GAAP used in the Fund Financial Statements. Other information included are the condition and maintenance data regarding certain aspects of the State's infrastructure and certain pension and OPEB plan actuarial information.

## **Other Supplementary Information**

Other supplementary information includes the budgetary comparison schedules for Cash Funds, Construction Funds, Federal Funds and Revolving Funds. This section also includes combining statements for non-major governmental, proprietary and fiduciary funds. These funds are summarized by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the Governmental Fund Financial Statements. Also presented is a statistical section providing State data.

## **FINANCIAL ANALYSIS OF THE STATE AS A WHOLE**

### **Net Position**

The State's assets and deferred outflows of resources totaled \$21,498 million at June 30, 2021 as compared to \$19,306 million at June 30, 2020. Total liabilities and deferred inflows of resources totaled \$4,239 million, and net position amounted to \$17,259 million as of June 30, 2021. As of June 30, 2020, these amounts were \$4,075 million and \$15,231 million, respectively. By far the largest portion of the State of Nebraska's net position (55 percent) reflects the State's investment in capital assets (e.g., land, buildings, equipment and infrastructure – highways, bridges, dams, etc.). The State uses these capital assets to provide services to citizens, thus, these assets are not available for future spending.

Restricted net position is subject to external restrictions, constitutional provisions or enabling legislation on how it can be used. It is also not available for future general government spending.

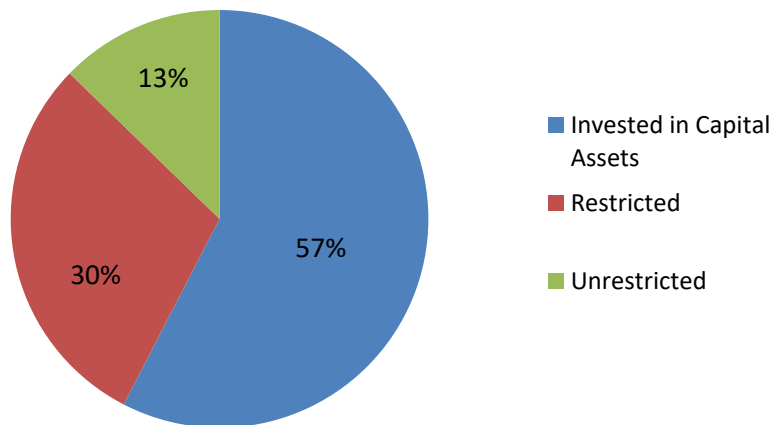
For Governmental Activities other than capital assets, the majority of the restricted net position consists of the Permanent School Trust, the Tobacco Settlement Trust, the Intergovernmental Trust, the Department of Transportation cash funds and the loans to political subdivisions for drinking water and clean water projects.

The net position for business-type activities primarily represent cash set aside for future unemployment insurance benefits.

**STATE OF NEBRASKA**  
**Net Position as of June 30**  
*(in millions of dollars)*

|   | Governmental Activities |                  | Business-type Activities |               | Total Primary Government |                  |
|---|-------------------------|------------------|--------------------------|---------------|--------------------------|------------------|
|   | 2021                    | 2020             | 2021                     | 2020          | 2021                     | 2020             |
| Current and Other                       |                         |                  |                          |               |                          |                  |
| Non-current Assets                      | \$ 10,782               | \$ 8,981         | \$ 754                   | \$ 727        | \$ 11,536                | \$ 9,708         |
| Capital Assets                          | 9,594                   | 9,257            | 11                       | 7             | 9,605                    | 9,264            |
| <b>Total Assets</b>                     | <b>20,376</b>           | <b>18,238</b>    | <b>765</b>               | <b>734</b>    | <b>21,141</b>            | <b>18,972</b>    |
| <b>Deferred Outflows of Resources</b>   | <b>357</b>              | <b>334</b>       | <b>-</b>                 | <b>-</b>      | <b>357</b>               | <b>334</b>       |
| Non-current Liabilities                 | 1,058                   | 907              | 57                       | 49            | 1,115                    | 956              |
| Other Liabilities                       | 2,727                   | 2,696            | 44                       | 54            | 2,771                    | 2,750            |
| <b>Total Liabilities</b>                | <b>3,785</b>            | <b>3,603</b>     | <b>101</b>               | <b>103</b>    | <b>3,886</b>             | <b>3,706</b>     |
| <b>Deferred Inflows of Resources</b>    | <b>353</b>              | <b>369</b>       | <b>-</b>                 | <b>-</b>      | <b>353</b>               | <b>369</b>       |
| Net position:                           |                         |                  |                          |               |                          |                  |
| Net Investment in Capital Assets        | 9,556                   | 9,226            | 11                       | 7             | 9,567                    | 9,233            |
| Restricted                              | 4,925                   | 4,429            | 582                      | 555           | 5,507                    | 4,984            |
| Unrestricted                            | 2,114                   | 945              | 71                       | 69            | 2,185                    | 1,014            |
| <b>Total Net Position (as restated)</b> | <b>\$ 16,595</b>        | <b>\$ 14,600</b> | <b>\$ 664</b>            | <b>\$ 631</b> | <b>\$ 17,259</b>         | <b>\$ 15,231</b> |

**Governmental Activities Net Position -**  
**Total \$16,595 million**



Approximately 81% of the State’s non-capital assets consist of cash and investments. It should be noted that \$271 million in 2021 and \$265 million in 2020 of such assets represent “Securities Lending Collateral,” an amount established in accordance with GASB guidelines to record a lending transaction. Since the asset is offset by a corresponding equal liability, the effect on net position is zero and thus the asset cannot be spent. For more detail, see Note 2 to the financial statements. Receivables, primarily from taxes and the federal government, represent 14% of the non-capital assets.

Liabilities largely reflect three groupings which represent 75% of total State liabilities, not including the obligations under securities lending explained in the above paragraph. These are operational payables, which consist of accounts payable and accrued liabilities totaling \$1,104 million in 2021 (\$1,790 million in 2020), tax refunds payable of \$501 million (\$481 million in 2020) and long-term payables, discussed in the following paragraph.

Since the State’s Constitution generally prohibits the State from incurring debt, the Statement of Net Position presents few long-term liabilities (shown as noncurrent liabilities), which total \$1,115 million in 2021 (\$956 million in 2020). Such liabilities include claims payable for workers’ compensation, medical excess liability, capital lease obligations, unemployment insurance and employee health insurance totaling \$169 million in 2021 (\$135 million in 2020), Medicaid

claims for \$281 million in 2021 (\$264 million in 2020), the State's liability for pension funds of \$465 million in 2021 (\$375 million in 2020), the State's liability for OPEB of \$22 million in 2021 (\$15 million in 2020) and the calculated amount for vested sick leave due to employees when they retire and accrued vacation of \$140 million in 2021 (\$136 million for 2020). Another minor amount of long-term liabilities consists of capital lease obligations (See Note 8 to the Financial Statements), which totaled \$38 million at June 30, 2021, compared to \$31 million at June 30, 2020.

The \$1,995 million increase in net position of Governmental Activities for 2021, was due to a \$330 million increase in the net investment in capital assets, a \$496 million increase in restricted net position, and a \$1,169 million increase in unrestricted net position. Additionally, there was a \$1,130 million increase in taxes collected.

At the end of June 30, 2021, the State reported a positive balance in all of the three categories of net position.

### **Changes in Net Position**

The condensed financial information on the following page was derived from the Government-Wide Statement of Activities and reflects how the State's net position changed during the year. Following that table is management's analysis of the changes in net position for 2021, analyzing both the governmental activities and the business-type activities.



**STATE OF NEBRASKA**  
**CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30**

(in millions of dollars)

|   | Governmental<br>Activities |                  | Business-type<br>Activities |               | Total Primary<br>Government |                  |
|---|----------------------------|------------------|-----------------------------|---------------|-----------------------------|------------------|
|   | 2021                       | 2020             | 2021                        | 2020          | 2021                        | 2020             |
| <b>REVENUES</b>   |                            |                  |                             |               |                             |                  |
| Program Revenues  |                            |                  |                             |               |                             |                  |
| Charges for Services  | \$ 772                     | \$ 686           | \$ 295                      | \$ 866        | \$ 1,067                    | \$ 1,552         |
| Operating Grants and Contributions  | 4,621                      | 3,269            | 444                         | -             | 5,065                       | 3,269            |
| Capital Grants and Contributions  | 6                          | 3                | -                           | -             | 6                           | 3                |
| General Revenues  |                            |                  |                             |               |                             |                  |
| Taxes   | 6,912                      | 5,782            | -                           | -             | 6,912                       | 5,782            |
| Unrestricted Investment Earnings  | 381                        | 263              | 12                          | 21            | 393                         | 284              |
| Miscellaneous   | 1                          | 2                | -                           | -             | 1                           | 2                |
| <b>Total Revenues</b>   | <u>12,693</u>              | <u>10,005</u>    | <u>751</u>                  | <u>887</u>    | <u>13,444</u>               | <u>10,892</u>    |
| <b>EXPENSES</b>   |                            |                  |                             |               |                             |                  |
| General Government  | 852                        | 911              | -                           | -             | 852                         | 911              |
| Conservation of Natural Resources   | 143                        | 144              | -                           | -             | 143                         | 144              |
| Culture - Recreation  | 51                         | 53               | -                           | -             | 51                          | 53               |
| Economic Development and Assistance   | 137                        | 115              | -                           | -             | 137                         | 115              |
| Education   | 2,084                      | 1,908            | -                           | -             | 2,084                       | 1,908            |
| Higher Education - Colleges and Universities  | 697                        | 669              | -                           | -             | 697                         | 669              |
| Health and Social Services  | 4,833                      | 3,958            | -                           | -             | 4,833                       | 3,958            |
| Public Safety   | 1,280                      | 582              | -                           | -             | 1,280                       | 582              |
| Regulation of Business and Professions  | 128                        | 116              | -                           | -             | 128                         | 116              |
| Transportation  | 1,260                      | 1,244            | -                           | -             | 1,260                       | 1,244            |
| Unemployment Insurance  | -                          | -                | 609                         | 820           | 609                         | 820              |
| Lottery   | -                          | -                | 157                         | 141           | 157                         | 141              |
| Excess Liability  | -                          | -                | 7                           | 17            | 7                           | 17               |
| Cornhusker State Industries   | -                          | -                | 14                          | 15            | 14                          | 15               |
| <b>Total Expenses</b>   | <u>11,465</u>              | <u>9,700</u>     | <u>787</u>                  | <u>993</u>    | <u>12,252</u>               | <u>10,693</u>    |
| Excess/(Deficiency) Before Transfers and<br>Contributions: Permanent Fund Principal | 1,228                      | 305              | (36)                        | (106)         | 1,192                       | 199              |
| Net Transfers In (Out)  | 53                         | 50               | (52)                        | (50)          | 1                           | -                |
| Federal CARES   | 684                        | 48               | 121                         | 169           | 805                         | 217              |
| Contributions: Permanent Fund Principal   | 30                         | 20               | -                           | -             | 30                          | 20               |
| <b>Increase/(Decrease) in Net Position</b>  | 1,995                      | 423              | 33                          | 13            | 2,028                       | 436              |
| <b>Net Position - Beginning (as restated)</b>                                       | <u>14,600</u>              | <u>14,177</u>    | <u>631</u>                  | <u>618</u>    | <u>15,231</u>               | <u>14,795</u>    |
| <b>Net Position - Ending</b>  | <u>\$ 16,595</u>           | <u>\$ 14,600</u> | <u>\$ 664</u>               | <u>\$ 631</u> | <u>\$ 17,259</u>            | <u>\$ 15,231</u> |

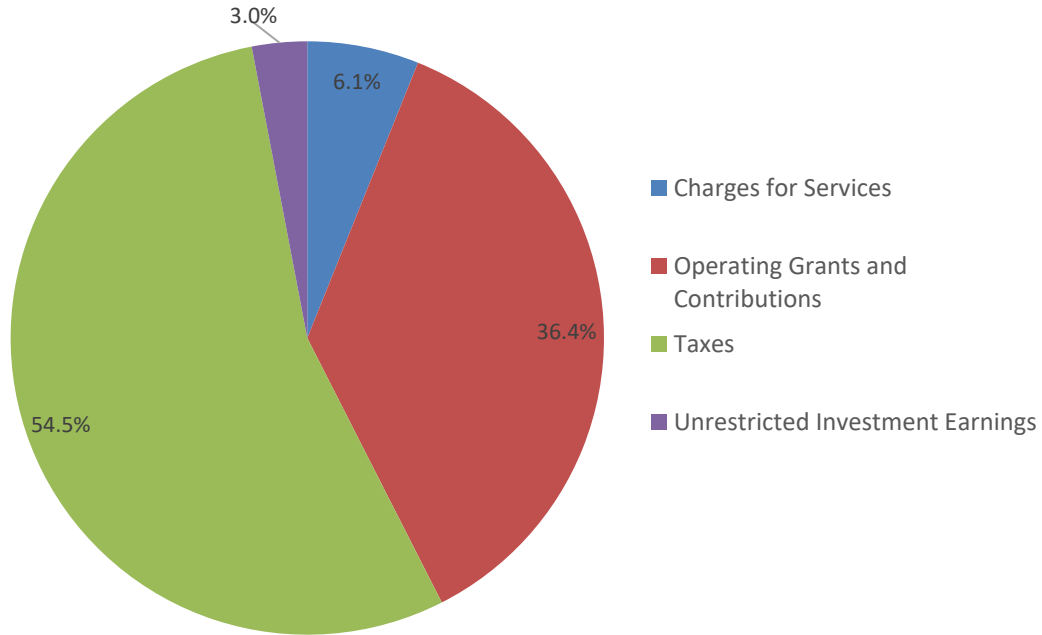
## Governmental Activities

Governmental activities increased the State's net position by \$1,995 million in 2021 (\$349 million increase in 2020) and represent 94% of all primary government revenues. Program revenues from governmental activities were \$5,399 million and were used to partially offset program expenses of \$11,465 million, leaving net expenses of \$6,066 million. Only 7% of total expenses were incurred for general government services. General revenues from taxes, investment earnings, and miscellaneous sources, plus contributions to the permanent fund principal and transfers, totaling \$8,061 million, were \$1,995 million more than the remaining costs of the governmental activities' programs as shown below.

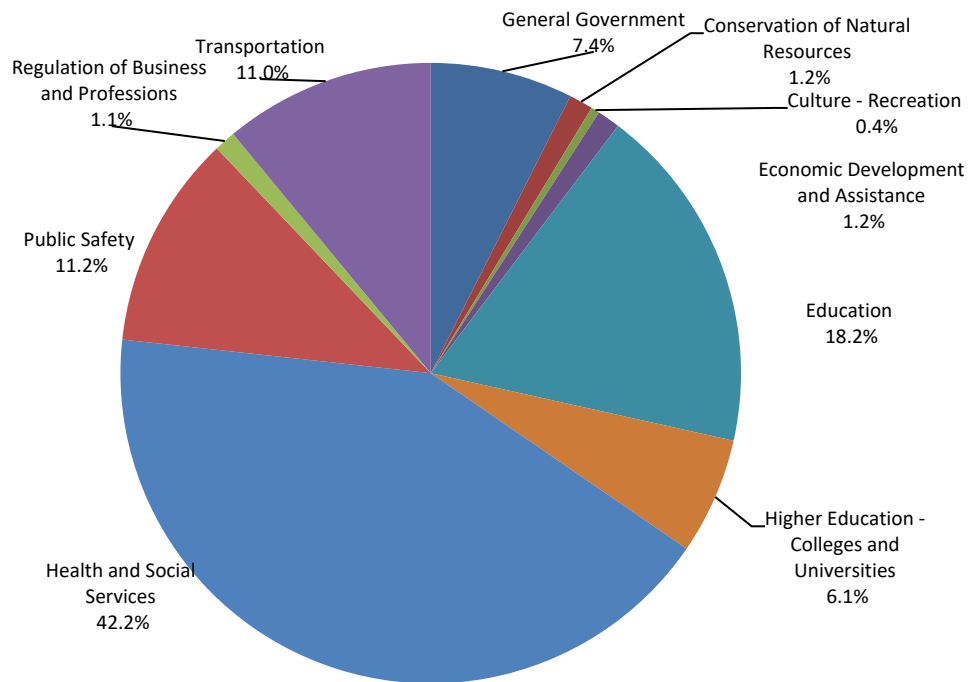
Tax revenues were up \$1,130 million from 2020, compared to an increase of \$154 million in 2020 over 2019. Program revenues increased 36% from 2020. Increases in health and social services, and public safety expenses contributed to the \$1,765 million increase in program expenses. The change in Net Position increased \$1,572 million from 2020 to 2021 compared to the \$183 million decrease from 2019 to 2020. Although the General Fund holds more investments than other programs and maintains more conservative investments, it showed a decrease in investment income in 2021 from 2020 of \$53 million due to the changes in the market value of the underlying investments.

**STATE OF NEBRASKA**  
**Governmental Activities**  
 As of June 30, 2021

**Revenues - Total \$12,693 million**



**Expenses - Total \$11,465 million**



Four functional areas of the State comprise 82% of the expenses of all Governmental Activities: Education, Public Safety, Health and Social Services and Transportation. Education expenses were up \$176 million, Health and Social Services was up \$875 million, Public Safety was up \$698 million and Transportation expenses were up \$16 million. General Government expenses were down \$59 million. All the other functional areas had small variances in net expenses.

Program expenses, net of revenue, increased by \$323 million in 2021, over 2020, as shown below:

| <b>GOVERNMENTAL ACTIVITIES</b>                          |                 |                |
|---|-----------------|----------------|
| <i>(in millions of dollars)</i>                         |                 |                |
|   | <u>2021</u>     | <u>2020</u>    |
| <b>Program Expenses, Net of Revenue</b>                 |                 |                |
| General Government                                      | \$ (718)        | \$ (784)       |
| Conservation of Natural Resources                       | (50)            | (41)           |
| Culture - Recreation                                    | (16)            | (16)           |
| Economic Development and Assistance                     | (48)            | (57)           |
| Education   | (1,480)         | (1,488)        |
| Higher Education - Colleges and University              | (697)           | (669)          |
| Health and Social Services                              | (1,541)         | (1,643)        |
| Public Safety   | (958)           | (422)          |
| Regulation of Business and Professions                  | 24              | 22             |
| Transportation  | (581)           | (644)          |
| Interest on Long-Term Debt                              | (1)             | (1)            |
| <b>Subtotal</b>   | <u>(6,066)</u>  | <u>(5,743)</u> |
| <b>General Revenues</b>                                 |                 |                |
| Taxes   | 6,912           | 5,782          |
| Unrestricted Investment Earnings                        | 381             | 264            |
| Miscellaneous   | 1               | 2              |
| <b>Transfers</b>  | 53              | 50             |
| <b>Federal CARES</b>                                    | 684             | 48             |
| <b>Contributions: Permanent Fund Principal</b>          | <u>30</u>       | <u>20</u>      |
| <b>Increase(Decrease) in Net Position (as restated)</b> | <u>\$ 1,995</u> | <u>\$ 423</u>  |

## Business-type Activities

The business-type activities increased the State's net position by \$33 million for 2021, which was net of a \$52 million transfer to governmental activities. Most of the \$295 million of business-type activities' program revenues were related to the federal revenue (response to COVID-19 Pandemic) and business assessment fees in the Unemployment Insurance Fund and Lottery Fund revenues. The Unemployment Insurance Fund had an operating loss of \$98 million in 2021. This loss, when combined with transfers, Federal CARES funds of \$121 million, and \$10 million in investment income, produced a \$29 million increase in net position for the Unemployment Insurance Fund. Lottery revenues of \$205 million generated operating income of \$48 million, which was offset by a \$48 million transfer to Governmental Activities. The lottery transfer was used primarily for education and environmental studies.

## FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with legal requirements for financial reporting

### **Governmental Funds**

The focus of the State's Governmental Funds is to provide information on near-term inflows and outflows and the availability of spendable resources. At June 30, 2021, the State's Governmental Funds reported combined ending fund balances of \$7,328 million. Of this amount, \$659 million is non-spendable, either due to its form or legal constraints, and \$4,255 million is restricted for specific programs by external constraints, constitutional provisions or contractual obligations. Revenue restricted by enabling legislation and public school land lease revenues are included in restricted fund balance. An additional \$488 million of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional \$33 million of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining \$1,893 million is unassigned and available for appropriations.

#### ***General Fund***

The General Fund is the chief operating fund of the State. The major General Fund liability is the estimated tax refunds payable of \$480 million. However, such refunds payable are \$113 million less than the expected taxes owed the State. Other assets of the General Fund available to pay non tax-refund liabilities exceed such liabilities by \$2,346 million.

On June 30, 2020, the General Fund had a positive fund balance of \$1,183 million. For 2021, expenditures increased \$66 million from 2020 and revenues increase by \$922 million. The revenues were \$1,098 million more than expenditures for 2021 while revenues were \$242 million more than expenditures in 2020. The General Fund balance in 2021 increased by \$1,181 million, after adjusting for transfers in and out of the General Fund, ending with a fund balance of \$2,364 million on June 30, 2021.

Revenues increased during 2021 finishing \$922 million up from 2020. This increase was primarily due to an increase in income tax revenue of \$778 million (a 27.04% increase) from 2020, an increase in sales and use tax revenue of \$184 million (a 9.90% increase) over 2020, an increase in business and franchise taxes of \$6.1 million (a 6.07% increase) and a decrease in investment income of \$53 million (a 71% decrease) from 2020. Expenditures increased during 2021 by \$66 million over 2020 due to increases in General Government spending of \$16 million, an increase for Higher Education – Colleges and University of \$25 million, and an increase in Health and Social Services of \$67 million. These increases were offset by a spending decrease from 2020 for Public Safety of \$40 million. Overall expenditures were less than budgeted due to continued efforts by agency heads to be conservative in spending.

To compensate for downturns in revenues, the State has maintained a budgetary basis Cash Reserve Fund. While this Cash Reserve Fund is commingled with General Fund cash in the General Fund financial statements, it is separate and distinct in that, by State Statute, it can only be used (1) when the cash balance of the General Fund is insufficient to meet General Fund current obligations and (2) for legislatively mandated transfers to other funds. Any money transferred in accordance with item one above must be repaid as soon as there is sufficient cash in the General Fund cash account to do so. No such need existed in 2021.

The Cash Reserve Fund balance was \$334 million at the beginning of 2020. In 2020, there were net transfers in of \$93 million leaving a Cash Reserve Fund balance at June 30, 2020 of \$426 million. In 2021, there were statutory transfers to the Fund of \$71 million and other statutory transfers out equaling \$30 million leaving a Fund balance of \$467 million at June 30, 2021. The Cash Reserve Fund is reflected as committed to economic stabilization on the governmental funds balance sheet.

## ***Other Governmental Funds***

Other governmental fund balances totaled \$4,964 million at June 30, 2021. Of this amount, \$655 million is nonspendable, either due to its form or legal constraints, and \$4,255 million is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional \$21 million of total fund balance has been committed to specific purposes. The remaining \$33 million of total fund balance has been assigned to specific purposes, as expressed by legislative intent.

The three major funds presented as special revenue funds are the Highway Fund, the Federal Fund and the Health and Social Services Fund, with total fund balances of \$1,056 million. The non-major special revenue fund balances totaled \$1,287 million.

Governmental funds other than the General Fund saw an increase in fund balances of \$441 million. The fund balance of the following funds increased: Highway Fund (\$49 million), the Federal Fund (\$43 million), the Health and Social Service Fund (\$135 million), and the Permanent School Fund (\$265 million). The fund balance of the following fund decreased: Other Nonmajor Funds (\$51 million).

The Highway Fund had a \$157 million increase in Sales and Use Taxes, a \$22 million increase in Petroleum Taxes, a \$17 million increase in Charges for Services, a \$36 million increase in federal grants revenue, a \$14 million decrease in investment income, a \$21 million increase in Licenses, Fees and Permits, and a \$168 million increase in operating expenses. These changes are mainly why the Highway Fund had a \$49 million increase in its fund balance in 2021 as opposed to a \$19 million decrease in 2020.

The activity in the Federal Fund represents federal funds received, and each year's spending should generally approximate grant funds received. In 2021, there was an increase in federal grants and contracts revenue of \$1,951 million. Expenditures in 2021 increased by \$189 million for Education, decreased \$4 million for Conservation of Natural Resources, increased \$20 million for Economic Development and Assistance, increased \$842 million for Health and Social Services, increased \$777 million for Public Safety, and increased \$10 million for Transportation. Revenues exceeded expenditures by \$49 million before transfers. Transfers out decreased \$8 million in 2021 compared to an increase of \$4 million in 2020. At the end of 2021 there was a \$43 million increase in the fund.

The Health and Social Services Fund consists of the Intergovernmental Trust Fund and the Tobacco Settlement Trust Fund, in addition to various cash funds. The cash funds receive transfers from the trust funds, income from charges for services and some tax revenue, among other income. The funds had a \$122 million increase in investment income in 2021, mainly due to changes in the market value of investments compared to a \$62 million decrease in 2020. There was an \$11 million increase in Charges for Services, and a \$10 million increase in Other revenue. There was a \$135 million increase in fund balance in 2021, as opposed to a \$19 million decrease in 2020.

The Permanent School Fund had a \$210 million increase in revenue, mainly due to a \$197 million increase in investment income caused by changes in the market value of investments in 2021, compared to a \$17 million investment income increase in 2020 (when compared to 2019). There was a \$265 million increase in fund balance in 2021, compared to a \$48 million increase in 2020, a change of \$217 million.

The Nonmajor Funds revenues decreased \$31 million compared to 2020. License, Fees, and Permits revenue increased by \$26, Charges for Services decreased by \$12, and Investment Income decreased by \$50. Expenditures increased by \$28 compared to 2020. Culture – Recreation increased by \$9, Health and Social Services decreased by \$18, Regulation of Business and Professions increased by \$12, and Capital Projects increased by \$21. There were \$13 million in net transfers out for the Nonmajor Funds in 2021 versus \$109 million in net transfers in for 2020. As a result, the fund balances decreased \$51 million in 2021 as opposed to a \$132 million increase in 2020.

## **Proprietary Funds**

The State's proprietary funds provide the same type of information discussed earlier in the government-wide financial statements under Business-type Activities, but in more detail. The State's one major proprietary fund, the Unemployment Insurance Fund, reported net position of \$579 million at the end of 2021. This fund's net position increased \$29 million in 2021. Federal revenues decreased \$178 due to the COVID-19 pandemic response. Net position increased because business assessment fees and federal operating and nonoperating revenues exceeded unemployment claims paid out by \$22 million, investment earnings of \$10 million and other changes. Other proprietary or enterprise funds, the Lottery Fund, the Excess Liability Fund (the fund established to provide limited liability for physicians working in Nebraska) and Cornhusker State Industries (an operation that utilizes incarcerated persons to manufacture and sell items) had combined income of \$53 million prior to a \$48 million transfer from the Lottery's net income to governmental funds. Such transfer was used primarily for education and environmental studies. The Excess Liability Fund had an operating income of \$5 million and earned \$2 million in investment earnings for a net position increase of \$6 million.

## **Fiduciary Funds**

The Pension Trust Funds represent the majority of the fiduciary funds. Such Pension Trust Fund's net position increased \$3,977 million to \$20,473 million in 2021 mainly due to an increase in the fair value of investments in 2021. Interest and dividend income in 2021 was \$287 million versus \$254 million in 2020. Benefits, refunds and related administrative expenses exceeded the contributions to the plans by \$333 million. Investment Trust Funds report the \$1,545 million net position of the Omaha School Employees' Retirement System, previously reported as and Agency Fund. Private Purpose Trust Funds primarily report contributions from State participants received by the College Savings Plan which totaled \$561 million. The total net position in the College Savings Plan now totals over six billion dollars. Custodial Funds replace Agency Funds with the implementation of GASB Statement 84 – Fiduciary Activities. Custodial Funds are not held in trust or an equivalent arrangement and are for the benefit of other governments or individuals. Activity includes \$314 million in child support contributions and \$319 in distributions, \$53 million in county court contributions and distribution, and \$56 million in Coronavirus Local Fiscal Recovery funds of which \$41 was distributed.

## **ANALYSIS OF GENERAL FUND BUDGET VARIATIONS**

During 2021, the State's economy continued to show improvement from the effects of recent economic pressures, especially in the agricultural sector. Forecasted revenues, upon which the State's budgeted General Fund expenditures are based, were anticipated to increase in 2021 by \$382 million over 2020 net tax revenue of \$4,810 million. As revenues continued to moderate during 2021, the State's Forecasting Board made two new forecasts during the year. At the end, the forecasted net tax revenues were \$259 million above the original forecast. However, actual tax revenues, net of refunds for 2021 of \$5,830 million exceeded the revised forecast by \$379 million, leaving the State with actual tax revenues, net of refunds, of \$638 million above the original budget on a budgetary basis. Agencies continued to watch their General Fund expenditures and spent \$498 million less than the final appropriated amount. This reduction, when coupled with the increase in tax revenues, caused the State to finish 2021 with General Fund revenues of \$1,098 million more than expenditures on a budgetary basis, prior to net transfers in. There was a net \$82 million transferred in for specific purposes. The fund balance on a budgetary basis increased from \$1,142 million at the beginning of the fiscal year to \$2,323 million at June 30, 2021.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2021, the State had invested \$9.6 billion, net of accumulated depreciation, in capital assets as reported in the Statement of Net Position and summarized in the table below. Depreciation expense for 2021 totaled \$70 million, compared to \$58 million for 2020.

|  | <b>CAPITAL ASSETS AS OF JUNE 30</b>                 |                 |                                 |             |                                 |                 |
|--|---|-----------------|---------------------------------|-------------|---------------------------------|-----------------|
|  | <i>(net of depreciation in millions of dollars)</i> |                 |                                 |             |                                 |                 |
|  | <b>Governmental Activities</b>                      |                 | <b>Business-type Activities</b> |             | <b>Total Primary Government</b> |                 |
|  | <b>2021</b>   | <b>2020</b>     | <b>2021</b>                     | <b>2020</b> | <b>2021</b>                     | <b>2020</b>     |
| Land                                   | \$ 657  | \$ 645          | \$ -                            | \$ -        | \$ 657                          | \$ 645          |
| Buildings and Equipment (as restated)  | 620   | 642             | 8                               | 7           | 628                             | 649             |
| Infrastructure (as restated)           | 7,818   | 7,768           | -                               | -           | 7,818                           | 7,768           |
| <b>Subtotal</b>                        | <b>9,095</b>  | <b>9,055</b>    | <b>8</b>                        | <b>7</b>    | <b>9,103</b>                    | <b>9,062</b>    |
| Construction in Progress (as restated) | 499   | 202             | 3                               | -           | 502                             | 202             |
| <b>Total</b>                           | <b>\$ 9,594</b>                                     | <b>\$ 9,257</b> | <b>\$ 11</b>                    | <b>\$ 7</b> | <b>\$ 9,605</b>                 | <b>\$ 9,264</b> |

Infrastructure (roads, bridges, dams, etc.) is by far the largest group of assets owned by the State. GASB Statement No. 34 requires the State to select one of two methods to account for its infrastructure assets. One process is to record depreciation expense on selected infrastructure assets. The State has adopted an alternative method, referred to as the modified approach. Under this method, the State expenses certain maintenance and preservation costs and does not record any depreciation expense. Assets accounted for under the modified approach include approximately 10,000 miles of roads that the State is responsible to maintain.

In assessing the condition of State roads, the State's goal is to maintain at least an overall system rating of 72 or above using the Nebraska Serviceability Index. The most recent condition assessment, completed for calendar year 2020, indicated an overall system rating of 83, a rating that has been very consistent over the past six years.

For 2021, it was estimated that the State needed to spend \$340 million to preserve and maintain the roads at the above-mentioned level. The State actually spent \$414 million on roads in 2021, compared to \$514 million in 2020. For 2022, it is estimated that the State needs to spend \$382 million, a decrease from actual 2021 and a decrease from the average of the previous five years.

The State also spent \$63 million on capitalized infrastructure and land purchases relating to roads in 2021 (\$49 million in 2020), most notably land additions for Highway 275 Scribner to West Point, Highway 30 Clarks to Columbus, and infrastructure projects for Highway 30 Rogers to North Bend, and Highway 83 starting near Road 735 and stretching North 9.8 miles. At June 30, 2021, the State had contractual commitments of \$1,337 million for various highway and building projects. Most of the related expenditures will be expensed and not capitalized. (See Notes 1.J and 4 to the financial statements.)

During 2021, the State added \$52 million of new depreciable capital assets, including buildings, equipment, and infrastructure. A more detailed analysis of capital assets is shown in Note 4 to the financial statements.

## Long-Term Debt

Long-term debt related to capital assets is minimal for reasons previously stated. For further detail and analysis of long-term debt, see Notes 8 and 15 to the financial statements.

### CERTAIN LONG-TERM DEBT AS OF JUNE 30

*(in millions of dollars)*

|                     | GOVERNMENTAL ACTIVITIES |              |
|---------------------|-------------------------|--------------|
|                     | 2021                    | 2020         |
| Capitalized Leases: | <u>\$ 38</u>            | <u>\$ 31</u> |

There were new bonds issued in 2021 and 2020 with none outstanding at the end of each fiscal year. Two new capitalized leases were added in 2021 (two leases were added in 2020). Bonds and Certificates of Participation for leases issued on behalf of the State maintain an Aa2 rating from Moody's. Standard and Poor's has issued an AAA rating for the State as a whole.



## **FACTORS THAT WILL AFFECT THE FUTURE**

The State's economy continues to be affected by the COVID-19 pandemic. However, fiscal year 2021 General Fund tax revenues increased 21.2% from 2020 and exceeded projections. A reduction is forecasted for fiscal year 2022, with tax revenues projected to come in under actual 2021 revenues by \$234 million, or 3.9%, on a nominal basis. Despite the pandemic, the State continues to have one of the lowest unemployment rates in the country and its debt, pension and other post-employment benefit burdens are among the lowest of all states.

The State faces a number of challenges in the coming years. Shifts in the national healthcare policy, ongoing increases in healthcare costs, and expansion of the Medicaid program present challenges to the State, as well as potential for continued growth from demand for existing health and human services aid programs and provider rates. In addition, the growth in recent years in the prison inmate population presents an additional challenge to address increased operating costs and possible capital asset improvements. There is also a need for continuous monitoring of the school finance formula to ensure sustainable growth in aid to education for K-12 schools, easily the largest annual General Fund financial commitment.

As previously explained, the State maintains a Cash Reserve Fund to help offset any future economic downturns. As of June 30, 2021, this Fund had a \$467 million balance. By operation of law, any General Fund revenue at the end of a fiscal year which is in excess of the official certified forecast is used to build the Cash Reserve Fund. A transfer of \$535 million was made in July 2021 from the General Fund to the Cash Reserve Fund in compliance with this statutory requirement. This and other transfers out of the fund since the end of the last fiscal year have resulted in a Cash Reserve Fund balance of \$948 million at November 30, 2021. No other significant statutory disbursements from this fund have been scheduled at this time.

## **CONTACTING THE STATE ACCOUNTING OFFICE**

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional information, contact the State Accounting Division of Administrative Services, 1526 K Street, Suite 190, Lincoln, NE 68508, (402) 471-2581.

The State's component units issue their own separately issued audited financial statements. These statements may be obtained by directly contacting the component units or by going online to their websites. For the University of Nebraska, contact the University of Nebraska, Director of University Accounting, 3835 Holdrege, Lincoln, NE 68583, (402) 472-2111 or online at <http://www.nebraska.edu/offices-policies/business-finance/accounting-finance>. For the State College System, contact the Nebraska State College System at 1327 H Street, Suite 200, Lincoln, Nebraska 68508-3751, (402) 471-2505 or online at <http://www.nscs.edu/for-nebraska/audit-reports>.

---

# BASIC FINANCIAL STATEMENTS

---



State of Nebraska

**STATEMENT OF NET POSITION**

June 30, 2021

(Dollars in Thousands)

|  | PRIMARY GOVERNMENT         |                             |               | COMPONENT<br>UNITS |
|--|----------------------------|-----------------------------|---------------|--------------------|
|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTALS        |                    |
| <b>ASSETS</b>                                    |                            |                             |               |                    |
| Cash and Cash Equivalents                        | \$ 1,142,037               | \$ 510,013                  | \$ 1,652,050  | \$ 928,611         |
| Receivables, net of allowance:                   |                            |                             |               |                    |
| Taxes  | 669,219                    | -                           | 669,219       | -                  |
| Due from Federal Government                      | 700,103                    | -                           | 700,103       | -                  |
| Other  | 239,393                    | 59,921                      | 299,314       | 503,521            |
| Internal Balances                                | 378                        | 39,965                      | 40,343        | -                  |
| Investments                                      | 7,243,968                  | 134,336                     | 7,378,304     | 3,412,890          |
| Loans Receivable                                 | 253,563                    | -                           | 253,563       | 22,073             |
| Investment in Joint Venture                      | -                          | -                           | -             | 602,157            |
| Net Pension Asset                                | 196,308                    | -                           | 196,308       | -                  |
| Other Assets                                     | 59,555                     | 3,512                       | 63,067        | 28,355             |
| Restricted Assets:                               |                            |                             |               |                    |
| Cash and Cash Equivalents                        | 10,128                     | -                           | 10,128        | 949,352            |
| Other  | -                          | 2,690                       | 2,690         | 5,825              |
| Securities Lending Collateral                    | 267,431                    | 4,063                       | 271,494       | -                  |
| Capital assets:                                  |                            |                             |               |                    |
| Land   | 657,357                    | 315                         | 657,672       | 110,595            |
| Infrastructure                                   | 7,818,009                  | -                           | 7,818,009     | -                  |
| Construction in Progress                         | 498,645                    | 3,076                       | 501,721       | 138,784            |
| Land Improvements                                | -                          | -                           | -             | 389,375            |
| Buildings and Equipment                          | 1,511,134                  | 16,909                      | 1,528,043     | 4,282,535          |
| Less Accumulated Depreciation                    | (891,263)                  | (9,700)                     | (900,963)     | (1,679,851)        |
| Total Capital Assets                             | 9,593,882                  | 10,600                      | 9,604,482     | 3,241,438          |
| Total Assets                                     | \$ 20,375,965              | \$ 765,100                  | \$ 21,141,065 | \$ 9,694,222       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                            |                             |               |                    |
| Deferred Outflow related to pensions             | \$ 356,249                 | \$ -                        | \$ 356,249    | \$ -               |
| Deferred loss on bond refunding                  | -                          | -                           | -             | 32,035             |
| Total Deferred Outflows of Resources             | \$ 356,249                 | \$ -                        | \$ 356,249    | \$ 32,035          |
| <b>LIABILITIES</b>                               |                            |                             |               |                    |
| Accounts Payable and Accrued Liabilities         | \$ 1,067,277               | \$ 36,225                   | \$ 1,103,502  | \$ 253,277         |
| Tax Refunds Payable                              | 501,205                    | -                           | 501,205       | -                  |
| Deposits   | 2,565                      | -                           | 2,565         | 9,693              |
| Due to Other Funds                               | 40,343                     | -                           | 40,343        | -                  |
| Unearned Revenue                                 | 847,696                    | 3,761                       | 851,457       | 129,613            |
| Obligations under Securities Lending             | 267,431                    | 4,063                       | 271,494       | -                  |
| Noncurrent Liabilities:                          |                            |                             |               |                    |
| Due within one year                              | 307,634                    | 25,518                      | 333,152       | 122,114            |
| Due in more than one year                        | 263,299                    | 31,734                      | 295,033       | 1,464,183          |
| Net Pension Liability                            | 464,824                    | -                           | 464,824       | -                  |
| Net OPEB Liability                               | 22,304                     | -                           | 22,304        | -                  |
| Total Liabilities                                | \$ 3,784,578               | \$ 101,301                  | \$ 3,885,879  | \$ 1,978,880       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                            |                             |               |                    |
| Deferred Inflow related to OPEB and pensions     | \$ 353,072                 | \$ -                        | \$ 353,072    | \$ -               |
| Deferred service concession arrangement receipts | -                          | -                           | -             | 15,006             |
| Total Deferred Inflows of Resources              | \$ 353,072                 | \$ -                        | \$ 353,072    | \$ 15,006          |
| <b>NET POSITION</b>                              |                            |                             |               |                    |
| Net Investment in Capital Assets                 | \$ 9,556,057               | \$ 10,600                   | \$ 9,566,657  | \$ 2,330,778       |
| Restricted for:                                  |                            |                             |               |                    |
| Education  | 31,773                     | -                           | 31,773        | 3,104,102          |
| Health and Social Services                       | 717,971                    | -                           | 717,971       | -                  |
| Conservation of Natural Resources                | 791,367                    | -                           | 791,367       | -                  |
| Transportation                                   | 312,580                    | -                           | 312,580       | -                  |
| Licensing and Regulation                         | 168,705                    | -                           | 168,705       | -                  |
| Other Purposes                                   | 302,410                    | 2,690                       | 305,100       | 399,915            |
| Unemployment Insurance Benefits                  | -                          | 579,034                     | 579,034       | -                  |
| Debt Service and Construction                    | -                          | -                           | -             | 132,389            |
| Nonexpendable                                    | 648,813                    | -                           | 648,813       | -                  |
| Expendable                                       | 1,950,412                  | -                           | 1,950,412     | -                  |
| Unrestricted                                     | 2,114,476                  | 71,475                      | 2,185,951     | 1,765,187          |
| Total Net Position                               | \$ 16,594,564              | \$ 663,799                  | \$ 17,258,363 | \$ 7,732,371       |

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

State of Nebraska

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2021

(Dollars in Thousands)

| FUNCTIONS/PROGRAMS                         | EXPENSES             | PROGRAM REVENUES     |                                    |                                  |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
|  |                      | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| <b>PRIMARY GOVERNMENT:</b>                 |                      |                      |                                    |                                  |
| Governmental Activities:                   |                      |                      |                                    |                                  |
| General Government                         | \$ 851,637           | \$ 125,341           | \$ 8,621                           | \$ -                             |
| Conservation of Natural Resources          | 142,840              | 42,430               | 49,853                             | 150                              |
| Culture – Recreation                       | 50,791               | 32,533               | 2,343                              | 21                               |
| Economic Development and Assistance        | 136,860              | 1,364                | 87,720                             | -                                |
| Education                                  | 2,083,674            | 56,128               | 546,297                            | -                                |
| Higher Education - Colleges and University | 697,006              | -                    | -                                  | -                                |
| Health and Social Services                 | 4,833,151            | 144,205              | 3,147,959                          | -                                |
| Public Safety                              | 1,280,094            | 54,166               | 262,869                            | 5,492                            |
| Regulation of Business and Professions     | 128,374              | 153,199              | (1,309)                            | -                                |
| Transportation                             | 1,259,783            | 162,386              | 516,560                            | -                                |
| Interest on Long-term Debt                 | 856                  | -                    | -                                  | -                                |
| Total governmental activities              | <u>11,465,066</u>    | <u>771,752</u>       | <u>4,620,913</u>                   | <u>5,663</u>                     |
| Business-type activities:                  |                      |                      |                                    |                                  |
| Unemployment Insurance                     | 608,945              | 66,456               | 444,091                            | -                                |
| Lottery                                    | 157,147              | 205,283              | -                                  | -                                |
| Excess Liability                           | 7,021                | 11,576               | -                                  | -                                |
| Cornhusker State Industries                | 13,602               | 11,654               | -                                  | -                                |
| Total business-type activities             | <u>786,715</u>       | <u>294,969</u>       | <u>444,091</u>                     | <u>-</u>                         |
| Total Primary Government                   | <u>\$ 12,251,781</u> | <u>\$ 1,066,721</u>  | <u>\$ 5,065,004</u>                | <u>\$ 5,663</u>                  |
| <b>COMPONENT UNITS:</b>                    |                      |                      |                                    |                                  |
| University of Nebraska                     | \$ 1,981,583         | 786,084              | 509,989                            | 5,880                            |
| State Colleges                             | 135,619              | 54,745               | 3,019                              | 2,388                            |
| Total Component Units                      | <u>\$ 2,117,202</u>  | <u>\$ 840,829</u>    | <u>\$ 513,008</u>                  | <u>\$ 8,268</u>                  |

General revenues:  
Income Taxes  
Sales and Use Taxes  
Petroleum Taxes  
Excise Taxes  
Business and Franchise Taxes  
Other Taxes  
Unrestricted Investment earnings  
Miscellaneous  
Payments from the State of Nebraska  
Contributions: Permanent Fund Principal  
Federal CARES  
Transfers  
Total General Revenues, Contributions and Transfers  
Change in Net Position  
Net Position - Beginning (as restated)  
Net Position - Ending

**NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION**

| PRIMARY GOVERNMENT         |                             |                       |                     | COMPONENT<br>UNITS |
|----------------------------|-----------------------------|-----------------------|---------------------|--------------------|
| GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                 |                     |                    |
| \$ (717,675)               | \$ -                        | \$ (717,675)          | \$ -                | -                  |
| (50,407)                   | -                           | (50,407)              | -                   | -                  |
| (15,894)                   | -                           | (15,894)              | -                   | -                  |
| (47,776)                   | -                           | (47,776)              | -                   | -                  |
| (1,481,249)                | -                           | (1,481,249)           | -                   | -                  |
| (697,006)                  | -                           | (697,006)             | -                   | -                  |
| (1,540,987)                | -                           | (1,540,987)           | -                   | -                  |
| (957,567)                  | -                           | (957,567)             | -                   | -                  |
| 23,516                     | -                           | 23,516                | -                   | -                  |
| (580,837)                  | -                           | (580,837)             | -                   | -                  |
| (856)                      | -                           | (856)                 | -                   | -                  |
| <u>(6,066,738)</u>         | <u>-</u>                    | <u>(6,066,738)</u>    | <u>-</u>            | <u>-</u>           |
| -                          | (98,398)                    | (98,398)              | -                   | -                  |
| -                          | 48,136                      | 48,136                | -                   | -                  |
| -                          | 4,555                       | 4,555                 | -                   | -                  |
| -                          | (1,948)                     | (1,948)               | -                   | -                  |
| -                          | (47,655)                    | (47,655)              | -                   | -                  |
| <u>\$ (6,066,738)</u>      | <u>\$ (47,655)</u>          | <u>\$ (6,114,393)</u> | <u>\$ -</u>         | <u>-</u>           |
| \$ -                       | \$ -                        | \$ -                  | \$ (679,630)        | -                  |
| -                          | -                           | -                     | (75,467)            | -                  |
| <u>\$ -</u>                | <u>\$ -</u>                 | <u>\$ -</u>           | <u>\$ (755,097)</u> | <u>-</u>           |
| 3,660,558                  | -                           | 3,660,558             | -                   | -                  |
| 2,528,753                  | -                           | 2,528,753             | -                   | -                  |
| 431,765                    | -                           | 431,765               | -                   | -                  |
| 142,573                    | -                           | 142,573               | -                   | -                  |
| 142,394                    | -                           | 142,394               | -                   | -                  |
| 6,287                      | -                           | 6,287                 | -                   | -                  |
| 380,959                    | 11,524                      | 392,483               | 65,837              | -                  |
| 1,381                      | 21                          | 1,402                 | 979,529             | -                  |
| -                          | -                           | -                     | 697,006             | -                  |
| 30,421                     | -                           | 30,421                | -                   | -                  |
| 683,522                    | 121,190                     | 804,712               | -                   | -                  |
| 53,183                     | (51,792)                    | 1,391                 | -                   | -                  |
| <u>8,061,796</u>           | <u>80,943</u>               | <u>8,142,739</u>      | <u>1,742,372</u>    | <u>-</u>           |
| 1,995,058                  | 33,288                      | 2,028,346             | 987,275             | -                  |
| 14,599,506                 | 630,511                     | 15,230,017            | 6,745,096           | -                  |
| <u>\$ 16,594,564</u>       | <u>\$ 663,799</u>           | <u>\$ 17,258,363</u>  | <u>\$ 7,732,371</u> | <u>-</u>           |

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

State of Nebraska

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2021

(Dollars in Thousands)

|   | GENERAL<br>FUND     | HIGHWAY<br>FUND   | FEDERAL<br>FUND     | HEALTH<br>AND SOCIAL<br>SERVICES | PERMANENT<br>SCHOOL<br>FUND | NONMAJOR<br>FUNDS   | TOTALS               |
|---|---------------------|-------------------|---------------------|----------------------------------|-----------------------------|---------------------|----------------------|
| <b>ASSETS</b>   |                     |                   |                     |                                  |                             |                     |                      |
| Assets:   |                     |                   |                     |                                  |                             |                     |                      |
| Cash and Cash Equivalents   | \$ 439,727          | \$ 123,088        | \$ 111,333          | \$ 21,849                        | \$ 13,906                   | \$ 282,914          | \$ 992,817           |
| Cash on Deposit with Fiscal Agents                                  | -                   | -                 | -                   | -                                | -                           | 10,128              | 10,128               |
| Investments   | 1,999,894           | 363,993           | 740,407             | 679,735                          | 2,498,746                   | 961,193             | 7,243,968            |
| Securities Lending Collateral                                       | 125,522             | 22,846            | 46,640              | 8,008                            | 7,664                       | 56,751              | 267,431              |
| Receivables, net of allowance:                                      |                     |                   |                     |                                  |                             |                     |                      |
| Taxes   | 592,285             | 74,294            | -                   | -                                | -                           | 2,640               | 669,219              |
| Due from Federal Government   | -                   | 26,906            | 671,341             | -                                | -                           | 1,856               | 700,103              |
| Loans   | -                   | -                 | 14,003              | 134                              | -                           | 239,426             | 253,563              |
| Other   | 53,051              | 20,785            | 60,268              | 31,034                           | 40,471                      | 20,820              | 226,429              |
| Due from Other Funds  | 215,267             | 443               | 9,819               | 13,519                           | -                           | 5,661               | 244,709              |
| Inventories   | 2,631               | 2,888             | 290                 | 331                              | -                           | 2,381               | 8,521                |
| Prepaid Items   | 1,065               | 25                | 58                  | -                                | -                           | 160                 | 1,308                |
| Other   | 551                 | -                 | -                   | -                                | 44,428                      | 8                   | 44,987               |
| Total Assets  | <u>\$ 3,429,993</u> | <u>\$ 635,268</u> | <u>\$ 1,654,159</u> | <u>\$ 754,610</u>                | <u>\$ 2,605,215</u>         | <u>\$ 1,583,938</u> | <u>\$ 10,663,183</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                     |                   |                     |                                  |                             |                     |                      |
| Liabilities:  |                     |                   |                     |                                  |                             |                     |                      |
| Accounts Payable and Accrued Liabilities                            | \$ 191,252          | \$ 278,499        | \$ 379,151          | \$ 10,141                        | \$ 62,396                   | \$ 74,386           | \$ 995,825           |
| Tax Refunds Payable   | 479,611             | 21,589            | -                   | -                                | 5                           | -                   | 501,205              |
| Deposits  | 553                 | 1,514             | 1,040               | 40                               | 58                          | (640)               | 2,565                |
| Due to Other Funds  | 80,009              | 4,291             | 210,121             | 20,531                           | 8                           | 68,339              | 383,299              |
| Obligations under Securities Lending                                | 125,522             | 22,846            | 46,640              | 8,008                            | 7,664                       | 56,751              | 267,431              |
| Claims Payable  | 92,161              | -                 | 130,975             | -                                | -                           | -                   | 223,136              |
| Unearned Revenue  | 2,646               | -                 | 832,644             | 26                               | 12,344                      | 14                  | 847,674              |
| Total Liabilities   | <u>971,754</u>      | <u>328,739</u>    | <u>1,600,571</u>    | <u>38,746</u>                    | <u>82,475</u>               | <u>198,850</u>      | <u>3,221,135</u>     |
| Deferred Inflows of Resources:                                      |                     |                   |                     |                                  |                             |                     |                      |
| Revenues not yet available  | 94,623              | -                 | -                   | 19,774                           | -                           | -                   | 114,397              |
| Fund Balances:  |                     |                   |                     |                                  |                             |                     |                      |
| Nonspendable:   |                     |                   |                     |                                  |                             |                     |                      |
| Inventories and Prepaid Items                                       | 3,696               | 2,913             | 348                 | 331                              | -                           | 2,541               | 9,829                |
| Endowment Principal   | -                   | -                 | -                   | -                                | 629,298                     | 19,515              | 648,813              |
| Restricted  | -                   | 303,616           | 53,240              | 695,569                          | 1,893,442                   | 1,309,577           | 4,255,444            |
| Committed   | 466,964             | -                 | -                   | -                                | -                           | 21,138              | 488,102              |
| Assigned  | -                   | -                 | -                   | 190                              | -                           | 32,317              | 32,507               |
| Unassigned  | 1,892,956           | -                 | -                   | -                                | -                           | -                   | 1,892,956            |
| Total Fund Balances   | <u>2,363,616</u>    | <u>306,529</u>    | <u>53,588</u>       | <u>696,090</u>                   | <u>2,522,740</u>            | <u>1,385,088</u>    | <u>7,327,651</u>     |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances  | <u>\$ 3,429,993</u> | <u>\$ 635,268</u> | <u>\$ 1,654,159</u> | <u>\$ 754,610</u>                | <u>\$ 2,605,215</u>         | <u>\$ 1,583,938</u> | <u>\$ 10,663,183</u> |

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

State of Nebraska

## RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2021

(Dollars in Thousands)

**Total fund balances for governmental funds** \$ 7,327,651

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

|                          |    |                  |           |
|--------------------------|----|------------------|-----------|
| Land                     | \$ | 657,357          |           |
| Infrastructure           |    | 7,818,009        |           |
| Construction in progress |    | 498,645          |           |
| Other capital assets     |    | 1,384,843        |           |
| Accumulated depreciation |    | <u>(788,929)</u> | 9,569,925 |

Certain tax revenues and charges are earned but not available and therefore are unearned in the funds. 114,397

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 61,034

Deferred Inflows and Outflows related to Pension, they are not related to governmental funds. These Deferred Inflows & Outflows consist of:

|                                      |  |                |       |
|--------------------------------------|--|----------------|-------|
| Deferred Inflows related to OPEB     |  | (1,919)        |       |
| Deferred Outflows related to OPEB    |  | 8,152          |       |
| Deferred Inflows related to Pension  |  | (351,153)      |       |
| Deferred Outflows related to Pension |  | <u>348,097</u> | 3,177 |

Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

|                             |  |                 |                  |
|-----------------------------|--|-----------------|------------------|
| Capital leases              |  | (35)            |                  |
| Compensated absences        |  | (132,437)       |                  |
| Net pension liability/asset |  | (268,516)       |                  |
| OPEB liability              |  | (22,304)        |                  |
| Claims and judgments        |  | <u>(58,328)</u> | <u>(481,620)</u> |

**Net position of governmental activities** \$ 16,594,564

## State of Nebraska

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | GENERAL<br>FUND | HIGHWAY<br>FUND | FEDERAL<br>FUND | HEALTH<br>AND SOCIAL<br>SERVICES | PERMANENT<br>SCHOOL<br>FUND | NONMAJOR<br>FUNDS | TOTALS       |
|--|-----------------|-----------------|-----------------|----------------------------------|-----------------------------|-------------------|--------------|
| <b>REVENUES</b>  |                 |                 |                 |                                  |                             |                   |              |
| Income Taxes   | \$ 3,654,449    | \$ -            | \$ -            | \$ 4,544                         | \$ -                        | \$ -              | \$ 3,658,993 |
| Sales and Use Taxes  | 2,042,134       | 463,587         | -               | -                                | -                           | 22,193            | 2,527,914    |
| Petroleum Taxes  | -               | 418,886         | -               | -                                | 1,458                       | 12,879            | 433,223      |
| Excise Taxes   | 64,886          | -               | -               | 12,429                           | -                           | 65,258            | 142,573      |
| Business and Franchise Taxes                                 | 107,501         | 3               | -               | -                                | -                           | 34,890            | 142,394      |
| Other Taxes  | 610             | 1,297           | -               | -                                | -                           | 4,380             | 6,287        |
| Federal Grants and Contracts                                 | 7               | 482,560         | 4,822,834       | 19                               | -                           | 4,679             | 5,310,099    |
| Licenses, Fees and Permits                                   | 18,757          | 115,040         | 906             | 19,684                           | 247                         | 192,168           | 346,802      |
| Charges for Services   | 2,626           | 45,491          | 7,649           | 41,200                           | -                           | 53,135            | 150,101      |
| Investment Income  | 21,154          | 290             | (29,357)        | 134,937                          | 248,164                     | 3,541             | 378,729      |
| Rental Income  | 3               | 382             | -               | 365                              | 48,704                      | 30,019            | 79,473       |
| Surcharge  | -               | -               | -               | -                                | -                           | 42,568            | 42,568       |
| Other  | 3,865           | 3,769           | 4,057           | 60,010                           | 30,458                      | 34,790            | 136,949      |
| Total Revenues   | 5,915,992       | 1,531,305       | 4,806,089       | 273,188                          | 329,031                     | 500,500           | 13,356,105   |
| <b>EXPENDITURES</b>  |                 |                 |                 |                                  |                             |                   |              |
| Current:   |                 |                 |                 |                                  |                             |                   |              |
| General Government   | 702,209         | -               | 6,639           | -                                | -                           | 89,580            | 798,428      |
| Conservation of Natural Resources                            | 31,507          | -               | 38,276          | -                                | -                           | 69,286            | 139,069      |
| Culture – Recreation   | 6,462           | -               | 2,184           | -                                | -                           | 43,537            | 52,183       |
| Economic Development and Assistance                          | 10,718          | -               | 80,490          | -                                | -                           | 43,055            | 134,263      |
| Education  | 1,486,900       | -               | 556,889         | -                                | 64,033                      | 25,884            | 2,133,706    |
| Higher Education - Colleges and University                   | 690,175         | -               | -               | -                                | -                           | 6,831             | 697,006      |
| Health and Social Services                                   | 1,600,153       | -               | 3,075,609       | 138,430                          | -                           | 3,008             | 4,817,200    |
| Public Safety  | 285,834         | -               | 961,837         | -                                | -                           | 64,366            | 1,312,037    |
| Regulation of Business and Professions                       | 4,368           | -               | 1,070           | -                                | -                           | 118,026           | 123,464      |
| Transportation   | -               | 1,471,167       | 33,999          | -                                | -                           | 2,243             | 1,507,409    |
| Capital Projects   | -               | -               | -               | -                                | -                           | 72,544            | 72,544       |
| Debt Service:  |                 |                 |                 |                                  |                             |                   |              |
| Principal  | -               | -               | -               | -                                | -                           | 2,000             | 2,000        |
| Interest   | -               | -               | -               | -                                | -                           | 9                 | 9            |
| Total Expenditures   | 4,818,326       | 1,471,167       | 4,756,993       | 138,430                          | 64,033                      | 540,369           | 11,789,318   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures |                 |                 |                 |                                  |                             |                   |              |
|  | 1,097,666       | 60,138          | 49,096          | 134,758                          | 264,998                     | (39,869)          | 1,566,787    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                 |                 |                 |                                  |                             |                   |              |
| Transfers In   | 123,255         | 7               | 2,078           | 1,480                            | -                           | 113,688           | 240,508      |
| Transfers Out  | (40,280)        | (10,852)        | (8,576)         | (1,001)                          | -                           | (126,616)         | (187,325)    |
| Proceeds from Other Financing Arrangements                   | -               | -               | -               | -                                | -                           | 2,000             | 2,000        |
| Total Other Financing Sources (Uses)                         | 82,975          | (10,845)        | (6,498)         | 479                              | -                           | (10,928)          | 55,183       |
| Net Change in Fund Balances                                  | 1,180,641       | 49,293          | 42,598          | 135,237                          | 264,998                     | (50,797)          | 1,621,970    |
| <b>FUND BALANCES, JULY 1 (as restated)</b>                   | 1,182,975       | 257,236         | 10,990          | 560,853                          | 2,257,742                   | 1,435,885         | 5,705,681    |
| <b>FUND BALANCES, JUNE 30</b>                                | \$ 2,363,616    | \$ 306,529      | \$ 53,588       | \$ 696,090                       | \$ 2,522,740                | \$ 1,385,088      | \$ 7,327,651 |

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



State of Nebraska

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

(Dollars in Thousands)

**Net change in fund balances—total governmental funds** \$ 1,621,970

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. Sales of capital assets are reported as revenues. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

|                      |    |          |         |
|----------------------|----|----------|---------|
| Capital outlay       | \$ | 402,234  |         |
| Capital assets sold  |    | (3,065)  |         |
| Depreciation expense |    | (57,057) | 342,112 |

Bond proceeds and other financing arrangements provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, proceeds were received from:

|                              |  |         |         |
|------------------------------|--|---------|---------|
| Other financing arrangements |  | (2,000) | (2,000) |
|------------------------------|--|---------|---------|

Repayment of long-term debt and other financing arrangements is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year these amounts consisted of:

|                                      |  |       |       |
|--------------------------------------|--|-------|-------|
| Other financing arrangement payments |  | 2,000 |       |
| Capital lease payments               |  | 130   | 2,130 |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

18,949

Because some revenues will not be collected in the next year, they are not considered available revenues and are deferred in the governmental funds. Deferred inflows of resources increased by this amount this year.

5,544

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

|  |  |          |       |
|--|--|----------|-------|
| Increase in compensated absences                 |  | (4,701)  |       |
| Increase in net pension liability/asset          |  | (14,031) |       |
| Decrease in net OPEB liability                   |  | (7,488)  |       |
| Increase in deferred inflows related to OPEB     |  | 424      |       |
| Increase in deferred outflows related to OPEB    |  | 5,969    |       |
| Decrease in deferred inflows related to pension  |  | 15,082   |       |
| Increase in deferred outflows related to pension |  | 16,794   |       |
| Increase in claims and judgments                 |  | (5,696)  | 6,353 |

**Change in net position of governmental activities** \$ 1,995,058

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

## State of Nebraska

# STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

June 30, 2021

(Dollars in Thousands)

|  | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |                                 |                   | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE<br>FUNDS |
|--|---|---------------------------------|-------------------|--|
|  | UNEMPLOYMENT<br>INSURANCE                   | NONMAJOR<br>ENTERPRISE<br>FUNDS | TOTALS            |  |
| <b>ASSETS</b>                              |   |                                 |                   |  |
| Current Assets:                            |   |                                 |                   |  |
| Cash and Cash Equivalents                  | \$ 468,094                                  | \$ 41,919                       | \$ 510,013        | \$ 149,889   |
| Receivables, net of allowance              | 46,882                                      | 13,039                          | 59,921            | 12,879   |
| Due from Other Funds                       | 40,343                                      | 545                             | 40,888            | 43,259   |
| Inventories                                | -   | 3,203                           | 3,203             | 2,525  |
| Prepaid Items                              | -   | -                               | -                 | 2,214  |
| Other                                      | -   | 309                             | 309               | -  |
| Total Current Assets                       | <u>555,319</u>                              | <u>59,015</u>                   | <u>614,334</u>    | <u>210,766</u>   |
| Noncurrent Assets:                         |   |                                 |                   |  |
| Restricted Long-Term Deposits              | -   | 2,690                           | 2,690             | -  |
| Long-Term Investments                      | 59,902                                      | 74,434                          | 134,336           | -  |
| Securities Lending Collateral              | 3,760                                       | 303                             | 4,063             | -  |
| Capital Assets:                            |   |                                 |                   |  |
| Land                                       | -   | 315                             | 315               | -  |
| Construction in Progress                   | -   | 3,076                           | 3,076             | -  |
| Buildings and Equipment                    | -   | 16,909                          | 16,909            | 126,291  |
| Less Accumulated Depreciation              | -   | (9,700)                         | (9,700)           | (102,334)  |
| Total Capital Assets                       | <u>-</u>                                    | <u>10,600</u>                   | <u>10,600</u>     | <u>23,957</u>  |
| Total Noncurrent Assets                    | <u>63,662</u>                               | <u>88,027</u>                   | <u>151,689</u>    | <u>23,957</u>  |
| Total Assets                               | <u>\$ 618,981</u>                           | <u>\$ 147,042</u>               | <u>\$ 766,023</u> | <u>\$ 234,723</u>  |
| <b>LIABILITIES</b>                         |   |                                 |                   |  |
| Current Liabilities:                       |   |                                 |                   |  |
| Accounts Payable and Accrued Liabilities   | \$ 17,135                                   | \$ 19,090                       | \$ 36,225         | \$ 15,048  |
| Due to Other Funds                         | 841   | 82                              | 923               | 1,622  |
| Capital Lease Obligations                  | -   | -                               | -                 | 11,635   |
| Claims, Judgments and Compensated Absences | 18,211                                      | 7,307                           | 25,518            | 48,658   |
| Unearned Revenue                           | -   | 3,761                           | 3,761             | 22   |
| Total Current Liabilities                  | <u>36,187</u>                               | <u>30,240</u>                   | <u>66,427</u>     | <u>76,985</u>  |
| Noncurrent Liabilities:                    |   |                                 |                   |  |
| Capital Lease Obligations                  | -   | -                               | -                 | 26,155   |
| Claims, Judgments and Compensated Absences | -   | 31,734                          | 31,734            | 70,549   |
| Obligations under Securities Lending       | 3,760                                       | 303                             | 4,063             | -  |
| Total Noncurrent Liabilities               | <u>3,760</u>                                | <u>32,037</u>                   | <u>35,797</u>     | <u>96,704</u>  |
| Total Liabilities                          | <u>\$ 39,947</u>                            | <u>\$ 62,277</u>                | <u>\$ 102,224</u> | <u>\$ 173,689</u>  |
| <b>NET POSITION</b>                        |   |                                 |                   |  |
| Net Investment in Capital Assets           | -   | 10,600                          | 10,600            | (13,833)   |
| Restricted for:                            |   |                                 |                   |  |
| Lottery Prizes                             | -   | 2,690                           | 2,690             | -  |
| Unemployment Insurance Benefits            | 579,034                                     | -                               | 579,034           | -  |
| Unrestricted                               | -   | 71,475                          | 71,475            | 74,867   |
| Total Net Position                         | <u>\$ 579,034</u>                           | <u>\$ 84,765</u>                | <u>\$ 663,799</u> | <u>\$ 61,034</u>   |

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

State of Nebraska

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2021

| (Dollars in Thousands)                    | <b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b> |  |                   | <b>GOVERNMENTAL</b>                                    |
|---|--|--|-------------------|--|
|   | <b>UNEMPLOYMENT<br/>INSURANCE</b>                  | <b>NONMAJOR<br/>ENTERPRISE<br/>FUNDS</b> | <b>TOTALS</b>     | <b>ACTIVITIES -<br/>INTERNAL<br/>SERVICE<br/>FUNDS</b> |
| <b>OPERATING REVENUES</b>                 |  |  |                   |  |
| Charges for Services                      | \$ 65,931  | \$ 228,513                               | \$ 294,444        | \$ 488,271   |
| Federal                                   | 444,091  | -  | 444,091           | -  |
| Other                                     | 525  | -  | 525               | 1,031  |
| Total Operating Revenues                  | <u>510,547</u>                                     | <u>228,513</u>                           | <u>739,060</u>    | <u>489,302</u>   |
| <b>OPERATING EXPENSES</b>                 |  |  |                   |  |
| Personal Services                         | -  | 7,560                                    | 7,560             | 55,788   |
| Services and Supplies                     | 2  | 40,776                                   | 40,778            | 149,019  |
| Lottery Prizes                            | -  | 122,341                                  | 122,341           | -  |
| Unemployment Claims                       | 608,943  | -  | 608,943           | -  |
| Insurance Claims                          | -  | 6,463                                    | 6,463             | 254,172  |
| Depreciation                              | -  | 630                                      | 630               | 12,771   |
| Total Operating Expenses                  | <u>608,945</u>                                     | <u>177,770</u>                           | <u>786,715</u>    | <u>471,750</u>   |
| Operating Income (Loss)                   | <u>(98,398)</u>                                    | <u>50,743</u>                            | <u>(47,655)</u>   | <u>17,552</u>  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |  |  |                   |  |
| Investment Income                         | 9,516  | 2,008                                    | 11,524            | 2,230  |
| Gain (Loss) on Sale of Capital Assets     | -  | 21                                       | 21                | 11   |
| Federal CARES                             | 121,190  | -  | 121,190           | (844)  |
| Total Nonoperating Revenues (Expenses)    | <u>130,706</u>                                     | <u>2,029</u>                             | <u>132,735</u>    | <u>1,397</u>   |
| Income (Loss) Before Transfers            | 32,308   | 52,772                                   | 85,080            | 18,949   |
| Transfers Out                             | <u>(3,613)</u>                                     | <u>(48,179)</u>                          | <u>(51,792)</u>   | <u>-</u>   |
| Change in Net Position                    | 28,695   | 4,593                                    | 33,288            | 18,949   |
| <b>NET POSITION, JULY 1 (as restated)</b> | <u>550,339</u>                                     | <u>80,172</u>                            | <u>630,511</u>    | <u>42,085</u>  |
| <b>NET POSITION, JUNE 30</b>              | <u>\$ 579,034</u>                                  | <u>\$ 84,765</u>                         | <u>\$ 663,799</u> | <u>\$ 61,034</u>                                       |

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

## State of Nebraska

# STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

For the Year Ended June 30, 2021

|  | <b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b> |  |                   | <b>GOVERNMENTAL</b>                                    |
|--|--|--|-------------------|--|
|  | <b>UNEMPLOYMENT<br/>INSURANCE</b>                  | <b>NONMAJOR<br/>ENTERPRISE<br/>FUNDS</b> | <b>TOTALS</b>     | <b>ACTIVITIES -<br/>INTERNAL<br/>SERVICE<br/>FUNDS</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                     |  |  |                   |  |
| Cash Received from Customers                                     | \$ 62,485  | \$ 218,488                               | \$ 280,973        | \$ 42,785  |
| Cash Received from Interfund Charges                             | -  | 12,000                                   | 12,000            | 415,262  |
| Cash Received from Federal Government                            | 444,091  | -  | 444,091           | -  |
| Cash Paid to Employees   | -  | (7,726)                                  | (7,726)           | (57,638)   |
| Cash Paid to Suppliers   | (1,387)  | (43,953)                                 | (45,340)          | (140,396)  |
| Cash Paid for Lottery Prizes                                     | -  | (123,470)                                | (123,470)         | -  |
| Cash Paid for Insurance Claims                                   | (602,543)  | (4,772)                                  | (607,315)         | (228,851)  |
| Cash Paid for Interfund Services                                 | 841  | (1,010)                                  | (169)             | (12,759)   |
| Net Cash Flows from Operating Activities                         | (96,513)   | 49,557                                   | (46,956)          | 18,403   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>          |  |  |                   |  |
| Federal CARES  | 248,755  | -  | 248,755           | -  |
| Transfers Out  | (3,613)  | (48,179)                                 | (51,792)          | -  |
| Net Cash Flows from Noncapital Financing Activities              | 245,142  | (48,179)                                 | 196,963           | -  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |  |  |                   |  |
| Acquisition and Construction of Capital Assets                   | -  | (898)                                    | (898)             | 8,304  |
| Proceeds from Sale of Capital Assets                             | -  | (1,565)                                  | (1,565)           | 1,462  |
| Principal Paid on Capital Leases                                 | -  | -  | -                 | (10,400)   |
| Interest Paid on Capital Leases                                  | -  | -  | -                 | (844)  |
| Net Cash Flows from Capital and Related Financing Activities     | -  | (2,463)                                  | (2,463)           | (1,478)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                     |  |  |                   |  |
| Purchase of Investment Securities                                | -  | (67,059)                                 | (67,059)          | -  |
| Proceeds from Sale of Investment Securities                      | (7,100)  | 72,118                                   | 65,018            | -  |
| Interest and Dividend Income                                     | 9,554  | 1,873                                    | 11,427            | 2,245  |
| Net Cash Flows from Investing Activities                         | 2,454  | 6,932                                    | 9,386             | 2,245  |
| Net Increase (Decrease) in Cash and Cash Equivalents             | 151,083  | 5,847                                    | 156,930           | 19,170   |
| <b>CASH AND CASH EQUIVALENTS, JULY 1</b>                         | <b>317,011</b>                                     | <b>36,072</b>                            | <b>353,083</b>    | <b>130,719</b>   |
| <b>CASH AND CASH EQUIVALENTS, JUNE 30</b>                        | <b>\$ 468,094</b>                                  | <b>\$ 41,919</b>                         | <b>\$ 510,013</b> | <b>\$ 149,889</b>                                      |

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

State of Nebraska

# STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | <b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b> |  |                    | <b>GOVERNMENTAL</b>                                    |
|--|--|--|--------------------|--|
|  | <b>UNEMPLOYMENT<br/>INSURANCE</b>                  | <b>NONMAJOR<br/>ENTERPRISE<br/>FUNDS</b> | <b>TOTALS</b>      | <b>ACTIVITIES -<br/>INTERNAL<br/>SERVICE<br/>FUNDS</b> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>  |  |  |                    |  |
| <b>FLOW FROM OPERATING ACTIVITIES:</b>   |  |  |                    |  |
| Operating Income (Loss)  | \$ (98,398)  | \$ 50,743                                | \$ (47,655)        | \$ 17,552  |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities:  |  |  |                    |  |
| Depreciation   | -  | 630                                      | 630                | 12,771   |
| Change in Assets and Liabilities:  |  |  |                    |  |
| (Increase) Decrease in Receivables   | (4,456)  | 2,103                                    | (2,353)            | (9,559)  |
| (Increase) Decrease in Due from Other Funds  | -  | 1,352                                    | 1,352              | (21,664)   |
| (Increase) Decrease in Inventories   | -  | 286                                      | 286                | (55)   |
| (Increase) Decrease in Prepaid Items   | -  | 75                                       | 75                 | (127)  |
| (Increase) Decrease in Long-Term Deposits  | -  | 78                                       | 78                 | -  |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities  | (711)  | (5,929)                                  | (6,640)            | (6,145)  |
| Increase (Decrease) in Due to Other Funds  | 841  | 8  | 849                | 346  |
| Increase (Decrease) in Claims Payable  | 6,211  | 1,691                                    | 7,902              | 25,321   |
| Increase (Decrease) in Unearned Revenue  | -  | (1,480)                                  | (1,480)            | (37)   |
| Total Adjustments  | 1,885  | (1,186)                                  | 699                | 851  |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>  | <b>\$ (96,513)</b>                                 | <b>\$ 49,557</b>                         | <b>\$ (46,956)</b> | <b>\$ 18,403</b>                                       |
| <b>NONCASH TRANSACTIONS:</b>   |  |  |                    |  |
| Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. |  |  |                    |  |
| The following noncash transactions occurred during the year:   |  |  |                    |  |
| Capital Assets acquired through Capital Leases   | \$ -   | \$ -                                     | \$ -               | \$ 16,925  |
| Change in Fair Value of Investments  | -  | 134                                      | 134                | -  |
| Total Noncash Transactions   | \$ -   | \$ 134                                   | \$ 134             | \$ 16,925  |

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

State of Nebraska

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

June 30, 2021

(Dollars in Thousands)

|   | PENSION<br>TRUST FUNDS | INVESTMENT<br>TRUST FUND | PRIVATE PURPOSE<br>TRUST FUNDS | CUSTODIAL<br>FUNDS |
|---|------------------------|--------------------------|--------------------------------|--------------------|
| <b>ASSETS</b>                                     |                        |                          |                                |                    |
| Cash and Cash Equivalents                         | \$ 10,683              | \$ 6,504                 | \$ 42,871                      | \$ 93,670          |
| Investments:                                      |                        |                          |                                |                    |
| U.S. Treasury Notes and Bonds                     | 514,967                | 39,575                   | -                              | -                  |
| U.S. Treasury Bills                               | 83,971                 | 8,661                    | -                              | -                  |
| Government Agency Securities                      | 16,195                 | 1,069                    | -                              | -                  |
| Corporate Bonds                                   | 1,288,110              | 79,420                   | -                              | -                  |
| International Bonds                               | 448,070                | 9,318                    | -                              | -                  |
| Equity Securities                                 | 2,924,319              | 212,863                  | -                              | -                  |
| Private Equity                                    | 1,087,802              | 174,597                  | -                              | -                  |
| Options   | (13)                   | (1)                      | -                              | -                  |
| Mortgages   | 789,181                | 61,570                   | -                              | -                  |
| Private Real Estate                               | 999,525                | 130,920                  | -                              | -                  |
| Asset Backed Securities                           | 134,863                | 9,367                    | -                              | -                  |
| Bank Loans  | 397,222                | -                        | -                              | -                  |
| Municipal Bonds                                   | 6,181                  | 280                      | -                              | -                  |
| Opportunistic Credit                              | 31,343                 | -                        | -                              | -                  |
| Commingled Funds                                  | 11,660,532             | 798,204                  | 5,832,530                      | -                  |
| Short Term Investments                            | 366,668                | 35,271                   | 589,454                        | -                  |
| Total Investments                                 | 20,748,936             | 1,561,114                | 6,421,984                      | -                  |
| Securities Lending Collateral                     | 320,075                | 20,549                   | -                              | -                  |
| Receivables:                                      |                        |                          |                                |                    |
| Contributions                                     | 32,728                 | -                        | -                              | -                  |
| Interest and Dividends                            | 21,133                 | 1,398                    | 4,468                          | 63                 |
| Other   | 697,789                | 33,018                   | -                              | 381                |
| Total Receivables                                 | 751,650                | 34,416                   | 4,468                          | 444                |
| Due from Other Funds                              | 49,783                 | 7,290                    | -                              | -                  |
| Capital Assets:                                   |                        |                          |                                |                    |
| Buildings and Equipment                           | 6,575                  | -                        | -                              | -                  |
| Less Accumulated Depreciation                     | (6,567)                | -                        | -                              | -                  |
| Total Capital Assets                              | 8                      | -                        | -                              | -                  |
| Other Assets                                      | -                      | -                        | 11,219                         | 3,725              |
| <b>Total Assets</b>                               | <b>\$ 21,881,135</b>   | <b>\$ 1,629,873</b>      | <b>\$ 6,480,542</b>            | <b>\$ 97,839</b>   |
| <b>LIABILITIES</b>                                |                        |                          |                                |                    |
| Accounts Payable and Accrued Liabilities          | \$ 1,087,284           | \$ 57,264                | \$ 19,291                      | \$ 25,291          |
| Due to Other Governments                          | -                      | 6,866                    | -                              | 42,486             |
| Deposits  | -                      | -                        | -                              | 5,624              |
| Due to Other Funds                                | 80                     | -                        | 5                              | -                  |
| Obligations under Securities Lending              | 320,075                | 20,549                   | -                              | -                  |
| Accrued Compensated Absences                      | 719                    | -                        | -                              | -                  |
| <b>Total Liabilities</b>                          | <b>\$ 1,408,158</b>    | <b>\$ 84,679</b>         | <b>\$ 19,296</b>               | <b>\$ 73,401</b>   |
| Restricted for:                                   |                        |                          |                                |                    |
| Pensions  | \$ 20,472,977          | \$ -                     | \$ -                           | \$ -               |
| Omaha School Employer Retirement System           | -                      | 1,545,194                | -                              | -                  |
| College Savings Plan                              | -                      | -                        | 6,414,804                      | -                  |
| Individuals, Organizations, and Other Governments | -                      | -                        | 46,442                         | 24,438             |
| <b>Total Net Position</b>                         | <b>\$ 20,472,977</b>   | <b>\$ 1,545,194</b>      | <b>\$ 6,461,246</b>            | <b>\$ 24,438</b>   |

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

## State of Nebraska

# STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

For the Year Ended June 30, 2021

(Dollars in Thousands)

|   | PENSION<br>TRUST FUNDS | INVESTMENT<br>TRUST FUND | PRIVATE PURPOSE<br>TRUST FUNDS | CUSTODIAL<br>FUNDS |
|---|------------------------|--------------------------|--------------------------------|--------------------|
| <b>ADDITIONS</b>                                    |                        |                          |                                |                    |
| Contributions:                                      |                        |                          |                                |                    |
| Participant Contributions                           | \$ 284,722             | \$ -                     | \$ 569,917                     | 5,915              |
| Client Contributions                                | -                      | -                        | -                              | 411,055            |
| State Contributions                                 | 138,314                | -                        | -                              | -                  |
| Political Subdivision Contributions                 | 208,991                | -                        | -                              | -                  |
| Court Fees  | 3,320                  | -                        | -                              | -                  |
| Total Contributions                                 | <u>635,347</u>         | <u>-</u>                 | <u>569,917</u>                 | <u>416,970</u>     |
| Investment Income:                                  |                        |                          |                                |                    |
| Net Increase in Fair Value of Investments           | 4,084,389              | 321,101                  | 660,602                        | -                  |
| Interest and Dividend Income                        | 286,865                | 18,861                   | 52,112                         | 122                |
| Securities Lending Income                           | 2,499                  | -                        | -                              | -                  |
| Total Investment Income                             | <u>4,373,753</u>       | <u>339,962</u>           | <u>712,714</u>                 | <u>122</u>         |
| Investment Expenses                                 | 61,947                 | 1,845                    | 20,853                         | -                  |
| Securities Lending Expenses                         | 572                    | 30                       | -                              | -                  |
| Total Investment Expense                            | <u>62,519</u>          | <u>1,875</u>             | <u>20,853</u>                  | <u>-</u>           |
| Net Investment Income                               | <u>4,311,234</u>       | <u>338,087</u>           | <u>691,861</u>                 | <u>122</u>         |
| Escheat Revenue                                     | -                      | -                        | 14,361                         | -                  |
| Receipts From Depositors                            | -                      | 28,357                   | -                              | -                  |
| Other Additions                                     | 324                    | -                        | -                              | 55,722             |
| Total Additions                                     | <u>4,946,905</u>       | <u>366,444</u>           | <u>1,276,139</u>               | <u>472,814</u>     |
| <b>DEDUCTIONS</b>                                   |                        |                          |                                |                    |
| Benefits  | 942,615                | -                        | 494,164                        | 6,337              |
| Refunds   | 18,389                 | -                        | -                              | -                  |
| Amounts Distributed to Outside Parties              | -                      | -                        | 10,768                         | 454,142            |
| Administrative Expenses                             | 7,314                  | -                        | 263                            | 140                |
| Other Deductions                                    | 1,721                  | -                        | -                              | 439                |
| Payments to and for Depositors                      | -                      | 67,499                   | -                              | -                  |
| Transfers to Other Funds                            | -                      | -                        | 1,391                          | -                  |
| Total Deductions                                    | <u>970,039</u>         | <u>67,499</u>            | <u>506,586</u>                 | <u>461,058</u>     |
| Change in Net Position Restricted for:              |                        |                          |                                |                    |
| Pensions  | 3,976,866              | -                        | -                              | -                  |
| Omaha School Employer Retirement System             | -                      | 298,945                  | -                              | -                  |
| College Savings Plan                                | -                      | -                        | 761,032                        | -                  |
| Individuals, Organizations, and Other Governments   | -                      | -                        | 8,521                          | 11,756             |
| <b>NET POSITION-BEGINNING OF YEAR (as restated)</b> | <u>16,496,111</u>      | <u>1,246,249</u>         | <u>5,691,693</u>               | <u>12,682</u>      |
| <b>NET POSITION-END OF YEAR</b>                     | <u>\$ 20,472,977</u>   | <u>\$ 1,545,194</u>      | <u>\$ 6,461,246</u>            | <u>\$ 24,438</u>   |

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

State of Nebraska  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**

June 30, 2021

(Dollars in Thousands)

|  | UNIVERSITY OF<br>NEBRASKA | STATE<br>COLLEGES | TOTALS              |
|--|---------------------------|-------------------|---------------------|
| <b>ASSETS</b>                                    |                           |                   |                     |
| Cash and Cash Equivalents                        | \$ 884,926                | \$ 43,685         | \$ 928,611          |
| Receivables, net of allowance:                   |                           |                   |                     |
| Loans  | 22,073                    | -                 | 22,073              |
| Other  | 499,337                   | 4,184             | 503,521             |
| Investments                                      | 3,328,178                 | 84,712            | 3,412,890           |
| Investment in Joint Venture                      | 602,157                   | -                 | 602,157             |
| Other Assets                                     | 26,066                    | 2,289             | 28,355              |
| Restricted Assets:                               |                           |                   |                     |
| Cash and Cash Equivalents                        | 894,774                   | 54,578            | 949,352             |
| Investments Held by Trustee                      | 5,320                     | 505               | 5,825               |
| Capital assets:                                  |                           |                   |                     |
| Land   | 109,267                   | 1,328             | 110,595             |
| Land Improvements                                | 348,892                   | 40,483            | 389,375             |
| Construction in Progress                         | 114,407                   | 24,377            | 138,784             |
| Buildings and Equipment                          | 3,953,132                 | 329,403           | 4,282,535           |
| Less Accumulated Depreciation                    | <u>(1,533,160)</u>        | <u>(146,691)</u>  | <u>(1,679,851)</u>  |
| Total Capital Assets                             | <u>2,992,538</u>          | <u>248,900</u>    | <u>3,241,438</u>    |
| Total Assets                                     | <u>\$ 9,255,369</u>       | <u>\$ 438,853</u> | <u>\$ 9,694,222</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                           |                   |                     |
| Deferred loss on bond refunding                  | \$ 32,010                 | \$ 25             | \$ 32,035           |
| Total Deferred Outflows of Resources             | <u>\$ 32,010</u>          | <u>\$ 25</u>      | <u>\$ 32,035</u>    |
| <b>LIABILITIES</b>                               |                           |                   |                     |
| Accounts Payable and Accrued Liabilities         | \$ 238,298                | \$ 14,979         | \$ 253,277          |
| Deposits   | 9,233                     | 460               | 9,693               |
| Unearned Revenue                                 | 127,751                   | 1,862             | 129,613             |
| Noncurrent Liabilities:                          |                           |                   |                     |
| Due within one year                              | 116,161                   | 5,953             | 122,114             |
| Due in more than one year                        | <u>1,379,868</u>          | <u>84,315</u>     | <u>1,464,183</u>    |
| Total Liabilities                                | <u>\$ 1,871,311</u>       | <u>\$ 107,569</u> | <u>\$ 1,978,880</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                           |                   |                     |
| Deferred service concession arrangement receipts | \$ 15,006                 | \$ -              | \$ 15,006           |
| Total Deferred Inflows of Resources              | <u>\$ 15,006</u>          | <u>\$ -</u>       | <u>\$ 15,006</u>    |
| <b>NET POSITION</b>                              |                           |                   |                     |
| Net Investment in Capital Assets                 | \$ 2,151,882              | \$ 178,896        | \$ 2,330,778        |
| Restricted for:                                  |                           |                   |                     |
| Education  | 3,104,102                 | -                 | 3,104,102           |
| Other Purposes                                   | 296,973                   | 102,942           | 399,915             |
| Construction and Debt Service                    | 121,729                   | 10,660            | 132,389             |
| Unrestricted                                     | <u>1,726,376</u>          | <u>38,811</u>     | <u>1,765,187</u>    |
| Total Net Position                               | <u>\$ 7,401,062</u>       | <u>\$ 331,309</u> | <u>\$ 7,732,371</u> |

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



State of Nebraska  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | UNIVERSITY OF<br>NEBRASKA | STATE<br>COLLEGES | TOTALS              |
|--|---------------------------|-------------------|---------------------|
| <b>EXPENSES</b>                              |                           |                   |                     |
| Compensation and benefits                    | \$ 1,428,531              | \$ 75,318         | \$ 1,503,849        |
| Supplies and materials                       | 541,670                   | 37,867            | 579,537             |
| Utilities                                    | 1,813                     | -                 | 1,813               |
| Depreciation                                 | 148,183                   | 9,724             | 157,907             |
| Scholarships and fellowships                 | 91,345                    | 7,556             | 98,901              |
| Other  | (229,959)                 | 5,154             | (224,805)           |
| Total Operating Expenses                     | <u>1,981,583</u>          | <u>135,619</u>    | <u>2,117,202</u>    |
| <b>PROGRAM REVENUES</b>                      |                           |                   |                     |
| Charges for Services                         | 786,084                   | 54,745            | 840,829             |
| Operating Grants and Contributions           | 509,989                   | 3,019             | 513,008             |
| Capital Grants and Contributions             | 5,880                     | 2,388             | 8,268               |
| Total Program Revenues                       | <u>1,301,953</u>          | <u>60,152</u>     | <u>1,362,105</u>    |
| <b>NET (EXPENSE)</b>                         | <u>(679,630)</u>          | <u>(75,467)</u>   | <u>(755,097)</u>    |
| <b>GENERAL REVENUES</b>                      |                           |                   |                     |
| Interest and investment earnings             | 58,099                    | 7,738             | 65,837              |
| Miscellaneous                                | 945,333                   | 34,196            | 979,529             |
| Payments from the State of Nebraska          | 633,241                   | 63,765            | 697,006             |
| Total General Revenues                       | <u>1,636,673</u>          | <u>105,699</u>    | <u>1,742,372</u>    |
| Change in Net Position                       | 957,043                   | 30,232            | 987,275             |
| <b>NET POSITION -BEGINNING (as restated)</b> | <u>6,444,019</u>          | <u>301,077</u>    | <u>6,745,096</u>    |
| <b>NET POSITION - ENDING</b>                 | <u>\$ 7,401,062</u>       | <u>\$ 331,309</u> | <u>\$ 7,732,371</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation.** The accompanying financial statements for the State of Nebraska (the “State”) and its component units 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.

The financial statements have been prepared primarily from accounts maintained by the State Accounting Administrator of Administrative Services. Additional data has been derived from audited financial statements of certain entities and from reports prescribed by the State Accounting Administrator and prepared by various State agencies and departments based on independent or subsidiary accounting systems maintained by them.

**B. Reporting Entity.** In determining its financial reporting entity, the State has considered all potential component units for which it is financially accountable and other organizations which are fiscally dependent on the State or the significance of their relationship with the State is such that exclusion would be misleading. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

As required by GAAP, these financial statements present the State and its component units. The component units are included in the State’s reporting entity because of the significance of their operational or financial relationships with the State. Complete financial statements of the individual component units that issue separate financial statements, as noted below, can be obtained from their respective administrative offices.

**Discretely Presented Component Units.** The following component units are legally separate entities from the State but are financially accountable to the State or their relationships with the State are such that their exclusion would cause the State’s financial statements to be misleading. These component units are reported in a separate column in the government-wide financial statements.

**Nebraska State College System.** The Board of Trustees of the Nebraska State Colleges governs Chadron State College, Peru State College and Wayne State College. The Board of Trustees is also the Board of Directors of the Nebraska State Colleges Facilities Corporation, a nonprofit corporation incorporated in 1983 to finance the repair or construction of buildings or the acquisition of equipment for use by the State Colleges. The Board of Trustees consists of the Commissioner of Education and six members appointed by the Governor. Chadron State, Peru State and Wayne State Foundations are tax-exempt nonprofit corporations whose purpose is to provide financial support for the Nebraska State College System. Audit reports for the Nebraska State College System may be found on the [State Colleges’](#) website under [Audit Reports](#).

**University of Nebraska.** The University of Nebraska consists of the following campuses: University of Nebraska – Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney and University of Nebraska Medical Center. The University of Nebraska is governed by an elected eight-member Board of Regents. The University’s financial reporting entity also consists of the following units: the University of Nebraska Facilities Corporation, a nonprofit corporation organized to finance the construction and repair of buildings and hold them in trust for the University of Nebraska; the UNMC Science Research Fund, organized to solely support the research mission of the University of Nebraska Medical Center; the University Dental Associates, organized for the purpose of billing dental service fees generated by university dentists; the Nebraska Utility Corporation, formed to purchase, lease, construct and finance activities relating to energy requirements of the University of Nebraska-Lincoln; the University Technology Development Corporation, formed for the purpose of supporting the research mission of the University and advance technology transfer globally; and the University of Nebraska Foundation, a tax-exempt nonprofit corporation whose purpose is to provide financial support for the University of Nebraska. The University of Nebraska is included as a component unit because it is fiscally dependent on the State since the Nebraska Legislature controls the budget of the University. Audit reports may be found on the [University’s Accounting and Finance](#) website.

The university and colleges are funded primarily through State appropriations, tuition, federal grants, private donations and grants, and auxiliary operations.

**Related Organizations.** The State’s officials are responsible for appointing members of boards of other organizations, but the State’s accountability for these organizations does not extend beyond making these appointments. The Governor appoints the boards of the following organizations: Nebraska Educational, Health, Cultural, and Social Services Finance Authority, Nebraska Investment Finance Authority and Wyuka Cemetery.

**C. Government-wide and Fund Financial Statements.** The basic financial statements include both government-wide and fund financial statements. The reporting model based on the GASB Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* focuses on the State as a whole in the government-wide financial statements and major individual funds in the fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the reporting entity’s non-fiduciary assets and liabilities with the difference reported as net position. Net position is reported in three categories:

**Net Investment in Capital Assets.** This category reflects the portion of net position associated with capital assets net of accumulated depreciation and reduced by outstanding bonds and other debt that are attributed to the acquisition, construction or improvement of those assets.

**Restricted Net Position.** This category results when constraints are externally imposed on net position use by creditors, grantors or contributors, or imposed by law through constitutional provisions or enabling legislation.

It is the policy of the State to spend restricted net position only when unrestricted net position is insufficient or unavailable.

The Statement of Net Position reports \$5,505,755 of restricted net position, of which \$2,257,569 is restricted by enabling legislation.

**Unrestricted Net Position.** This category represents net position that does not meet the definition of the preceding two categories. Unrestricted net position often has constraints on resources that are imposed by management, but those constraints can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are reflected in the general government function. Administrative overhead charges of internal service funds are included in direct expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and; 3) investment earnings of permanent funds that are legally restricted for a specific program. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements with nonmajor funds being combined into a single column.

**D. Basis of Accounting.** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except custodial funds. With the economic resources measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Exchange revenues are recorded when transactions occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related receivables are recognized as they become susceptible to accrual; generally when they become both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues available if the revenues are collected within 60 days after year end, except for federal reimbursement grants which use a one year availability period. Revenues are generally considered to be susceptible to accrual when the underlying activity takes place or when eligibility requirements are met. Major revenues that are determined to be susceptible to accrual include sales taxes, income taxes, other taxpayer-assessed tax revenues, unemployment insurance taxes, federal grants and contracts, charges for services and investment income. All other revenue items, including estate taxes, are considered to be measurable and available when cash is received by the State. Receivables not expected to be collected in the next 60 days (or 12 months in the case of federal reimbursement grants) are offset by deferred inflows of resources.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences and claims and judgments are recorded only when payment is due and payable.

The State reports the following major governmental funds:

**General Fund.** This is the State's primary operating fund. It reflects transactions related to resources received and used for those services traditionally provided by a state government which are not accounted for in any other fund.

**Highway Fund.** This fund accounts for the maintenance and preservation of State highways financed with sales tax on motor vehicles, gas taxes, federal aid and other highway user fees.

**Federal Fund.** This fund accounts for substantially all federal monies received by the State, except those received by the Highway Fund.

**Health and Social Services Fund.** This fund accounts for activities of agencies, boards and commissions providing health care and social services financed primarily by user fees and tobacco settlement proceeds.

**Permanent School Fund.** This fund receives proceeds from any sale of the school lands held in trust for public education, payments for easements and rights-of-way over these lands, royalties and severance taxes paid on oil, gas and minerals produced from these lands; escheats, unclaimed property, and other items provided by law. Net appreciation on investments is not available for expenditure. Income is distributed to public schools.

The State reports the following major enterprise fund:

**Unemployment Insurance Fund.** This fund accounts for the State's unemployment insurance benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

The State also reports the following fund types:

**Governmental Fund Types:**

**Special Revenue Funds.** Reflect transactions related to resources received and used for restricted or specific purposes.

**Capital Projects Fund.** Reflects transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities.

**Permanent Funds.** Reflect transactions related to resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens, such as veterans, state airports and others.

**Proprietary Fund Types:**

**Enterprise Funds.** Reflect transactions used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

**Internal Service Funds.** These funds account for fleet management, facilities management, accounting, risk management, communication, information technology, printing, purchasing and postal services provided to other funds on a cost reimbursement basis.

**Fiduciary Fund Types:**

**Pension Trust Funds.** These funds account for the State Employee Retirement System, County Employee Retirement System, School Retirement System, Judges Retirement System, State Patrol Retirement System and Deferred Compensation pension benefits.

**Investment Trust Funds.** These funds account for investments held in trust for the Omaha School Employee Retirement System.

**Private Purpose Trust Funds.** These funds account for Unclaimed Property and Nebraska College Savings Plan activity held for private individuals.

**Custodial Funds.** These funds account for assets held by the State pending distribution to other governments and individuals.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**E. Cash and Cash Equivalents.** In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements and U.S. treasury bills having original maturities (remaining

time to maturity at acquisition) of three months or less. These investments are stated at cost, which at June 30, 2021, approximates fair value due to their short-term nature. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

Cash and cash equivalents are under the control of the State Treasurer or other administrative bodies as determined by law. 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 that 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.

**F. Investments.** Investments as reported in the basic financial statements include long-term investments. Law or legal instruments may restrict these investments. All investments of the State and its component units are recorded at fair value in accordance with generally accepted accounting principles. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The State's valuation methodologies are generally based on quoted market prices. These valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. 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 for the State, however, investments are under the responsibility of the Nebraska Investment Council or other administrative bodies determined by law.

**G. Receivables.** Receivables are stated net of estimated allowances for uncollectible amounts which are determined based upon past collection experience and current economic conditions.

**H. Inventories.** Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Significant inventories of governmental funds are valued using weighted average cost. Proprietary Funds' valuation method is primarily at the lower of cost (first-in, first-out) or market. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).

Commodities on hand at fiscal year-end are reflected as inventories, offset by a like amount of unearned revenue, in the Federal Fund. Commodities are reported at fair values established by the federal government at the date received.

**I. Restricted Assets.** Assets held by the trustee for the Master Lease Purchase Program are classified as restricted position on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable lease covenants. These assets are reflected as cash on deposit with fiscal agents in the fund financial statements. The nonmajor enterprise funds reflect long-term deposits with the Multi-State Lottery as restricted assets.

**J. Capital Assets.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the applicable governmental or business-type activities columns in the Statement of Net Position. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The State possesses certain assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These collection items are not capitalized by the State because they are (1) held for public exhibition, education or research in furtherance of public service, rather than financial gain, (2) protected, kept unencumbered, cared for and preserved and (3) subject to an agency policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. These assets include works of art and historical treasures such as: statues, historical documents, paintings, rare library books and miscellaneous capitol-related artifacts and furnishings.

Generally, equipment that has a cost in excess of \$5 at the date of acquisition and has an expected useful life of more than one year is capitalized. Substantially all initial building costs, land, land improvements, and software costing in excess of \$100 are capitalized. Building improvements and renovations in excess of \$100 are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Buildings and equipment are depreciated using the straight-line method. The following estimated useful lives are used to compute depreciation: Buildings 40 years and Equipment 3-20 years.

The State has elected to use the "modified approach" to account for certain infrastructure assets, as provided in GASB Statement No. 34. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets unless the improvements expand the capacity or efficiency of an asset.

Utilization of this approach requires the State to: commit to maintaining and preserving affected assets at or above a condition level established by the State; maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach. Infrastructure acquired prior to June 30, 1980 is reported.

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

State employees accrue vested vacation leave at a variable rate based on years of service. Generally, accrued vacation leave cannot exceed 35 days at the end of a calendar year. Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 240 days (180 days for non-union employees). Sick leave is not vested except upon death or upon reaching the age of 55, at which time, the State is liable for 25 percent of the employee's accumulated sick leave. In addition, some State agencies permit employees to accumulate compensatory leave rather than paying overtime.

The government-wide, proprietary and fiduciary fund financial statements recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

- L. Fund Balance.** In the governmental fund financial statements, fund balances are classified as nonspendable, restricted or unrestricted (committed, assigned or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, the highest level of decision making authority for the State, by passing a legislative bill. Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes by directive of the Executive Committee of the Legislature or, in some cases, by legislation. Unrestricted balances are used in the order listed above when expenditures are made which could be used from any of those categories. The State considers restricted balances to have been spent when both restricted and unrestricted fund balance is available.

The State maintains a stabilization fund reported as committed fund balance. The Cash Reserve Fund is part of the General Fund and was established by State Statute to be used as a reserve when the cash balance of the General Fund is insufficient to meet General Fund current obligations and for legislatively mandated transfers to other funds. Additions to the fund are made when actual General Fund revenues exceed certified projections for a fiscal year.

- M. Interfund Activities.** Interfund services provided and used are accounted for as revenues, expenditures or expenses in the funds involved. Activities that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund activities are reported as transfers.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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

## 2. Deposits and Investments Portfolio

Listed below is a summary of the deposit and investment portfolio that comprises the Cash and Cash Equivalents and Investments on the June 30, 2021 basic financial statements. All securities purchased or held must either be in the custody of the State or deposited with an agent in the State's name.

**Deposits.** At June 30, 2021, the carrying amounts of the State's deposits were \$49,610 and the bank balances were \$105,682. All bank balances were covered by federal depository insurance or by collateral held by the State's agent in the State's name.

State Statutes require that the aggregate amount of collateral securities deposited by a bank with the State Treasurer shall be at least one hundred two percent of the amount of public funds deposited in that bank, less the amount insured by the Federal Deposit Insurance Corporation. The State Treasurer had compensating balance agreements with various banks totaling \$22,940 at June 30, 2021.

**Investments.** State Statute Section 72-1239.01 authorizes the appointed members of the Nebraska Investment Council to act 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 State. Certain State entities are also allowed by statute to invest in real estate and other investments.

Following are two different presentations of the primary government's investments, by investment type, at June 30, 2021. The first table below presents all investments stated at fair value using valuation techniques to measure fair value, followed by a table presenting investments at fair value for financial statement purposes, with debt securities presented with effective duration stated in years.

The State utilizes 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 State has the ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset.

Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, are 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.

For financial statement purposes, the investment amounts for some funds presented in the fiduciary fund financial statements reflect balances per audited financial statements for the period ended December 31, 2020. The underlying investments for these funds as of June 30, 2021 are included in the fair value measurement calculations and investment risk disclosures presented below for fiduciary funds.

**PRIMARY GOVERNMENT INVESTMENTS AT JUNE 30, 2021 AT FAIR VALUE MEASUREMENTS USING:**

|   | <u>Fair Value</u>    | <u>Level 1</u>            | <u>Level 2</u>           | <u>Level 3</u>              |
|---|----------------------|---------------------------|--------------------------|-----------------------------|
| <b>Debt Securities:</b>                                   |                      |                           |                          |                             |
| U.S. Treasury Notes and Bonds                             | \$ 1,770,269         | \$ -                      | \$ 1,770,269             | \$ -                        |
| U.S. Treasury Bills                                       | 127,184              | -                         | 127,184                  | -                           |
| Government Agency Securities                              | 1,787,759            | -                         | 1,787,759                | -                           |
| Corporate Bonds   | 3,898,246            | -                         | 3,898,246                | -                           |
| International Bonds                                       | 473,105              | -                         | 473,105                  | -                           |
| Mortgages   | 920,899              | -                         | 920,899                  | -                           |
| Asset Backed Securities                                   | 156,202              | -                         | 156,202                  | -                           |
| Bank Loans  | 401,098              | -                         | 401,098                  | -                           |
| Commingled Debt   | 2,114,593            | 1,594,151                 | 520,442                  | -                           |
| Municipal Bonds   | 6,583                | -                         | 6,583                    | -                           |
| Short Term Investments                                    | 695,744              | 25,323                    | 670,421                  | -                           |
|   | <u>12,351,682</u>    | <u>1,619,474</u>          | <u>10,732,208</u>        | <u>-</u>                    |
| <b>Other Investments:</b>                                 |                      |                           |                          |                             |
| Equity Securities   | 3,326,952            | 3,325,948                 | 1,004                    | -                           |
| Commingled Funds  | 11,625,085           | 6,065,997                 | 5,559,088                | -                           |
| Options   | (18)                 | -                         | (18)                     | -                           |
| U.S. Treasury Investment Pool                             | 451,931              | -                         | 451,931                  | -                           |
| State Owned Land  | 1,371,708            | -                         | 1,371,708                | -                           |
| <b>Total Investments</b>                                  | <b>\$ 29,127,340</b> | <b>\$ 11,011,419</b>      | <b>\$ 18,115,921</b>     | <b>\$ -</b>                 |
| <b>Investments measured at the net asset value (NAV):</b> |                      |                           |                          |                             |
|   |                      | <b><u>Unfunded</u></b>    | <b><u>Redemption</u></b> | <b><u>Redemption</u></b>    |
|   |                      | <b><u>Commitments</u></b> | <b><u>Frequency</u></b>  | <b><u>Notice period</u></b> |
| <b>Real Estate Funds:</b>                                 |                      |                           |                          |                             |
| Core  | \$ 802,050           | \$ -                      | Quarterly                | 90 Days                     |
| Non-Core  | 391,595              | 270,007                   |                          |                             |
| Private Equity Funds                                      | 1,393,721            | 631,831                   |                          |                             |
| Short Term Investment Funds                               | 1,133,764            | -                         |                          |                             |
| Opportunistic Credit Funds                                | 30,973               | 80,000                    |                          |                             |
| Hedge Funds   | 6,964                | -                         |                          |                             |
| <b>Total investments measured at net asset value</b>      | <b>\$ 3,759,067</b>  | <b>\$ 981,838</b>         |                          |                             |
| <b>Total</b>  | <b>32,886,407</b>    |                           |                          |                             |
| Other Investments not classified                          | 656,768              |                           |                          |                             |
| Component unit investment in State investment pool        | (1,148,510)          |                           |                          |                             |
| Other fair value measurements                             | 6,094,087            |                           |                          |                             |
| <b>Total Investments at fair value</b>                    | <b>\$ 38,488,752</b> |                           |                          |                             |

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

- U.S. Treasury Notes and Bonds, Government Agency Securities, and Short Term Investments: quoted prices for identical securities in markets that are not active;
- Corporate, International, Municipal Bonds, and Equity Securities: quoted prices for similar securities in active markets;
- Asset Backed Securities, Bank Loans, and Mortgages: matrix pricing, based on accepted modeling and pricing conventions, of the securities' relationship to benchmark quoted prices;
- Commingled Funds: published fair value per share (unit) for each fund.

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

Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) have not been categorized in the fair value hierarchy. The fair value amounts at NAV presented in the above table are intended to permit reconciliation of the fair value hierarchy to the amount presented 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 State values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions. The NAV table also presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the State’s 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 following investments with fair value for financial statement purposes at June 30, 2021 were not classified for fair value measurement purposes: Securities Lending Short-term Collateral Investment Pool Investments in the amount of \$612,118 loaned to broker-dealers and banks under the securities lending program; Other Investments in the amount of \$34,522 presented as Commingled Funds held by a custodian for certain member accounts of the Nebraska Public Employees Retirement Systems Deferred Compensation Plan; and, Debt Securities in the amount of \$10,128 presented as Short Term Investments held by a trustee representing the balance of unexpended funds received from the issuance of capital lease obligations.

**Other fair value measurements.** The fair value of certain Other Investment amounts presented as Commingled Funds for the Nebraska Educational Savings Plan Trust (Trust) and the Nebraska Enable Savings Plan were measured on December 31, 2020. These investments were not re-valued on June 30, 2021. Following is a summary of the fair value measurement and related input level: Fair Value \$6,421,984; Input Levels: 1 - \$5,857,613; 2 - \$564,371; 3 - \$0. Additional information regarding the Trust and Nebraska Enable Savings Plan assets and related measurement details can be found in the audited financial statements located on the Nebraska State Treasurer’s Office web site at [treasurer.nebraska.gov](http://treasurer.nebraska.gov).

The fair value of investments for the State and County Employees’ Retirement Plans are reported for financial statement purposes as of December 31, 2020. The investment balances on June 30, 2021 were re-valued for fair value measurement purposes, resulting in a decrease in fair value of \$327,897.

The primary government's investments at June 30, 2021 are presented below. All investments are presented by investment type and debt securities are presented with effective duration presented in years.

**PRIMARY GOVERNMENT INVESTMENTS AT JUNE 30, 2021 FOR FINANCIAL STATEMENT PURPOSES**

|   | GOVERNMENTAL AND<br>BUSINESS-TYPE ACTIVITIES |                       | FIDUCIARY FUNDS      |                       |
|---|--|-----------------------|----------------------|-----------------------|
|   | FAIR<br>VALUE                                | EFFECTIVE<br>DURATION | FAIR<br>VALUE        | EFFECTIVE<br>DURATION |
| Debt Securities:  |  |                       |                      |                       |
| U.S. Treasury Notes and Bonds                               | \$ 1,208,967                                 | 3.72                  | \$ 554,542           | 9.25                  |
| U.S. Treasury Bills   | 20,398                                       | 0.16                  | 92,632               | 0.27                  |
| Government Agency Securities                                | 1,774,529                                    | 4.24                  | 17,264               | 6.35                  |
| Corporate Bonds   | 2,530,539                                    | 4.30                  | 1,367,530            | 6.38                  |
| International Bonds   | 8,423  | 8.66                  | 457,388              | 7.49                  |
| Mortgages   | 68,186                                       | 3.49                  | 850,751              | 3.81                  |
| Asset Backed Securities                                     | 4,689  | 0.22                  | 144,230              | 0.91                  |
| Bank Loans  | -  | -                     | 397,222              | 0.08                  |
| Commingled Debt   | 312,768                                      | 5.86                  | 1,799,037            | 4.02                  |
| Municipal Bonds   | 998  | 10.92                 | 6,461                | 15.80                 |
| Short Term Investments                                      | <u>336,856</u>                               | 0.02                  | <u>991,393</u>       | -                     |
|   | 6,266,353                                    |                       | 6,678,450            |                       |
| Other Investments:  |  |                       |                      |                       |
| Opportunistic Credit  | -  |                       | 31,343               |                       |
| Equity Securities   | 120,353                                      |                       | 3,137,182            |                       |
| Private Equity  | 105,370                                      |                       | 1,262,399            |                       |
| Commingled Funds  | 1,922,703                                    |                       | 16,492,229           |                       |
| Options   | (4)  |                       | (14)                 |                       |
| Private Real Estate   | 54,696                                       |                       | 1,130,445            |                       |
| U.S. Treasury Investment Pool                               | 451,931                                      |                       | -                    |                       |
| State Owned Land  | 1,371,708                                    |                       | -                    |                       |
| Less: Component Unit Investment<br>in State Investment Pool | <u>(1,148,510)</u>                           |                       | <u>-</u>             |                       |
| Total Investments   | 9,144,600                                    |                       | 28,732,034           |                       |
| Securities Lending Short-term Collateral<br>Investment Pool | <u>271,494</u>                               |                       | <u>340,624</u>       |                       |
| Total   | \$ <u>9,416,094</u>                          |                       | \$ <u>29,072,658</u> |                       |

**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 investments full price.

**Credit Risk of Debt Securities.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State has contracts with investment managers that set minimum average quality ratings for its core fixed income accounts at an A. The maximum exposure to any single investment grade issuer excluding the U.S. government, its agencies or instrumentalities or government sponsored entities is 5 percent and the maximum exposure to a single issuer below investment grade is 3 percent. The primary government's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

## GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES INVESTMENTS AT JUNE 30, 2021

|                         | FAIR<br>VALUE | QUALITY RATINGS |              |           |         |       |      |       |      |      |      |         |         |
|-------------------------|---------------|-----------------|--------------|-----------|---------|-------|------|-------|------|------|------|---------|---------|
|                         |               | AAA             | AA           | A         | BBB     | BB    | B    | CCC   | CC   | C    | D    | UNRATED |         |
| Govt Agency Securities  | \$ 1,774,529  | \$ -            | \$ 1,721,137 | \$ -      | \$ -    | \$ -  | \$ - | \$ -  | \$ - | \$ - | \$ - | \$ -    | 53,392  |
| Corporate Bonds         | 2,530,540     | 262,598         | 599,656      | 1,328,565 | 320,056 | 7,282 | 733  | 392   | -    | -    | -    | -       | 11,258  |
| International Bonds     | 8,423         | -               | 2,123        | 1,735     | 2,476   | 1,749 | 340  | -     | -    | -    | -    | -       | -       |
| Mortgages               | 68,186        | 7,977           | 2,436        | 344       | 1,170   | 65    | 24   | 147   | -    | -    | -    | -       | 56,023  |
| Asset Backed Securities | 4,689         | 323             | 78           | 73        | 152     | 297   | 105  | 2,929 | 347  | -    | -    | 385     | -       |
| Commingled Debt         | 312,768       | -               | -            | -         | -       | -     | -    | -     | -    | -    | -    | -       | 312,768 |
| Short Term Investments  | 336,856       | -               | -            | 3,027     | -       | -     | -    | -     | -    | -    | -    | -       | 333,829 |
| Municipal Bonds         | 998           | -               | 998          | -         | -       | -     | -    | -     | -    | -    | -    | -       | -       |

## FIDUCIARY FUND INVESTMENTS AT JUNE 30, 2021

|                         | FAIR<br>VALUE | QUALITY RATINGS |          |          |         |         |        |        |       |      |       |         |           |
|-------------------------|---------------|-----------------|----------|----------|---------|---------|--------|--------|-------|------|-------|---------|-----------|
|                         |               | AAA             | AA       | A        | BBB     | BB      | B      | CCC    | CC    | C    | D     | UNRATED |           |
| Govt Agency Securities  | \$ 13,230     | \$ -            | \$ 8,193 | \$ 3,354 | \$ 784  | \$ -    | \$ -   | \$ -   | \$ -  | \$ - | \$ -  | \$ -    | 899       |
| Corporate Bonds         | 1,367,707     | 24,845          | 27,915   | 257,458  | 813,328 | 163,439 | 43,122 | 10,964 | -     | -    | -     | -       | 26,636    |
| International Bonds     | 464,682       | 33,377          | 76,451   | 82,427   | 57,002  | 21,166  | 8,679  | 2,198  | 126   | -    | 184   | -       | 183,072   |
| Mortgages               | 852,713       | 103,195         | 16,061   | 4,069    | 10,824  | 1,007   | 1,062  | 900    | 116   | 62   | 286   | -       | 715,131   |
| Asset Backed Securities | 151,513       | 98,744          | 10,026   | 4,191    | 3,262   | 2,660   | 1,266  | 5,371  | 4,025 | 7    | 2,791 | -       | 19,170    |
| Bank Loans              | 401,098       | -               | -        | -        | -       | -       | -      | -      | -     | -    | -     | -       | 401,098   |
| Commingled Debt         | 1,801,824     | -               | -        | -        | -       | -       | -      | -      | -     | -    | -     | -       | 1,801,824 |
| Short Term Investments  | 958,471       | -               | -        | -        | -       | 597     | -      | -      | -     | -    | -     | -       | 957,874   |
| Municipal Bonds         | 5,584         | -               | 4,049    | 1,203    | 332     | -       | -      | -      | -     | -    | -     | -       | -         |

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State has contracts with investment managers that limit the maximum amount for an issuer, excluding U.S. Treasury, U.S. Agency, mortgages and non-U.S. sovereign issuers, to 5 percent of the total account.

At June 30, 2021, the primary government, except fiduciary funds, had debt securities investments with more than 5 percent of total investments in Federal Farm Credit Bank (8 percent) and Federal Home Loan Bank (9 percent). At June 30, 2021, fiduciary funds had no investments that exceeded 5 percent or more of total investments.

**Securities Lending Transactions.** The State participates in securities lending transactions, where securities are loaned to broker-dealers and banks with a simultaneous agreement to return the collateral for the same securities in the future. The State's primary custodial bank administers the securities lending program and receives collateral in the form of cash, United States government or government agency obligations, sovereign debt rated A or better, or convertible bonds at least equal in value to the market value of the loaned securities. Securities on loan at year end consisted of United States government obligations, equity securities, corporate bonds, and non-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 average durations from 20 to 23 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The custodian indemnifies the State against default by the borrower of securities, but does not indemnify against the default by an issuer of a security held in the short term investment funds where cash collateral is invested.

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

**FOREIGN CURRENCY AT JUNE 30, 2021  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

| <b>Currency</b>    | <b>SHORT TERM INVESTMENTS</b> | <b>EQUITY SECURITIES</b> | <b>DEBT SECURITIES</b> |
|--------------------|-------------------------------|--------------------------|------------------------|
| Australian Dollar  | \$ 1                          | \$ -                     | \$ -                   |
| Brazilian Real     | (24)                          | -                        | -                      |
| Canadian Dollar    | 2                             | -                        | -                      |
| Danish Krone       | 25                            | 699                      | -                      |
| Euro Currency      | 242                           | 25,617                   | 5,676                  |
| Japanese Yen       | 81                            | 2,433                    | -                      |
| Mexican Peso       | 10                            | 264                      | -                      |
| Pound Sterling     | 103                           | 8,271                    | 3,925                  |
| Sol                | -                             | -                        | 702                    |
| South African Rand | 1                             | -                        | -                      |
| South Korean Won   | -                             | 1,161                    | -                      |
| Swedish Krona      | -                             | 2,056                    | -                      |
| Swiss Franc        | 1                             | 9,895                    | -                      |
| <b>Total</b>       | <b>\$ 442</b>                 | <b>\$ 50,396</b>         | <b>\$ 10,303</b>       |

**FIDUCIARY FUND FOREIGN CURRENCY AT JUNE 30, 2021**

| <b>Currency</b>        | <b>SHORT TERM INVESTMENTS</b> | <b>EQUITY SECURITIES</b> | <b>DEBT SECURITIES</b> |
|------------------------|-------------------------------|--------------------------|------------------------|
| Argentine Peso         | \$ 54                         | \$ -                     | \$ 380                 |
| Australian Dollar      | 80                            | 4,432                    | 10,795                 |
| Brazilian Real         | (220)                         | 18,819                   | 1,601                  |
| Canadian Dollar        | 2,109                         | 18,607                   | 21,370                 |
| Colombian Peso         | 26                            | -                        | 437                    |
| Czech Koruna           | 50                            | -                        | 628                    |
| Danish Krone           | 103                           | 11,176                   | 710                    |
| Euro Currency          | 13,264                        | 471,858                  | 220,079                |
| Hong Kong Dollar       | 94                            | 30,900                   | -                      |
| Hungarian Forint       | -                             | 2,713                    | -                      |
| Indian Rupee           | -                             | -                        | 682                    |
| Indonesian Rupiah      | 109                           | 2,485                    | 1,353                  |
| Japanese Yen           | 2,703                         | 269,664                  | 101,083                |
| Malaysian Ringgit      | 124                           | 638                      | 2,451                  |
| Mexican Peso           | 114                           | 8,896                    | 3,251                  |
| New Israeli Shekel     | 51                            | 3,717                    | 805                    |
| New Zealand Dollar     | 63                            | -                        | 828                    |
| Norwegian Krone        | 50                            | 167                      | 3,706                  |
| Philippine Peso        | -                             | 3,216                    | -                      |
| Polish Zloty           | 14                            | 2,311                    | 657                    |
| Pound Sterling         | 1,375                         | 170,920                  | 80,638                 |
| Russian Ruble          | 39                            | -                        | 1,024                  |
| Singapore Dollar       | 72                            | -                        | 1,684                  |
| Sol                    | 6                             | -                        | 6,979                  |
| South African Rand     | 1                             | 166                      | -                      |
| South Korean Won       | 226                           | 13,495                   | 6,875                  |
| Swedish Krona          | 53                            | 35,905                   | 5,924                  |
| Swiss Franc            | 53                            | 117,548                  | 3,109                  |
| Thailand Baht          | 37                            | 2,865                    | 1,128                  |
| Turkish Lira           | -                             | 4,536                    | -                      |
| Yuan Renminbi          | 1,731                         | 45,461                   | 40,323                 |
| Yuan Renminbi Offshore | (1,003)                       | -                        | -                      |
| <b>Total</b>           | <b>\$ 21,378</b>              | <b>\$ 1,240,495</b>      | <b>\$ 518,500</b>      |

**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 Investment Council-approved Derivatives Policy. The State invests in futures contracts, options and swaps. Futures represent commitments to purchase or sell securities or money market instruments at a future date and at a specific price. Options represent the right, but not the obligation, to purchase or sell securities at a future date and at a specific price. The State invests in these contracts related to securities of the U.S. Government or Government Agency obligations based on reference notes, which are traded on organized exchanges, thereby minimizing the State's credit risk. The net change in futures and options contract values is settled daily in cash with the exchanges. Swaps represent an exchange of streams of payments over time according to specified terms. All changes in the fair value of derivative instruments are reflected in Investment Income and the fair value of derivative instruments at June 30, 2021 is reflected in Investments. The fair value balances and notional amounts of investment derivative instruments outstanding at June 30, 2021, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

**DERIVATIVE INSTRUMENTS AT JUNE 30, 2021**  
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

| Derivative Instrument    | Fair Value | Change in<br>Fair Value | Notional |
|--------------------------|------------|-------------------------|----------|
| Credit Default Swap      | \$ 476     | \$ 230                  | \$ 6,951 |
| Fixed Income Futures     | -          | (376)                   | 22,935   |
| Fixed Income Options     | (4)        | 48                      | (2,400)  |
| Foreign Currency Options | -          | 12                      | -        |
| FX Forwards              | 295        | (549)                   | 24,271   |
| Interest Rate Swap       | (92)       | 489                     | 50,809   |
| Warrants                 | -          | 13                      | -        |

**DERIVATIVE INSTRUMENTS AT JUNE 30, 2021**  
**FIDUCIARY FUND**

| Derivative Instrument    | Fair Value | Change in<br>Fair Value | Notional  |
|--------------------------|------------|-------------------------|-----------|
| Credit Default Swap      | \$ 3,562   | \$ 1,338                | \$ 45,320 |
| Fixed Income Futures     | -          | 3,266                   | 205,284   |
| Fixed Income Options     | (13)       | 414                     | (15,200)  |
| Foreign Currency Options | -          | 27                      | -         |
| Futures Options          | -          | 3                       | -         |
| FX Forwards              | 4,199      | (7,086)                 | 499,806   |
| Interest Rate Swap       | (774)      | 3,235                   | 368,057   |
| Rights                   | -          | 1                       | -         |
| Warrants                 | 3          | 154                     | 1         |

The change in fair value denotes the net realized and unrealized gains and losses recognized during the period. The fair value of the derivative instruments at June 30, 2021, 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 is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Nebraska Investment Council's policy to require counterparty collateral posting provisions in its non-exchange-traded derivative instruments. These terms require full collateralization of the fair value of derivative instruments in asset positions. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The Plans have never failed to access collateral when required.

The aggregate fair value of derivative instruments in asset positions at June 30, 2021, was \$840 for Governmental and Business-Type Activities and \$9,566 for the Fiduciary Fund. 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 \$10,406. Although the State executes derivative instruments with various counterparties, there is net exposure to credit risk of approximately 90 percent for the Governmental and Business-Type Activities and 61 percent for the Fiduciary Fund, held with three counterparties. The counterparties are rated A through BBB.

The State is exposed to interest rate risk on its 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's interest rate swaps were fixed with a LIBOR (London Interbank Offered Rate) or SIFMA (Securities Industry and Financial Markets Association) reference rate. Foreign currency risk for derivative instruments at June 30, 2021 are as follows:

**DERIVATIVE INSTRUMENTS FOREIGN CURRENCY AT JUNE 30, 2021  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

| Currency       | Swaps         | Forward<br>Contracts |
|----------------|---------------|----------------------|
| Brazilian Real | (69)          | 43                   |
| Chilean Peso   | -             | (5)                  |
| Euro Currency  | 442           | 139                  |
| Pound Sterling | 58            | 95                   |
| Japanese Yen   | (81)          | 1                    |
| Sol            | -             | 22                   |
| Total          | <u>\$ 350</u> | <u>\$ 295</u>        |

**DERIVATIVE INSTRUMENTS FOREIGN CURRENCY AT JUNE 30, 2021  
FIDUCIARY FUND**

| Currency               | Swaps           | Forward<br>Contracts |
|------------------------|-----------------|----------------------|
| Australian Dollar      | \$ -            | \$ (135)             |
| Brazilian Real         | (472)           | (46)                 |
| Canadian Dollar        | -               | 68                   |
| Swiss Franc            | -               | 46                   |
| Chilean Peso           | -               | (39)                 |
| Yuan Renminbi Offshore | -               | (11)                 |
| Czech Koruna           | -               | 1                    |
| Danish Krone           | -               | (11)                 |
| Euro Currency          | 3,340           | 2,156                |
| Pound Sterling         | 394             | 1,065                |
| Hungarian Forint       | -               | (9)                  |
| Indonesian Rupiah      | -               | (6)                  |
| Japanese Yen           | (696)           | 751                  |
| South Korean Won       | -               | (1)                  |
| Mexican Peso           | -               | (4)                  |
| Malaysian Ringgit      | -               | 2                    |
| Norwegian Krone        | -               | 2                    |
| New Zealand Dollar     | -               | (33)                 |
| Sol                    | -               | 167                  |
| Polish Zloty           | -               | (10)                 |
| Romanian Leu           | -               | (11)                 |
| Swedish Krona          | -               | 95                   |
| Singapore Dollar       | -               | 10                   |
| Thailand Baht          | -               | (13)                 |
| South African Rand     | -               | 165                  |
| Total                  | <u>\$ 2,566</u> | <u>\$ 4,199</u>      |

A reconciliation of deposits and investments for the State to the basic financial statements at June 30, 2021 is as follows:

|   |                      |
|---|----------------------|
| <b>Disclosure Regarding Deposits and Investments:</b> |                      |
| Total Investments                                     | \$ 38,488,752        |
| Carrying amount of Deposits                           | <u>49,610</u>        |
| Total   | <u>\$ 38,538,362</u> |
| <b>Statement of Net Position:</b>                     |                      |
| Cash and Cash Equivalents                             | \$ 1,652,050         |
| Investments   | 7,378,304            |
| Restricted Cash and Cash Equivalents                  | 10,128               |
| Securities Lending Collateral                         | 271,494              |
| <b>Statement of Fiduciary Net Position:</b>           |                      |
| Cash and Cash Equivalents                             | 153,728              |
| Investments   | 28,732,034           |
| Securities Lending Collateral                         | <u>340,624</u>       |
| Total   | <u>\$ 38,538,362</u> |

### 3. Receivables

Receivables are reflected net of allowances for doubtful accounts. The following are such related allowances listed by major fund at June 30, 2021:

|                                  |                   |
|----------------------------------|-------------------|
| <b>Governmental Activities:</b>  |                   |
| General Fund                     | \$ 205,283        |
| Highway Fund                     | 343               |
| Federal Fund                     | 43,438            |
| Health and Social Services Fund  | 26,277            |
| Other Special Revenue            | <u>722</u>        |
| Total Governmental Activities    | <u>\$ 276,063</u> |
| <b>Business-type Activities:</b> |                   |
| Unemployment Insurance           | <u>\$ 9,381</u>   |
| Total Business-type Activities   | <u>\$ 9,381</u>   |

Of the taxes and other receivables, \$94,623 and \$19,774, respectively, is not expected to be collected within 60 days of the fiscal year end. These amounts have been offset by deferred inflows of resources in the General Fund and the Health and Social Services Fund. The majority of the loans receivable balance is not expected to be collected in the next year.

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

|  | <b>BALANCE<br/>July 1, 2020</b> | <b>ADDITIONS</b>  | <b>REDUCTIONS</b> | <b>BALANCE<br/>June 30, 2021</b> |
|--|---------------------------------|-------------------|-------------------|----------------------------------|
| <b>Governmental activities:</b>              |                                 |                   |                   |                                  |
| Capital assets, not being depreciated:       |                                 |                   |                   |                                  |
| Land (as restated)                           | \$ 645,449                      | \$ 11,907         | \$ -              | \$ 657,356                       |
| Infrastructure                               | 7,759,124                       | 51,487            | -                 | 7,810,611                        |
| Construction in progress (as restated)       | 202,574                         | 337,819           | 41,748            | 498,645                          |
| Total capital assets, not being depreciated  | <u>8,607,147</u>                | <u>401,213</u>    | <u>41,748</u>     | <u>8,966,612</u>                 |
| Capital assets, being depreciated:           |                                 |                   |                   |                                  |
| Buildings and improvements (as restated)     | 853,586                         | 7,487             | 13,076            | 847,997                          |
| Equipment (as restated)                      | 644,927                         | 43,572            | 25,362            | 663,137                          |
| Infrastructure                               | 7,398                           | -                 | -                 | 7,398                            |
| Total capital assets, being depreciated      | <u>1,505,911</u>                | <u>51,059</u>     | <u>38,438</u>     | <u>1,518,532</u>                 |
| Less accumulated depreciation for:           |                                 |                   |                   |                                  |
| Buildings and improvements                   | 375,470                         | 17,877            | 10,573            | 382,774                          |
| Equipment (as restated)                      | 479,923                         | 51,581            | 23,683            | 507,821                          |
| Infrastructure                               | 296                             | 370               | -                 | 666                              |
| Total accumulated depreciation               | <u>855,689</u>                  | <u>69,828</u>     | <u>34,256</u>     | <u>891,261</u>                   |
| Total capital assets, being depreciated, net | <u>650,222</u>                  | <u>(18,769)</u>   | <u>4,182</u>      | <u>627,271</u>                   |
| Governmental activities capital assets, net  | <u>\$ 9,257,369</u>             | <u>\$ 382,444</u> | <u>\$ 45,930</u>  | <u>\$ 9,593,883</u>              |
| <b>Business-type activities:</b>             |                                 |                   |                   |                                  |
| <b>Nonmajor Enterprise Funds</b>             |                                 |                   |                   |                                  |
| Capital assets, not being depreciated:       |                                 |                   |                   |                                  |
| Land   | 315                             | -                 | -                 | 315                              |
| Construction in progress                     | 1,484                           | 1,592             | -                 | 3,076                            |
| Total capital assets, not being depreciated  | <u>1,799</u>                    | <u>1,592</u>      | <u>-</u>          | <u>3,391</u>                     |
| Capital assets, being depreciated:           |                                 |                   |                   |                                  |
| Buildings and improvements                   | 9,540                           | -                 | -                 | 9,540                            |
| Equipment                                    | 6,569                           | 898               | 98                | 7,369                            |
| Total capital assets, being depreciated      | <u>16,109</u>                   | <u>898</u>        | <u>98</u>         | <u>16,909</u>                    |
| Less accumulated depreciation for:           |                                 |                   |                   |                                  |
| Buildings and improvements                   | 3,805                           | 239               | -                 | 4,044                            |
| Equipment                                    | 5,357                           | 391               | 92                | 5,656                            |
| Total accumulated depreciation               | <u>9,162</u>                    | <u>630</u>        | <u>92</u>         | <u>9,700</u>                     |
| Total capital assets, being depreciated, net | <u>6,947</u>                    | <u>268</u>        | <u>6</u>          | <u>7,209</u>                     |
| Total Nonmajor Enterprise, net               | <u>8,746</u>                    | <u>1,860</u>      | <u>6</u>          | <u>10,600</u>                    |
| Business-type activities capital assets, net | <u>\$ 8,746</u>                 | <u>\$ 1,860</u>   | <u>\$ 6</u>       | <u>\$ 10,600</u>                 |

Current period depreciation expense was charged to functions of the primary government as follows:

|  |                  |
|--|------------------|
| <b>Governmental activities:</b>                      |                  |
| General Government                                   | \$ 21,749        |
| Conservation of Natural Resources                    | 1,992            |
| Culture – Recreation                                 | 3,843            |
| Economic Development and Assistance                  | 122              |
| Education  | 1,526            |
| Health and Social Services                           | 1,201            |
| Public Safety  | 10,909           |
| Regulation of Business and Professions               | 1,545            |
| Transportation                                       | 26,941           |
| Total depreciation expense - Governmental activities | <u>\$ 69,828</u> |

**Construction Commitments.** At June 30, 2021, the State had contractual commitments of approximately \$1,337,232 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows:

|               |                     |
|---------------|---------------------|
| Federal funds | \$ 290,127          |
| State funds   | 997,175             |
| Local funds   | 49,930              |
|               | <u>\$ 1,337,232</u> |

Most of these commitments will not be reflected as capital asset increases when they are paid because the State is using the modified approach to account for infrastructure. Under this method, capital asset additions are only reflected when improvements expand the capacity or efficiency of an asset.



Within the State funds commitment are the Department of Correctional Services projects with \$33,471 remaining in the contracts. These projects are funded through transfers from the General Fund to the Capital Projects Fund.

## 5. Interfund Balances

Due To/From Other Funds at June 30, 2021 consists of the following:

| DUE FROM:                   | DUE TO:           |               |                 |                            |                        |                             |                           |                             |                        |                  | TOTALS            |
|-----------------------------|-------------------|---------------|-----------------|----------------------------|------------------------|-----------------------------|---------------------------|-----------------------------|------------------------|------------------|-------------------|
|                             | General Fund      | Highway Fund  | Federal Fund    | Health and Social Services | Investment Trust Funds | Nonmajor Governmental Funds | Nonmajor Enterprise Funds | Unemployment Insurance Fund | Internal Service Funds | Pension Trust    |                   |
| General Fund                | \$ -              | \$ 59         | \$ 8,855        | \$ 277                     | \$ 7,290               | \$ 82                       | \$ 375                    | \$ -                        | \$ 13,288              | \$ 49,783        | \$ 80,009         |
| Highway Fund                | -                 | -             | 137             | 2                          | -                      | 298                         | 38                        | -                           | 3,816                  | -                | 4,291             |
| Federal Fund                | 147,741           | 290           | -               | 12,856                     | -                      | 2,533                       | 49                        | 40,343                      | 6,309                  | -                | 210,121           |
| Health and Social Services  | 18,441            | 1             | -               | -                          | -                      | 1,879                       | 9                         | -                           | 201                    | -                | 20,531            |
| Permanent School Fund       | -                 | -             | -               | -                          | -                      | -                           | -                         | -                           | 8                      | -                | 8                 |
| Nonmajor Governmental Funds | 48,902            | 50            | 123             | 344                        | -                      | 50                          | 32                        | -                           | 18,838                 | -                | 68,339            |
| Unemployment Insurance Fund | -                 | -             | 704             | -                          | -                      | 137                         | -                         | -                           | -                      | -                | 841               |
| Nonmajor Enterprise Funds   | -                 | -             | -               | -                          | -                      | -                           | -                         | -                           | 82                     | -                | 82                |
| Internal Service Funds      | 183               | 43            | -               | 40                         | -                      | 682                         | 42                        | -                           | 632                    | -                | 1,622             |
| Pension Trust               | -                 | -             | -               | -                          | -                      | -                           | -                         | -                           | 80                     | -                | 80                |
| Private Purpose Trust       | -                 | -             | -               | -                          | -                      | -                           | -                         | -                           | 5                      | -                | 5                 |
| <b>TOTALS</b>               | <b>\$ 215,267</b> | <b>\$ 443</b> | <b>\$ 9,819</b> | <b>\$ 13,519</b>           | <b>\$ 7,290</b>        | <b>\$ 5,661</b>             | <b>\$ 545</b>             | <b>\$ 40,343</b>            | <b>\$ 43,259</b>       | <b>\$ 49,783</b> | <b>\$ 385,929</b> |

Interfund receivables and payables are recorded for: (1) short term borrowings, (2) billing for services provided between agencies, (3) pension liabilities, and (4) risk management liabilities. All interfund receivables and payables are considered short term in nature.

Interfund transfers at June 30, 2021 consist of the following:

| TRANSFERRED FROM:             | TRANSFERRED TO:   |              |                 |                            |                             | TOTALS            |
|-------------------------------|-------------------|--------------|-----------------|----------------------------|-----------------------------|-------------------|
|                               | General Fund      | Highway Fund | Federal Fund    | Health and Social Services | Nonmajor Governmental Funds |                   |
| General Fund                  | \$ -              | \$ -         | \$ -            | \$ -                       | \$ 40,280                   | \$ 40,280         |
| Highway Fund                  | 17                | -            | -               | -                          | 10,835                      | 10,852            |
| Federal Fund                  | -                 | -            | -               | -                          | 8,576                       | 8,576             |
| Health & Social Services Fund | 1,000             | 1            | -               | -                          | -                           | 1,001             |
| Nonmajor Governmental Funds   | 122,238           | 6            | 36              | 503                        | 3,833                       | 126,616           |
| Unemployment Insurance Fund   | -                 | -            | 2,042           | -                          | 1,571                       | 3,613             |
| Nonmajor Enterprise Funds     | -                 | -            | -               | 977                        | 47,202                      | 48,179            |
| Fiduciary Funds               | -                 | -            | -               | -                          | 1,391                       | 1,391             |
| <b>TOTALS</b>                 | <b>\$ 123,255</b> | <b>\$ 7</b>  | <b>\$ 2,078</b> | <b>\$ 1,480</b>            | <b>\$ 113,688</b>           | <b>\$ 240,508</b> |

Transfers are used to (1) move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) move profits from the State Lottery Fund as required by law.

**6. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as presented in the financial statements at June 30, 2021 consist of the following:

|   | GENERAL<br>FUND   | HIGHWAY<br>FUND   | FEDERAL<br>FUND   | HEALTH<br>AND SOCIAL<br>SERVICES | PERMANENT<br>SCHOOL<br>FUND | NONMAJOR<br>GOVERNMENTAL<br>FUNDS | OTHER<br>FUNDS   | UNEMPLOYMENT<br>INSURANCE | NONMAJOR<br>ENTERPRISE<br>FUNDS | TOTALS              |
|---|-------------------|-------------------|-------------------|----------------------------------|-----------------------------|-----------------------------------|------------------|---------------------------|---------------------------------|---------------------|
| Payroll and Withholdings\$                      | 12,567            | \$ 3,849          | \$ 4,787          | \$ 402                           | \$ 5                        | \$ 2,859                          | \$ 1,510         | \$ -                      | \$ 191                          | \$ 26,170           |
| Payables to Vendors                             | 134,919           | 208,218           | 171,924           | 8,646                            | 55,937                      | 54,353                            | 12,430           | 1,438                     | 11,943                          | 659,808             |
| Payables to Government Due to Fiduciary Funds * | 43,766            | 66,432            | 202,416           | 1,093                            | 6,454                       | 17,173                            | 439              | -                         | 41                              | 337,814             |
| Miscellaneous                                   | -                 | -                 | 24                | -                                | -                           | 1                                 | 57,073           | -                         | -                               | 57,073              |
|   | -                 | -                 |                   |                                  |                             |                                   | -                | 15,697                    | 6,915                           | 22,637              |
| <b>TOTALS</b>                                   | <b>\$ 191,252</b> | <b>\$ 278,499</b> | <b>\$ 379,151</b> | <b>\$ 10,141</b>                 | <b>\$ 62,396</b>            | <b>\$ 74,386</b>                  | <b>\$ 71,452</b> | <b>\$ 17,135</b>          | <b>\$ 19,090</b>                | <b>\$ 1,103,502</b> |

\* This amount represents amounts due to fiduciary funds, which were classified as external payables on the government-wide Statement of Net Position.

**7. Noncurrent Liabilities**

Changes in noncurrent liabilities for the year ended June 30, 2021 are summarized as follows:

|  | BEGINNING<br>BALANCE | INCREASES           | DECREASES           | ENDING<br>BALANCE   | AMOUNTS<br>DUE WITHIN<br>ONE YEAR |
|--|----------------------|---------------------|---------------------|---------------------|-----------------------------------|
| <b>Governmental Activities:</b>                |                      |                     |                     |                     |                                   |
| Claims Payable (as restated)                   | \$ 350,782           | \$ 3,026,530        | \$ 2,983,434        | \$ 393,878          | \$ 270,979                        |
| Capital Lease Obligations                      | 31,430               | 16,925              | 10,530              | 37,825              | 11,670                            |
| Obligations Under Other Financing Arrangements | -                    | 2,000               | 2,000               | -                   | -                                 |
| Compensated Absences                           | 134,758              | 28,003              | 23,530              | 139,231             | 24,985                            |
| Net Pension Liability                          | 375,193              | 89,631              | -                   | 464,824             | -                                 |
| OPEB Liability                                 | 14,816               | 7,488               | -                   | 22,304              | -                                 |
| <b>Totals</b>                                  | <b>\$ 906,979</b>    | <b>\$ 3,170,577</b> | <b>\$ 3,019,494</b> | <b>\$ 1,058,062</b> | <b>\$ 307,634</b>                 |
| <b>Business-type Activities:</b>               |                      |                     |                     |                     |                                   |
| <b>Unemployment Insurance:</b>                 |                      |                     |                     |                     |                                   |
| Claims Payable                                 | \$ 12,000            | \$ 608,754          | \$ 602,543          | \$ 18,211           | \$ 18,211                         |
| <b>Totals for Unemployment Insurance</b>       | <b>12,000</b>        | <b>608,754</b>      | <b>602,543</b>      | <b>18,211</b>       | <b>18,211</b>                     |
| <b>Nonmajor Enterprise Funds:</b>              |                      |                     |                     |                     |                                   |
| Claims Payable                                 | 36,380               | 6,463               | 4,772               | 38,071              | 7,191                             |
| Compensated Absences                           | 936                  | 141                 | 107                 | 970                 | 116                               |
| <b>Totals for Nonmajor Enterprise Funds</b>    | <b>37,316</b>        | <b>6,604</b>        | <b>4,879</b>        | <b>39,041</b>       | <b>7,307</b>                      |
| <b>Totals for Business-type Activities</b>     | <b>\$ 49,316</b>     | <b>\$ 615,358</b>   | <b>\$ 607,422</b>   | <b>\$ 57,252</b>    | <b>\$ 25,518</b>                  |

The amount of claims payable reported in the fund financial statements are due and payable at fiscal year end. Claims payable, compensated absences and capital lease obligations typically have been liquidated in the general, special revenue and internal service funds. Obligations under other financing arrangements have been liquidated in the special revenue funds.

**8. Lease Commitments**

**Operating Leases.** The State leases land, office facilities, and other assets under both capital and operating leases. Although the lease terms may vary, all leases are subject to annual appropriation by the Legislature.

**Capital Leases.** Capital Leases represent a financed purchase of the underlying asset through the State Master Lease Purchase Program. The financed assets are pledged as collateral and include vehicles, laboratory equipment, mobile radios, and computer equipment.

In the event of non-appropriation relating to master lease equipment, the State has the right to terminate the lease at the end of any period for which the State has appropriated funds for the payment of the rental payments by giving the lessor a written notice of termination and by paying to lessor any rental payments and other amount with respect to such equipment which are due and for which funds have been appropriated. In the event of termination the State shall deliver possession of leased equipment to the lessor and shall convey to lessor or release its interest in such equipment. Upon termination the State shall not be responsible for the payment of any additional payments relating thereto coming due in succeeding periods for which funds have not been appropriated.

Equipment that is lost, stolen, destroyed or damaged beyond repair shall be replaced with equipment of equal or greater value at the State expense.

An event of default by the State allows the lessor to:

- a) Declare all rental payments for which funds have been appropriated when such default occurs to be immediately due and payable;
- b) Repossess the equipment by giving the State written notice to deliver such equipment within 10 days. If the State fails to deliver the equipment within 10 days, the lessor may enter the States premises where the equipment is kept and take possession of the equipment and charge the State for costs incurred in repossessing the equipment, including reasonable attorneys' fees. The State shall continue to be responsible for the rental payments for which funds have been appropriated. The lessor shall return the equipment to the State at the State's expense when the event of default is cured;
- c) Terminate the lease, take possession of and dispose of the equipment. Process from the disposition of the equipment shall be applied to: (i) all costs incurred in securing possession of the equipment; (ii) all expenses incurred in completing the disposition; (iii) the applicable purchase price option of the equipment; and (iv) the balance of any rental payments for which funds have been appropriated. Any remaining proceeds will be paid to the State.
- d) Take any other remedy available at law or in equity with respect to such event of default.

The minimum annual lease payments (principal and interest) and the present value of future minimum payments for capital leases as of June 30, 2021 are as follows:

| YEAR                                     | GOVERNMENTAL<br>ACTIVITIES |
|--|----------------------------|
| 2022                                     | \$ 12,472                  |
| 2023                                     | 11,497                     |
| 2024                                     | 8,468                      |
| 2025                                     | 4,595                      |
| 2026                                     | 2,609                      |
| Total Minimum Payments                   | 39,641                     |
| Less: Interest and<br>executory costs    | 1,816                      |
| Present value of net<br>minimum payments | <u>\$ 37,825</u>           |

Capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of property and equipment under capital leases as of June 30, 2021:

|                                   | GOVERNMENTAL<br>ACTIVITIES |
|-----------------------------------|----------------------------|
| Equipment                         | \$ 58,650                  |
| Less: accumulated<br>depreciation | (27,283)                   |
| Carrying value                    | <u>\$ 31,367</u>           |

The minimum annual lease payments for operating leases as of June 30, 2021 are as follows:

| YEAR      | GOVERNMENTAL<br>ACTIVITIES |
|-----------|----------------------------|
| 2022      | \$ 17,319                  |
| 2023      | 2,068                      |
| 2024      | 1,957                      |
| 2025      | 1,911                      |
| 2026      | 1,915                      |
| 2027-2031 | 7,083                      |
| 2032-2036 | 4,688                      |
| Total     | <u>\$ 36,941</u>           |

Primary Government operating lease payments for the year ended June 30, 2021 totaled \$18,873.

**Lessor Transactions.** The State also is a lessor of property, primarily farm land leased by the Board of Educational Lands and Funds to farmers and ranchers. At June 30, 2021, the State owned approximately 1.26 million acres of land valued at \$1,371,708 that was under lease. Under the terms of the leases, the annual payments are subject to change based on annual market analysis. Total rents of \$53,989 were received under these and other lease agreements for the year ended June 30, 2021.

## 9. Obligations Under Other Financing Arrangements

The State has entered into special financing arrangements with certain public benefit corporations to fund certain grant programs. Under these arrangements, the State enters into an agreement with a public benefit corporation, the Nebraska Investment Finance Authority (NIFA), whereby NIFA issues bonds, the proceeds of which, along with federal capitalization grants, are used to provide loans to various municipalities and local units of government in Nebraska that qualify for such loans. Such loans are used for improvements to wastewater and drinking water treatment facilities. Funds to repay NIFA come from the municipalities and units of government to which the loans are given.

As of June 30, 2021 the State has no Obligations Under Other Financing Arrangements.

**10. Governmental Fund Balances**

The State's governmental fund balances represent: (1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are imposed by law through constitutional provisions or are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2021, follows:

|                                   | <b>Governmental Fund Balances</b> |                     |                     |                                   |                              |                       |
|-----------------------------------|-----------------------------------|---------------------|---------------------|-----------------------------------|------------------------------|-----------------------|
|                                   | <b>General Fund</b>               | <b>Highway Fund</b> | <b>Federal Fund</b> | <b>Health and Social Services</b> | <b>Permanent School Fund</b> | <b>Nonmajor Funds</b> |
| Restricted for:                   |                                   |                     |                     |                                   |                              |                       |
| Education                         | \$ -                              | \$ -                | \$ -                | \$ -                              | \$ 1,893,442                 | \$ 36,661             |
| Health and Social Services        | -                                 | -                   | -                   | 695,569                           | -                            | 53,929                |
| Conservation of Natural Resources | -                                 | -                   | -                   | -                                 | -                            | 791,367               |
| Transportation                    | -                                 | 303,616             | -                   | -                                 | -                            | 9,565                 |
| Licensing and Regulation          | -                                 | -                   | -                   | -                                 | -                            | 168,705               |
| Economic Development              | -                                 | -                   | -                   | -                                 | -                            | 68,567                |
| Public Safety                     | -                                 | -                   | -                   | -                                 | -                            | 45,516                |
| Culture – Recreation              | -                                 | -                   | -                   | -                                 | -                            | 51,474                |
| Other Purposes                    | -                                 | -                   | 53,240              | -                                 | -                            | 83,793                |
| Total Restricted                  | <u>\$ -</u>                       | <u>\$ 303,616</u>   | <u>\$ 53,240</u>    | <u>\$ 695,569</u>                 | <u>\$ 1,893,442</u>          | <u>\$ 1,309,577</u>   |
| Committed to:                     |                                   |                     |                     |                                   |                              |                       |
| Economic Stabilization            | \$ 466,964                        | \$ -                | \$ -                | \$ -                              | \$ -                         | \$ -                  |
| Other Purposes                    | -                                 | -                   | -                   | -                                 | -                            | 21,138                |
| Total Committed                   | <u>\$ 466,964</u>                 | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>                       | <u>\$ -</u>                  | <u>\$ 21,138</u>      |
| Assigned to:                      |                                   |                     |                     |                                   |                              |                       |
| Education                         | \$ -                              | \$ -                | \$ -                | \$ -                              | \$ -                         | \$ 219                |
| Health and Social Services        | -                                 | -                   | -                   | 190                               | -                            | 808                   |
| Conservation of Natural Resources | -                                 | -                   | -                   | -                                 | -                            | 120                   |
| Licensing and Regulation          | -                                 | -                   | -                   | -                                 | -                            | 24,813                |
| Economic Development              | -                                 | -                   | -                   | -                                 | -                            | 100                   |
| Public Safety                     | -                                 | -                   | -                   | -                                 | -                            | 3,575                 |
| Culture – Recreation              | -                                 | -                   | -                   | -                                 | -                            | 72                    |
| Other Purposes                    | -                                 | -                   | -                   | -                                 | -                            | 2,610                 |
| Total Assigned                    | <u>\$ -</u>                       | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 190</u>                     | <u>\$ -</u>                  | <u>\$ 32,317</u>      |

---

## 11. Contingencies and Commitments

**Grants and Contracts.** The State participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the State.

All State agencies including institutions of higher education are required to comply with various federal regulations issued by the U.S. Office of Management and Budget if such agency or institution is a recipient of federal grants, contracts, or other sponsored agreements. Certain agencies or institutions may not be in total compliance with these regulations. Failure to comply may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. Management believes that the ultimate disallowance pertaining to these regulations, if any, will not be material to the overall financial condition of the State, except for the following event identified: the State disclosed having received, on or before June 30, 2021, audit reports claiming payment for disallowed costs, penalties and fines for the State's failure to meet federal requirements related to various federal grant programs. The State is in the process of contesting these claims. However, there exists a reasonable possibility that they will be settled in the future at an estimated amount of \$40.4 million or more.

**Litigation.** The State is named as a party in legal proceedings that occur in the normal course of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contract, condemnation proceedings and other alleged violations of State and Federal laws. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the State for these proceedings. It is the State's opinion that the ultimate liability for these and other proceedings is not expected to have a material adverse effect on the State's financial position.

The State also has been named as a party in legal proceedings that occur outside of the normal course of governmental operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the State for all of these proceedings. The effects of this litigation, if any, will be reflected in future years, as the uncertainties regarding the litigation are determined.

The State is named for breach of contract with claims of \$2,865 in damages, and for a personal injury claim with a possible loss of up to \$3,000. It is not possible at the present time to determine the outcome of this proceeding.

**12. Risk Management**

Through Administrative Services, the State maintains insurance and self-insurance programs. Workers' compensation, employee health care, general liability and employee indemnification are generally self-insured. However, the State does carry surety bonds for constitutional officers. All vehicles owned by the State have vehicle liability insurance coverage of \$4,700 with a self-insured retention of \$300 (coverage includes hot pursuit.) There is an additional one-time corridor retention of \$300.

Risk Management has procured excess commercial crime coverage in the amount of \$10,975 with a self-insured retention of \$25. Risk Management has procured excess property coverage in the amount of \$200,700 with a self-insured retention of \$300. Each State agency has the option of purchasing insurance coverage for its contents, i.e. personal property. This coverage is not required, but Risk Management will purchase such coverage on behalf of an agency at its direction. Settled claims have not exceeded this commercial insurance coverage in any of the past three years. Administrative Services provides life insurance for eligible State employees. These activities are reported in the Risk Management Internal Service Fund.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The balance of claims liabilities is determined by an analysis of past, current, and future estimated loss experience. Because actual claims liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability may not result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors, but do not include non-incremental claims adjustment expenses.

The liability for workers' compensation is recorded as a claims payable of \$83,958 at a discounted rate of 2.0 percent (\$11,475).

Changes in the balances of claims liabilities of the Risk Management Internal Service Fund during the years ended June 30, 2021, and 2020, were as follows:

|   | Fiscal Year       |                  |
|---|-------------------|------------------|
|   | 2021              | 2020             |
| Beginning Balance                               | \$ 87,093         | \$ 87,957        |
| Current Year Claims and<br>Changes in Estimates | (203,530)         | (231,073)        |
| Claim Payments                                  | 228,851           | 230,209          |
| Ending Balance                                  | <u>\$ 112,414</u> | <u>\$ 87,093</u> |

## 13. Pension Plans

### Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by each plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Plans Administered by the Public Employees Retirement Board

The Public Employees Retirement Board (the Board), which consists of eight members, was created in 1971 to administer the Nebraska retirement plans then in existence. Those plans were the School, State Employees', Judges' and State Patrol plans. In October of 1973, the Board assumed the administration of the Nebraska County Employee Retirement System. The plans have been created in accordance with Internal Revenue Code, Sections 401(a), 414(h) and 414(k). Contribution and benefit provisions are established by State law and may only be amended by the State Legislature.

The Board prepares separate reports for the defined contribution plans and for the defined benefit plans. Copies of these reports that include financial statements and required supplementary information for the plans may be obtained on the Nebraska Public Employees Retirement System (NPERS) website at: [npers.ne.gov](http://npers.ne.gov). Information on NPERS may also be obtained by writing to Public Employees Retirement Systems, P.O. Box 94816, Lincoln, NE 68509-4816, or by calling 402-471-2053.

**Basis of Accounting.** The financial statements of the plans are prepared using the accrual basis of accounting, and are included as pension trust funds in the accompanying financial statements. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Plan Description and Funding Policy.** By State law, there is to be an equitable allocation of all plan administration expenses among the retirement systems administered by the Board, and all such expenses shall be provided from the investment income earned by the various retirement funds.

The main benefits provided by each of these plans are retirement benefits. However, the plan also provides ancillary benefits in the event of pre-retirement death, disability, or termination of employment prior to meeting the eligibility requirements to retire.

Following is a summary of each of these plans:

**State Employees' Retirement.** This single-employer plan became effective by statute on January 1, 1964. Prior to January 1, 2003, the plan consisted of a defined contribution plan that covered employees of the State. Effective January 1, 2003, a cash balance benefit was added to the State Employees Retirement Act. 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 to either continue participation in the defined contribution option or begin participation in the cash balance benefit. All new members of the plan on and after January 1, 2003, become members of the cash balance benefit. For both Cash Balance and Defined Contribution plans, benefits are vested after three years of plan participation. Members can become vested in less than three years if they attain age 55 before terminating employment, die before terminating employment or qualify for disability retirement.

Under the cash balance benefit, a member upon attainment of age 55, regardless of service, receives a retirement allowance 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 and have the option to purchase a built in cost-of-living adjustments of 2.5 percent annually. If the retiree elects an annuity with no cost-of-living adjustments, the monthly annuity amount will never change. If the retiree purchases the cost-of-living adjustment, the annuity dollar amount increases 2.5 percent each year. Also available are additional forms of payment allowed under the plan, which are actuarially equivalent to the normal form, including the option of a full or partial lump-sum.

Under the defined contribution option, a member 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.

For both the cash balance and defined contribution plans, the amounts presented in the accompanying financial statements for the State Employees' Retirement System are for the plan's fiscal year ended December 31, 2020.

Participation in the plan is required for all permanent full-time employees upon employment. Part-time employees may elect voluntary participation upon reaching age 18. Each member contributes 4.8 percent of their compensation. The State matches a member's contribution at a rate of 156 percent. Benefit and contribution provisions are established by State law (Neb. Rev. Stat. §§ 84-1301 through 84-1333 (Reissue 2014, Cum. Supp. 2020)) and may be amended only by the Nebraska Legislature. Pursuant to state statute, an actuarial valuation is performed each year to determine the actuarial required contribution. To the



extent member and State payroll-related contributions are insufficient to meet the full actuarial contribution; the remainder is paid by the State.

As of December 31, 2020, there were 28,853 members in the plan. Of these members, 16,280 were active, 10,213 were inactive, and 2,360 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of \$38,636 and State contributions of \$60,284 for the plan year ended December 31, 2020.

**School Employees' Retirement.** The State is the plan sponsor for the School Retirement System, a cost-sharing multiple-employer defined benefit pension plan, with 266 participating school districts; and, the Service Annuity Plan, a single-employer defined benefit pension plan. The State is also a non-employer contributing entity for the Omaha School Employees' Retirement System.

Participation in the School plan is required for all permanent employees of a Nebraska school district (other than the Omaha Public School District), an educational service unit, the state or county (if the position with the state or county requires a teaching certificate), working at least 20 hours per week on an ongoing basis, or with a full-time contract. Once an employee meets the requirements to participate in the plan, they will remain in the plan until termination or retirement. Members' benefits are vested after five years of plan participation or when termination occurs at age 65 or later.

In this plan, the State is in a special funding situation and contributes 2 percent of estimated payroll for the plan year. The employees' contribution is 9.78 percent of their compensation. Pursuant to state statute, a fixed contribution rate is paid by the employers. Currently the school district's contribution is 101 percent of the employees' contribution. Benefit and contribution provisions are established by State law (Neb. Rev. Stat. §§ 79-901 through 79-977.03 (Reissue 2014, Cum. Supp. 2020)) and may be amended only by the Nebraska Legislature.

Normal retirement age is 65. Unreduced benefits are also available for a member who is at least age 55 and whose age plus service equals or exceed 85 (Rule of 85). The monthly benefit is equal to the greater of: 1) The sum of a savings annuity, which is the actuarial equivalent of the member's accumulated contributions and a service annuity equal to \$3.50 per year of service; or 2) the average of the three 12-month periods of service as a school employee in which such compensation was the greatest, multiplied by total years of creditable service, multiplied by a formula factor (currently 2 percent) set by statute, and an actuarial factor based on age. For an employee who became a member on or after July 1, 2013, the monthly benefit is equal to the greater of: 1) The sum of a savings annuity, which is the actuarial equivalent of the member's accumulated contributions and a service annuity equal to \$3.50 per year of service; or 2) the average of the five 12-month periods of service in which such compensation was the greatest, multiplied by the total years of creditable service, multiplied by a formula factor (currently 2 percent) set by statute, and an actuarial factor based on age. Benefit calculations vary with early retirement.

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

The accompanying financial statements include member contributions of \$210,035, employer contributions of \$208,991, and State contributions of \$44,254 for the plan year ended June 30, 2021.

The Service Annuity Plan provides benefits for the employees of the Omaha Public School District equal to \$3.50 times years of services. In this plan, the State is in a special funding situation because the benefits provided to the employees of the Omaha Public School District are funded exclusively by the State. There are no employee or employer contributions made to the plan. The benefit and contribution provisions for this plan are established by State law and may be amended only by the Nebraska Legislature.

Retirement is at age 65 with 5 years of service. Early retirement is at age 55 with 10 years of service, five of which must be with the Omaha Public School District. The benefit vests when the member has five years of service.

As of January 1, 2021, there were 8,395 members in the plan. Of these members, 7,182 were active and 1,213 were inactive. For the fiscal year ending June 30, 2021, the Service Annuity received \$1,220 in non-employer contributions from the State.

Under state statutes, the State, as a non-employer contributing entity with a special funding situation in the Omaha School Employees' Retirement System, contributes 2% of the members' compensation. The accompanying financial statements include the State's special funding contribution of \$7,290 for the plan year ended June 30, 2021.

**Judges Retirement.** The Judges Retirement System is a single-employer defined benefit pension plan. The membership includes judges and associate judges employed by the State for the Supreme Court, Court of Appeals, District Courts, Workers' Compensation Court, County Courts, and Juvenile Courts. Benefits vest when the member takes office.

Retirement is at age 65 with benefits calculated using the compensation for the three 12-month periods of service as a judge in which compensation was the greatest, or the average monthly compensation, multiplied by the total years of service and the formula factor of 3.5 percent, subject to a maximum of 70 percent of the final average salary. The calculation varies with early retirement.

The benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or one percent. The current benefit paid to a retired member or beneficiary shall be adjusted so that the purchasing power of the benefit being paid is not less than 75 percent of the purchasing power of the initial benefit.

The plan is funded by members' contributions, a portion of court fees collected, and the State's contribution. Benefit and contribution provisions are established by State law (Neb. Rev. Stat. §§ 24-701 through 24-714 (Reissue 2016, Cum. Supp. 2020)) and may be amended only by the Nebraska Legislature. Each member hired between July 1, 2004 and June 30, 2015, contributes nine percent of their monthly salary until the maximum benefit has been earned. Members hired after July 1, 2015 contribute ten percent of their monthly salary. After earning the maximum benefit, members contribute five percent of their monthly salary for the remainder of their active service. All other members contribute seven percent of their monthly salary until the maximum benefit has been earned. After earning the maximum benefit, those members contribute one percent of their monthly salary for the remainder of their active service. A six dollar fee for each case is collected for District and County courts, Juvenile courts, the Workers' Compensation Court, the Supreme Court, and the Court of Appeals, plus a 10 percent charge on certain fees collected in the County courts. An actuarial valuation is performed each year to determine the actuarial required contribution. To the extent member contributions and court fees are insufficient to meet the full actuarial required contribution, the remainder is paid by the State.

As of June 30, 2021, there were 344 members in the plan. Of these members, 145 were active, 4 were inactive, 3 were disabled and 192 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of \$2,029, court fees of \$3,320 and State contributions of \$1,428 for the plan year ended June 30, 2021.

**State Patrol Retirement.** The State Patrol Retirement System is a single-employer defined benefit pension plan for officers of the Nebraska State Patrol.

Participation is required upon employment. Each member hired prior to July 1, 2016 contributes sixteen percent of their monthly salary and the State Patrol contributes sixteen percent. Members hired on or after July 1, 2016 contribute seventeen percent of their monthly salary and the State Patrol contributes seventeen percent. Benefit and contribution provisions are established by State law (Neb. Rev. Stat. §§ 81-2014 through 81-2041 (Reissue 2014, Cum. Supp. 2020)) and may be amended only by the Nebraska Legislature. Pursuant to this statute, an actuarial valuation is performed each year to determine the actuarial required contribution. To the extent the member and employer statutory contributions are insufficient to meet the full actuarial required contribution; the remainder is paid by the State as an additional contribution. Member benefits are 20 percent vested at six years of service. This vesting percentage increases 20 percent for each additional year of service thereafter until reaching 100 percent at ten years of service.

Unreduced retirement benefits are payable upon meeting the following criteria: 1) age 50 and 25 years of service, 2) age 55 and 10 years of service, or 3) age 60 regardless of service. The retirement benefit is calculated using the compensation for the three 12-month periods of service in which compensation was the greatest, multiplied by the total years of service and the formula factor of 3.0 percent, subject to a maximum of 75 percent of the final average salary. The calculation varies with early retirement which is available at age 50 and 10 years of service.

The benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment which is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or two and one-half percent. The current benefit paid to a retired member or beneficiary shall be adjusted so that the purchasing power of the benefit being paid is not less than 60% of the purchasing power of the initial benefit.

Deferred Retirement Option Plan (DROP) Neb. Rev. Stat. § 81-2041 (Reissue 2014, Cum. Supp. 2020) established the Patrol DROP effective September 1, 2008. The DROP is a voluntary deferred retirement plan that a member can enter between the ages of 50 and 60, with 25 years of service. Upon choosing to participate in DROP, the member is deemed to have retired; however, the member continues in active employment for up to a five-year period with no retirement contributions withheld from his or her paychecks. When the member enters DROP, the individual's monthly benefit is calculated and paid into an IRC § 414(k) Deferred Compensation Plan (DCP). After the member retires (60 years of age) or has been in DROP for five years, whichever occurs first, the member then has the option to receive a lump sum payment and/or rollover the funds in the DCP account to another qualified plan. Thereafter, future retirement benefit payments are made directly to the member.

As of June 30, 2021, there were 967 members in the plan. Of these members, 403 were active, 39 were inactive, 15 were disabled, 35 were participating in the DROP program, and 475 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of \$5,078, and State contributions of \$9,160 for the plan year ended June 30, 2021.

**Other Plan Administered**

**County Employees' Retirement.** In 1973, the State Legislature brought the County Employees' Retirement System under the administration of the Board. This cost-sharing multiple-employer plan covers employees of 91 of the 93 counties and several county health districts. Douglas and Lancaster counties have separate retirement plans for their employees by State law. Prior to January 1, 2003, the plan consisted of a defined contribution plan. Effective January 1, 2003, a cash balance benefit was added to the County Employees Retirement Act. 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 to either continue participation in the defined contribution option or begin participation in the cash balance benefit. All new members of the Plan on and after January 1, 2003 become members of the cash balance benefit. Under the cash balance benefit, a member upon attainment of age 55, regardless of service, receives a retirement allowance equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment. Members have options on how to receive the payment. For both Cash Balance and Defined Contribution plans, benefits are vested after three years of plan participation. Members can become vested in less than three years if they attain age 55 before terminating employment, die before terminating employment or qualify for disability retirement.

Participation in the plan is required of all full-time employees upon employment and of all full-time elected officials upon taking office. Part-time employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to participate. County employees and elected officials contribute four and one half percent of their total compensation. Commissioned law enforcement personnel in participating counties with less than 85,000 inhabitants contribute an extra one percent, or a total of five and one half percent of their total compensation. Commissioned law enforcement personnel in participating counties with a population in excess of 85,000 inhabitants contribute an extra two percent, or a total of six and one half percent of their total compensation. The counties match a member's contribution at a rate of 150 percent for the first four and one half percent and 100 percent for the extra one and two percent. The State does not contribute to this plan.

As of December 31, 2020, there were 12,740 members in the plan. Of these members, 7,948 were active, 3,988 were inactive, and 804 were retirees or beneficiaries receiving benefits. Members contributed \$15,683 and counties contributed \$23,188 during the year ended December 31, 2020, which was equal to required contributions.

**Net Pension Liability/(Asset)**

The net pension liability/(asset) calculation for the Judges, Patrol and Service Annuity plans, and the collective net pension liability for the School plan were performed with a measurement date of June 30, 2020. The total pension liability for the Judges, Patrol, Service Annuity and School plans as of June 30, 2020 were determined based on the annual actuarial funding valuation report prepared as of July 1, 2020.

The net pension asset calculation for the State Employees' Retirement plan was performed with a measurement date of December 31, 2020. The total pension asset as of December 31, 2020 was determined based on the annual actuarial funding valuation report prepared as of January 1, 2021.

The net pension liability calculation for the Omaha School Employees' Retirement System was performed with a measurement date of August 31, 2020. The total pension liability as of August 31, 2020 was determined based on the annual actuarial funding valuation report prepared as of January 1, 2020.

The State Employees' Retirement plan, the State Patrol Retirement plan and the Judges' Retirement plan are all single employer plans with the State as the employer. The State will report 100 percent of the net pension liability/(asset) for each of those plans.

The State is a non-employer with a special funding situation for the school retirement plans. The State reported a \$377,915 total pension liability for its proportionate share of the collective net pension liability for the school retirement plans. The State's share is a combination of \$270,347 from the Nebraska Public Employees Retirement System's School plan, \$4,789 from the Service Annuity plan, and \$102,780 from the Omaha School Employees' Retirement System. The State's proportionate share of the collective net pension liability for the school retirement plans represents an increase of \$65,073 from the \$312,842 reported at June 30, 2020. The State's percentage of its proportionate share of the net pension liability for the Nebraska Public Employees Retirement System's School plan is 17.34 percent, the Service Annuity plan is 100 percent, and the Omaha School Employees' Retirement System is 10.98 percent. In the School plan and the Omaha School Employees Retirement System, the determination of proportionate share is based on individual employer contribution information.

The key actuarial assumptions used to measure the total pension liability, as of the latest valuation date, are as follows:

|                               | STATE<br>CASH<br>BALANCE       | STATE<br>PATROL<br>RETIREMENT       | JUDGES'<br>RETIREMENT               | SCHOOL<br>RETIREMENT<br>AND SERVICE<br>ANNUITY | OMAHA SCHOOL<br>EMPLOYEES'<br>RETIREMENT |
|-------------------------------|--------------------------------|-------------------------------------|-------------------------------------|--|--|
| Measurement Date              | 12/31/2020                     | 6/30/2020                           | 6/30/2020                           | 6/30/2020                                      | 8/31/2020                                |
| Actuarial Valuation Date      | 1/1/2021                       | 7/1/2020                            | 7/1/2020                            | 7/1/2020                                       | 1/1/2020                                 |
| Actuarial Cost Method         | Entry Age                      | Entry Age                           | Entry Age                           | Entry Age                                      | Entry Age                                |
| Amortization Method           | Level dollar<br>amount, closed | Level percent<br>of payroll, closed | Level percent<br>of payroll, closed | Level percent<br>of payroll, closed            | Level percent<br>of payroll, closed      |
| Single Amortization Period    | 25 years                       | 19 years                            | 18 years                            | 16 years                                       | 30 years                                 |
| Asset Valuation Method        | 5 year<br>smoothed market      | 5 year<br>smoothed market           | 5 year<br>smoothed market           | 5 year<br>smoothed market                      | market related<br>smoothed value         |
| Actuarial Assumptions:        |                                |                                     |                                     |  |  |
| Investment Rate of Return **  | 7.5%                           | 7.5%                                | 7.5%                                | 7.5%   | 7.5%                                     |
| Projected Salary Increases ** | 3.5% to 4.93%                  | 3.5% to 9.0%                        | 3.5%                                | 3.5% to 8.5%                                   | 3.75% to 6.25%                           |

\*\* Includes assumed inflation of 2.75% per year for State, Judges, Patrol, School plans, and for Omaha School Employees Retirement System

**Mortality Rates.** The Judges, Patrol, School, and Service Annuity plans' pre-retirement mortality rates were based on the RP-2014 White Collar Table for Employees, projected generationally with MP-2015 (sex distinct with 100 percent of male rates for males and 55 percent of female rates for females).

The State plan's pre-retirement mortality rates were based on the Pub-2010 General Members Employee Mortality Table, both male and female rates set back one year, projected generationally using MP-2019 modified to 75 percent of the ultimate rates (sex distinct with 100 percent of male rates for males and 95 percent of female rates for females).

The Judges, Patrol, School, and Service Annuity plans' post-retirement mortality rates were based on the RP-2014 White Collar Table for Employees, set back two years, scaled (sex distinct), projected generationally with a SOA projection scale tool using 0.5 percent ultimate rate in 2035.

The State plan's post-retirement mortality rates for retired members were based on the Pub-2010 General Members Retiree Mortality Table, both male and female rates set back one year, projected generationally using MP-2019 modified to 75 percent of the ultimate rates (sex distinct with 100 percent of male rates for males and 95 percent of female rates for females). The mortality rates for beneficiaries were based on the Pub-2010 General Members Contingent Survivor Mortality Table, both male and female rates set back one year, projected generationally using MP-2019 modified to 75 percent of the ultimate rates (sex distinct with 100 percent of male rates for males and 95 percent of female rates for females). Mortality rates for cash balance members were based on hire date. For members hired before January 1, 2018, 1994 Group Annuity Mortality Table (sex distinct 50 percent of male rates for males and 50 percent of female rates for females) set statutorily. For members hired on or after January 1, 2018, Retiree Mortality Table, projected to 2040 (sex distinct 55 percent of male rates for males and 45 percent of female rates for females).

The Omaha School Employees' Retirement System pre-retirement and post-retirement mortality rates were based on the RP-2014 Mortality Table, female rates set back 1 year and male rates set forward 1 year, projected on a generational basis using Scale MP-2016.

The Judges, Patrol, School, and Service Annuity plans' disability mortality rates were based on the RP-2014 Disabled Lives Table (static table).

The Omaha School Employee's Retirement System post-disability rates were based on the RP-2014 Disabled Retiree Mortality Table, without generational improvement.

The actuarial assumptions used in the January 1, 2021 valuation for the State are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2019. The experience study report is dated December 21, 2020.

The actuarial assumptions used in the July 1, 2020, valuations for the School, Judges, Patrol, and Service Annuity plans' are based on the results of the most recent actuarial experience study, which cover the four-year period ending June 30, 2015. The experience study report is dated November 17, 2016.

The actuarial assumptions used in the January 1, 2020 valuation for the Omaha School Employees' Retirement System were based on the results of the most recent actuarial experience study, which covered the five-year period ending August 31, 2016. The experience study report is dated April 5, 2017.

**Target Asset Allocation.** The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The 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 geometric real rates of return for each major asset class included in the State plans' target asset allocations as of June 30, 2020 are summarized in the following table:

| <b>Asset Class</b> | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return *</b> |
|--------------------|--------------------------|---|
| U.S. Equity        | 27.00%                   | 4.50%   |
| Non-U.S. Equity    | 11.50%                   | 5.80%   |
| Global Equity      | 19.00%                   | 5.30%   |
| Fixed Income       | 30.00%                   | 0.70%   |
| Private Equity     | 5.00%                    | 7.40%   |
| Real Estate        | 7.50%                    | 4.20%   |
| Total              | 100.00%                  |   |

\*Arithmetic mean, net of investment expense

For the School, Service Annuity, Judges, and Patrol plans, the target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by the System's investment consultant for the last experience study, are summarized in the following table:

| <b>Asset Class</b>             | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return *</b> |
|--------------------------------|--------------------------|---|
| Large Cap Equity               | 26.10%                   | 5.83%   |
| Small Cap Equity               | 2.90%                    | 7.56%   |
| Global Equity                  | 15.00%                   | 6.51%   |
| International Developed Equity | 10.80%                   | 6.80%   |
| Emerging Markets               | 2.70%                    | 10.55%  |
| Core Bonds                     | 20.00%                   | 1.63%   |
| High Yield Investments         | 3.50%                    | 5.22%   |
| Bank Loans                     | 5.00%                    | 2.78%   |
| International Bonds            | 1.50%                    | 1.41%   |
| Private Equity                 | 5.00%                    | 9.70%   |
| Real Estate                    | 7.50%                    | 5.18%   |
| Total                          | 100.00%                  |   |

\*Arithmetic mean, net of investment expenses

For the Omaha School Employees' Retirement System, the target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by the System's investment consultant for the last experience study, are summarized in the following table:

| Asset Class                    | Target Allocation | Long-Term Expected Real Rate of Return * |
|--------------------------------|-------------------|--|
| Large Cap Equity               | 26.10%            | 6.30%                                    |
| Small Cap Equity               | 2.90%             | 6.80%                                    |
| Global Equity                  | 15.00%            | 7.20%                                    |
| International Developed Equity | 10.80%            | 7.20%                                    |
| Emerging Markets               | 2.70%             | 7.50%                                    |
| Core Bonds                     | 20.00%            | 2.90%                                    |
| High Yield Investments         | 3.50%             | 5.40%                                    |
| Bank Loans                     | 5.00%             | 4.40%                                    |
| International Bonds            | 1.50%             | 2.20%                                    |
| Real Estate                    | 7.50%             | 5.70%                                    |
| Private Equity                 | 5.00%             | 8.50%                                    |
| Total                          | 100.00%           |  |

\*Arithmetic mean, net of investment expenses

**Discount Rate.** The discount rate used to measure the total pension liability was 7.30 percent for State and 7.50 percent for the Judges, Patrol and Schools. The State Discount rate represents a decrease from 7.50 percent used for the December 31, 2019 measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 change in the net pension liability/(asset) is presented in the following schedules:

### Judges Retirement Plan

|  | Total Pension<br>Liability (a) | Plan Fiduciary<br>Net Position (b) | Net Pension Liability /<br>(Asset) (a) - (b) |
|--|--------------------------------|------------------------------------|--|
| Balance at 6/30/2019                               | \$ 198,116                     | \$ 195,672                         | \$ 2,444                                     |
| Changes for the year:                              |                                |                                    |  |
| Service Cost                                       | 5,551                          | -                                  | 5,551  |
| Interest on Total Pension Liability                | 14,472                         | -                                  | 14,472                                       |
| Differences between expected and actual experience | (206)                          | -                                  | (206)  |
| Court fees   | -                              | 3,548                              | (3,548)                                      |
| State Appropriations                               | -                              | 349                                | (349)  |
| Benefit payments, including member refunds         | (11,478)                       | (11,478)                           | -  |
| Employee contributions                             | -                              | 1,963                              | (1,963)                                      |
| Net investment income                              | -                              | 4,549                              | (4,549)                                      |
| Administrative expenses                            | -                              | (82)                               | 82   |
| Net changes  | 8,339                          | (1,151)                            | 9,490  |
| Balance at 6/30/2020                               | <u>\$ 206,455</u>              | <u>\$ 194,521</u>                  | <u>\$ 11,934</u>                             |

### State Retirement Plan

|  | Total Pension<br>Liability (a) | Plan Fiduciary<br>Net Position (b) | Net Pension Liability /<br>(Asset) (a) - (b) |
|--|--------------------------------|------------------------------------|--|
| Balance at 12/31/2019                              | \$ 1,669,035                   | \$ 1,789,743                       | \$ (120,708)                                 |
| Changes for the year:                              |                                |                                    |  |
| Service Cost                                       | 66,766                         | -                                  | 66,766                                       |
| Interest on Total Pension Liability                | 121,384                        | -                                  | 121,384                                      |
| Benefit term Changes                               | 33,746                         | -                                  | 33,746                                       |
| Differences between expected and actual experience | (14,022)                       | -                                  | (14,022)                                     |
| Assumption changes                                 | 21,516                         | -                                  | 21,516                                       |
| Benefit payments, including member refunds         | (112,331)                      | (112,331)                          | -  |
| Employer contributions                             | -                              | 51,506                             | (51,506)                                     |
| Employee contributions                             | -                              | 33,007                             | (33,007)                                     |
| Net investment income                              | -                              | 221,997                            | (221,997)                                    |
| Administrative expenses                            | -                              | (1,520)                            | 1,520  |
| Transfers  | 9,318                          | 9,318                              | -  |
| Net changes  | 126,377                        | 201,977                            | (75,600)                                     |
| Balance at 12/31/2020                              | <u>\$ 1,795,412</u>            | <u>\$ 1,991,720</u>                | <u>\$ (196,308)</u>                          |

### State Patrol Retirement Plan

|  | Total Pension<br>Liability (a) | Plan Fiduciary<br>Net Position (b) | Net Pension Liability /<br>(Asset) (a) - (b) |
|--|--------------------------------|------------------------------------|--|
| Balance at 6/30/2019                               | \$ 496,519                     | \$ 436,612                         | \$ 59,907                                    |
| Changes for the year:                              |                                |                                    |  |
| Service Cost                                       | 8,961                          | -                                  | 8,961  |
| Interest on Total Pension Liability                | 36,398                         | -                                  | 36,398                                       |
| Differences between expected and actual experience | (6,168)                        | -                                  | (6,168)                                      |
| Benefit payments, including member refunds         | (24,953)                       | (24,953)                           | -  |
| Employer contributions                             | -                              | 9,083                              | (9,083)                                      |
| Employee contributions                             | -                              | 4,970                              | (4,970)                                      |
| Net investment income                              | -                              | 10,177                             | (10,177)                                     |
| Administrative expenses                            | -                              | (120)                              | 120  |
| Other changes                                      | -                              | 14                                 | (14)   |
| Net changes  | 14,238                         | (829)                              | 15,067                                       |
| Balance at 6/30/2020                               | <u>\$ 510,757</u>              | <u>\$ 435,783</u>                  | <u>\$ 74,974</u>                             |

**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 current discount rate of 7.30 percent for State and a discount rate of 7.50 percent for Judges, Patrol, and School. The table also shows what the plans' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

| <b>Net Pension Liability / (Asset)</b> |                                |          |  |           |                                |           |
|--|--------------------------------|----------|--|-----------|--------------------------------|-----------|
|  | <b>1% Decrease<br/>(6.50%)</b> |          | <b>Current Discount Rate<br/>(7.50%)</b> |           | <b>1% Increase<br/>(8.50%)</b> |           |
| School                                 | \$                             | 742,544  | \$                                       | 377,915   | \$                             | 76,716    |
| Judges                                 |                                | 32,994   |  | 11,934    |                                | (6,161)   |
| Patrol                                 |                                | 145,030  |  | 74,974    |                                | 17,932    |
|  | <b>1% Decrease<br/>(6.30%)</b> |          | <b>Current Discount Rate<br/>(7.30%)</b> |           | <b>1% Increase<br/>(8.30%)</b> |           |
| State                                  | \$                             | (30,304) | \$                                       | (196,308) | \$                             | (334,977) |

**Changes to Actuarial Assumptions Subsequent Event to June 30, 2021.** The key changes in economic assumptions are as follows: Price Inflation, Investment Return, General Wage Growth, Wage Inflation, Cash Balance Interest Crediting Rate, and Cost of Living Adjustment. The key changes in demographic assumptions are as follows: Post Retirement Mortality, Pre-Retirement Mortality, Retirement, and Termination. Details of the assumption changes effective for future years are available in the audited pension financials.

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports prepared by the Nebraska Public Employees Retirement Board and the Omaha School Employee Retirement System.



**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As a result of its requirement to contribute to these retirement plans, the State recognized expense of \$98,634 for the year ended June 30, 2021. Of this amount, \$54,553 pension expense was recognized for the Nebraska Public Employees Retirement System's School plan, \$13,333 expense was recognized for the State plan, \$8,766 pension expense was recognized for the Omaha School Plan, \$14,193 pension expense was recognized for the State Patrol Plan, \$6,393 pension expense was recognized for the Judges Plan, and \$1,396 in pension expense was recognized for the Service Annuity. In the accompanying financial statements, presented as of June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources from the following sources:

|  | DEFERRED OUTFLOWS<br>OF RESOURCES | DEFERRED INFLOWS<br>OF RESOURCES |
|--|-----------------------------------|----------------------------------|
| <b>Actuarial Calculations:</b>   |                                   |                                  |
| <b>Judges Retirement</b>   |                                   |                                  |
| Differences between expected and actual experience                               | \$ -                              | \$ 3,461                         |
| Changes of assumptions   | 719                               | -                                |
| Net difference between projected and actual earnings on pension plan investments | 8,856                             | 2,609                            |
| <b>Patrol Retirement</b>   |                                   |                                  |
| Differences between expected and actual experience                               | -                                 | 7,698                            |
| Changes of assumptions   | 2,994                             | -                                |
| Net difference between projected and actual earnings on pension plan investments | 19,946                            | 5,844                            |
| <b>School Retirement</b>   |                                   |                                  |
| Differences between expected and actual experience                               | 2,431                             | 57,988                           |
| Changes of assumptions   | 41,496                            | -                                |
| Net difference between projected and actual earnings on pension plan investments | 101,890                           | 29,694                           |
| Changes in proportion  | 5,170                             | 14,810                           |
| <b>State Retirement</b>  |                                   |                                  |
| Differences between expected and actual experience                               | 51                                | 29,220                           |
| Changes of assumptions   | 32,381                            | -                                |
| Net difference between projected and actual earnings on pension plan investments | 73,936                            | 199,829                          |
| <b>Total Actuarial Calculations</b>  | <u>289,870</u>                    | <u>351,153</u>                   |
| <b>Employer Contributions Paid Subsequent to Actuarial Measurement Date:</b>     |                                   |                                  |
| Judges Retirement  | 4,814                             | -                                |
| Patrol Retirement  | 9,160                             | -                                |
| School Retirement  | 44,254                            | -                                |
| <b>TOTAL</b>   | <u>\$ 348,098</u>                 | <u>\$ 351,153</u>                |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>June 30: | Judges          |                 | Patrol           |                  | School            |                   | State             |                   |
|------------------------|-----------------|-----------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                        | Outflow         | Inflow          | Outflow          | Inflow           | Outflow           | Inflow            | Outflow           | Inflow            |
| 2022                   | \$ 3,008        | \$ 4,161        | \$ 8,160         | \$ 8,138         | \$ 59,972         | \$ 49,315         | \$ 48,053         | \$ 88,476         |
| 2023                   | 2,289           | 1,654           | 5,166            | 3,372            | 38,073            | 24,947            | 48,002            | 61,130            |
| 2024                   | 2,289           | 240             | 5,166            | 1,670            | 28,036            | 13,951            | 5,036             | 57,591            |
| 2025                   | 1,990           | 16              | 4,448            | 363              | 23,086            | 10,265            | 4,060             | 21,058            |
| 2026                   | -               | -               | -                | -                | 1,168             | 2,875             | 1,218             | 794               |
| Thereafter             | -               | -               | -                | -                | 140               | 416               | -                 | -                 |
| <b>Total</b>           | <b>\$ 9,576</b> | <b>\$ 6,071</b> | <b>\$ 22,940</b> | <b>\$ 13,543</b> | <b>\$ 150,475</b> | <b>\$ 101,769</b> | <b>\$ 106,369</b> | <b>\$ 229,049</b> |

### Payable to the Pension Plans

The State reported a payable of \$57,054 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2021.

## 14. Other Postemployment Benefits

The State provides State employees who are eligible for retirement, and do retire, the opportunity to continue medical benefits in accordance with State Law, Neb. Rev. Stat. §§ 84-1601 through 84-1615 (Reissue 2014, Cum. Supp. 2020), and Nebraska Administrative Code, Title 273, Chapter 17-014.

### Plan Description

The State administers a single-employer benefit plan, known as the State of Nebraska Retiree Health Insurance Program (Plan), which provides postemployment medical insurance benefits for retirees. State employees who are eligible for retirement, and do retire, are provided the opportunity to continue health insurance coverage in a State health insurance plan until they reach age sixty-five or become Medicare eligible. Management of the Plan is governed by the State and administered by the Department of Administrative Services.

Permanent full-time and part-time employees, who work one-half or more of the regularly scheduled hours during each pay period, are between the ages of fifty-five and sixty-four, who voluntarily retire or terminate from state employment, who are enrolled in a State health insurance plan, and have actively contributed to the Nebraska Public Employees Retirement System prior to leaving state employment, are eligible to participate in the Plan until the first day of the month in which they turn age sixty-five. Commissioned employees of the Nebraska State Patrol who on or after July 17, 1986, has reached fifty-one years of age or becomes medically disabled and who will not receive benefits from the federal social security program is eligible for the Plan until age sixty-five. Furthermore, commissioned employees of the Nebraska State Patrol who began employment before 1982 were given grandfathered rights to lifetime benefits under the Plan.

The spouse and family member dependents of a retired State employee are eligible to participate in the Plan, as dependents only, until the employee reaches age sixty-five. If the spouse is age sixty-five or older at the time the State employee retires, he or she is not eligible to continue to participate in the Plan. The spouse of a retired participant reaching age sixty-five before the State employee, loses Plan eligibility at age sixty-five.

Benefits under the Plan include medical and prescription drug benefits that mirror the active health insurance plan in which the employee is enrolled at the time of retirement. The Plan is funded by premiums charged to the retirees, which are responsible for the entire cost of the premium. Retiree and dependent contribution rates are periodically adjusted by the State with Legislative approval.

The following circumstances may cause termination of benefits before the retiree or dependent reaches age sixty-five: the retiree or dependent begins receiving Medicare and/or Medicare disability benefits; the retiree fails to make premium payments on time; the retiree benefit provision is changed in a subsequent labor contract; applicable statutes, administrative regulations, or contract provisions are changed and benefit coverage is no longer available; or, the State ceases to provide group health insurance to State employees.

The Plan is not pre-funded. The State funds benefits on a pay-as-you-go basis.

As of June 30, 2020, there were 12,175 members in the Plan, of which 11,965 were active employees and 210 were retired employees or beneficiaries currently receiving benefits.

An implicit rate subsidy exists for the Plan in that retirees under the age of 65 (i.e. not eligible for Medicare) generate higher claims on average than the group of active employee members. Medical plans generally determine a premium by analyzing the claims of the entire population in the plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired members. Since the volume and dollar amount of claims generally increase as individuals age, the blended premium paid for retirees is lower than the expected claims. If the retirees were removed from the plan, the premium for the active group would be lower. Therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the implicit rate subsidy.

A copy of the Plan's separately issued actuarial valuation may be obtained by writing to the Nebraska Department of Administrative Services, 1526 K Street, Suite 190, Lincoln, Nebraska 68508.

**Net OPEB Liability**

The Plan is not pre-funded and therefore there are no assets accumulated in a Governmental Accounting Standards Board, Statement 75, compliant trust. Benefits are funded on a pay-as-you-go basis, so Net OPEB Liability and Total OPEB Liability are equal. The Total OPEB Liability was determined by an actuarial valuation as of June 30, 2020, resulting in a Net OPEB Liability of \$22,304 reported as of June 30, 2021. Below is the schedule of changes in net OPEB liability:

| <b>Total OPEB Liability</b>                                 |                  |
|---|------------------|
| Service Cost  | \$ 912           |
| Interest  | 530              |
| Differences between expected and actual experience          | 1,265            |
| Changes of assumptions                                      | 5,958            |
| Estimated benefit payments, including refunds of member     | <u>(1,177)</u>   |
| Net change in Total OPEB Liability                          | 7,488            |
| Total OPEB Liability – beginning                            | 14,816           |
| Total OPEB Liability – ending (a)                           | <u>\$ 22,304</u> |
| <b>Plan Fiduciary Net Position (Assets)</b>                 |                  |
| Estimated contributions                                     | \$ 1,177         |
| Estimated benefit payments, including refunds of member     | <u>(1,177)</u>   |
| Net change in Plan Fiduciary Net Position                   | -                |
| Plan Fiduciary Net Position (Assets) – beginning            | -                |
| Plan Fiduciary Net Position (Assets) – ending (b)           | -                |
| Net OPEB Liability – ending (a) – (b)                       | <u>\$ 22,304</u> |
| Covered employee payroll                                    | N/A              |
| Plan Net OPEB Liability as a percentage of covered employee | N/A              |

**Key actuarial assumptions used to measure the Total OPEB Liability are as follows:**

|                              |   |
|------------------------------|---|
| Actuarial cost method        | Entry Age Normal, Level Percentage of Pay   |
| Discount rate                | 2.21% as of June 30, 2020 and 3.50% as of June 30, 2019                           |
| Inflation                    | 2.65%   |
| Salary increases             | Service-based table decreasing from 9.50% to ultimate of 3.15% over 30 years      |
| Mortality rates              | Pub-2010 General Members, adjusted based on age and sex, generationally projected |
| Healthcare cost trend rates: |   |
| Medical                      | 6.00% decreasing by 0.25% for 6 years to an ultimate of 4.50%                     |
| Prescription drug            | 7.50% decreasing by 0.25% for 12 years to an ultimate of 4.50%                    |
| Administrative costs         | 2.00% each year   |

**Changes to assumptions:**

Effective with the June 30, 2020 measurement:

- Medical, prescription drug, and administrative costs were updated to reflect recent experience.
- Medical, prescription drug, and administrative expense trend rates were updated to reflect recent experience and future expectations.
- Spousal age difference for future female retirees was lowered from three years to two years.
- Plan participation rate for future retirees was raised from 15% to 20%.
- The impact of the ACA excise tax was removed, as the tax has been repealed.
- Retirement, turnover, and mortality assumptions were updated to match the most recent NPERS Cash Balance Benefit Fund valuation.
- The discount rate was updated from 3.50% to 2.21%.

**Sensitivity of the Net OPEB Liability (NOL) to changes in the current discount rate.**

The table presents the NOL as well as what the NOL would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. Also shown is the NOL as if it were calculated using healthcare cost trend rates that were 1 percentage point lower or 1 percentage point higher than the current healthcare trend rates.

|                           | <b>1% Decrease in Discount Rate (1.21%)</b> | <b>Current Discount Rate (2.21%)</b> | <b>1% Increase in Discount Rate (3.21%)</b> |
|---------------------------|---|--------------------------------------|---|
| <b>Net OPEB Liability</b> | \$23,924                                    | \$22,304                             | \$20,797                                    |

|                           | <b>1% Decrease in Trend Rate</b> | <b>Current Trend Rate</b> | <b>1% Increase in Trend Rate</b> |
|---------------------------|----------------------------------|---------------------------|----------------------------------|
| <b>Net OPEB Liability</b> | \$20,210                         | \$22,304                  | \$24,776                         |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The State recognized OPEB expense of \$2,272 for the year ended June 30, 2021. The State also reported the following deferred outflows and inflows of resources for financial statement purposes:

|   | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|---|---------------------------------------|--------------------------------------|
| Changes of assumptions or other inputs  | 5,702                                 | 1,919                                |
| Difference between expected and actual experience in the Total OPEB Liability | 2,450                                 | 0                                    |
| Net difference between projected and actual earnings on investments           | 0                                     | 0                                    |
| Total Deferred Outflows/Inflows of Resources                                  | <u>8,152</u>                          | <u>1,919</u>                         |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year Ended June 30:</b> |          |
|----------------------------|----------|
| 2022                       | \$ 830   |
| 2023                       | \$ 830   |
| 2024                       | \$ 830   |
| 2025                       | \$ 929   |
| 2026                       | \$ 929   |
| Thereafter                 | \$ 1,887 |

**15. Bonds Payable**

Article XIII of the State's Constitution prohibits the State from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the State's Constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 2021, there was no outstanding debt for either of these purposes.

The component units issue bonds for various purposes including student housing, parking facilities and special event centers. Net revenues from student housing and dining facilities, special student fees and parking facilities fees are pledged to secure the appropriate issues.

All outstanding bond issues of the University of Nebraska Facilities Corporation and the Nebraska State College Facilities Corporation are general obligations of these corporations. They are separate legal entities that are not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself.

| <b>BONDS PAYABLE</b>    | <b>INTEREST<br/>RATES</b> | <b>BALANCE<br/>June 30, 2021</b> |
|-------------------------|---------------------------|----------------------------------|
| <b>COMPONENT UNITS</b>  |                           |                                  |
| University of Nebraska  | 1.00%-5.50%               | \$ 1,256,735                     |
| Nebraska State Colleges | 0.30%-5.00%               | 81,262                           |
| Component Units Total   |                           | <u>\$ 1,337,997</u>              |

| <b>COMPONENT UNITS<br/>DEBT SERVICE REQUIREMENTS TO MATURITY</b> |                     |                   |                     |
|--|---------------------|-------------------|---------------------|
| <b>YEAR</b>  | <b>PRINCIPAL</b>    | <b>INTEREST</b>   | <b>TOTAL</b>        |
| 2022   | \$ 44,584           | \$ 41,361         | \$ 85,945           |
| 2023   | 71,612              | 44,198            | 115,810             |
| 2024   | 45,953              | 42,030            | 87,983              |
| 2025   | 42,418              | 39,844            | 82,262              |
| 2026   | 58,490              | 37,813            | 96,303              |
| 2027-2031  | 226,915             | 161,784           | 388,699             |
| 2032-2036  | 123,180             | 129,079           | 252,259             |
| 2037-2041  | 105,135             | 111,832           | 216,967             |
| 2042-2046  | 123,870             | 94,048            | 217,918             |
| 2047-2051  | 153,120             | 71,638            | 224,758             |
| 2052-2056  | 126,420             | 49,922            | 176,342             |
| 2057-2061  | 148,545             | 28,362            | 176,907             |
| 2062-2066  | 67,755              | 2,736             | 70,491              |
| Total  | <u>\$ 1,337,997</u> | <u>\$ 854,647</u> | <u>\$ 2,192,644</u> |

## 16. Tax Abatements

Statement No. 77 of the Governmental Accounting Standards Board (GASB 77) requires the State to disclose specific information about tax abatement agreements to which it is a party. Tax abatement is defined as:

[a] reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

As of June 30, 2021, the State of Nebraska administers 11 separate tax abatement programs with activity to report in the fiscal year—the Nebraska Advantage Act, the Nebraska Advantage Rural Development Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Employment and Investment Growth Act, the Invest Nebraska Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the Angel Investment Tax Credit Act, the Beginning Farmer Tax Credit Act, the Community Development Assistance Act, and the Affordable Housing Tax Credit Act.

### Description of Tax Abatement Programs

**A. Nebraska Advantage Act.** Neb. Rev. Stat. §§ 77-5701 through 77-5735 (Reissue 2018, Cum. Supp. 2020), is a program that allows taxpayers involved in a qualified business to earn and use tax benefits based on investment and employment growth. The Nebraska Advantage Act has six tiers that have varying requirements for investment and employment growth. The required levels of employment and investment must be met within 4 to 7 years, depending on the applicable tier. The maximum life of each project is 10 to 30 years. No new Nebraska Advantage Act applications may be filed after December 31, 2020. However benefits may be paid out under the Nebraska Advantage Act until 2051.

Applicants are required to meet different levels of employment and investment based on the tier they choose and the year in which they apply. There is also a required wage for the jobs that create tax credits. The required employment, investment, and wage levels which calendar year 2020 applicants must meet to qualify for benefits are as follows:

|                               | Investment and Employment Growth |                       |                     |        |          |   |                         |
|-------------------------------|----------------------------------|-----------------------|---------------------|--------|----------|---|-------------------------|
|                               | Tier 1                           | Tier 2 <sup>1,2</sup> | Tier 2 <sup>3</sup> | Tier 3 | Tier 4   | Tier 5  | Tier 6                  |
| <b>Investment</b>             | \$1,000                          | \$3,000               | \$200,000           | N/A    | \$12,000 | \$37,000 <sup>1,2,3/</sup><br>\$20,000 <sup>4</sup> | \$10,000 /<br>\$109,000 |
| <b>FTE<sup>5</sup> Growth</b> | 10                               | 30                    | 30                  | 30     | 100      | N/A   | 75/50                   |
| <b>Annual Wage</b>            | \$28                             | \$28                  | \$28                | \$28   | \$28     | N/A   | \$69 <sup>6</sup>       |

<sup>1</sup> Web Portal

<sup>2</sup> Data Center

<sup>3</sup> Large Data Center

<sup>4</sup> Renewable Energy

<sup>5</sup> Stated as Full-time Equivalent Employee

<sup>6</sup> Varies by county. Greater of 200% of county average weekly wage for the county in which the project is located or 150% of state average weekly wage.

Once the taxpayer meets the employment and investment levels, they qualify for tax benefits including: 1) a direct refund of sales and use taxes paid on qualified property, 2) an investment that varies from 3% to 15%, depending on the applicable tier, of the investment made in qualified property, 3) a compensation credit that varies from 3% to 10% of the compensation paid to new employees, depending on the applicable tier, and 4) a personal property tax exemption on certain types of property for some tiers. Investment and compensation credits may be used to: 1) obtain a refund of sales or use taxes paid on otherwise nonrefundable purchases, 2) reduce income tax liability, or 3) obtain a reimbursement for real property tax for certain tiers, which affects only local government revenues and is not quantified in this footnote. Compensation credits may also be used to obtain a refund of, or to reduce, the taxpayer's income tax withholding liability attributable to the increase in employment. This Act has provisions through which the State may recapture benefits paid if the taxpayer fails to meet or maintain the required employment and investment levels. Benefits will be recaptured if the minimum levels of investment or employment are not maintained for all years during the entitlement period. For each year the levels are not maintained, the taxpayer cannot earn new tax credits or claim direct refunds of sales and use taxes for investments made during the year. The State will also recapture a portion of benefits already received and retain a portion of subsequent tax offsets or refunds to recover the portion of benefits subject to recapture.

**B. Nebraska Advantage Rural Development Act.** Neb. Rev. Stat. §§ 77-27,187 through 77-27,196.01 (Reissue 2018; Cum. Supp. 2020), is a program that provides tax benefits to encourage businesses to locate in rural areas and impoverished metropolitan areas. Taxpayers can earn investment and or employment credits if they operate a qualified business and meet the required employment and or investment levels for a project located in an eligible area. The required employment and investment levels which calendar year 2021 applicants must meet to qualify for benefits are as follows:

#### Investment and Employment Levels

|                               | Level 1  | Level 2  | Livestock Modernization |
|-------------------------------|--|--|-------------------------|
| <b>Investment</b>             | \$125  | \$250  | \$50                    |
| <b>FTE<sup>7</sup> Growth</b> | 2  | 5  | N/A                     |
| <b>Wage Rate<sup>8</sup></b>  | \$14.95  | \$14.95  | N/A                     |
| <b>Eligible Location</b>      | County with Population less than 15,000; Village; or certain census tracts | County with population less than 25,000 but greater than 15,000; or city of second class | Any County              |

<sup>7</sup> Stated as Full-time Equivalent Employee

<sup>8</sup> Hourly Wage Rate is not expressed in thousands

Level 1 and Level 2 projects that meet both the employment and investment levels will earn a \$3 compensation credit for each new full-time equivalent employee, and a \$2.75 investment credit for each \$50 net increase in qualified investment. Taxpayers can use these credits to obtain a refund of state sales and use taxes paid, to reduce the income tax liability of the taxpayer, or to use as a refundable credit claimed on the income tax return of the taxpayer. Livestock modernization projects that have a net new investment of at least \$50 in any county in Nebraska can earn credits equal to 10% of investment. Livestock modernization projects are limited to a maximum of \$150 in credits. These credits may be used to obtain a refund of state sales and use taxes paid, to reduce the income tax liability of the taxpayer, or to use as a refundable credit claimed on the income tax return of the taxpayer. The approval limit for this program for each calendar year is \$1000 for Level 1 and Level 2 projects combined and \$1000 for livestock modernization projects. If a taxpayer with a Level 1 or Level 2 project fails to attain 75% of investment or employment estimates or to maintain required employment and investment levels for three years after the year of qualification, benefits will be recaptured. If a taxpayer with a livestock modernization project fails to attain 75% of investment estimates, all benefits will be recaptured.

**C. Nebraska Advantage Microenterprise Tax Credit Act.** Neb. Rev. Stat. §§ 77-5901 through 77-5908 (Reissue 2018, Cum. Supp. 2020), is a program that provides tax benefits to applicants who are actively engaged in the operation of a business that employs five or fewer equivalent employees at the time of application. The applicant earns a refundable income tax credit equal to 20% of new investment and employment. There is a \$10 lifetime limit in credits granted to each applicant and related persons. The approval limit for this program is \$2,000 plus the dollars that were not approved by the end of the preceding year. There are no recapture provisions under this act.

**D. Employment and Investment Growth Act.** Neb. Rev. Stat. §§ 77-4101 through 77-4113 (Reissue 2018, Cum. Supp. 2020), is a program that allowed taxpayers involved in a qualified business to earn and use tax benefits based on investment and employment growth. This program is no longer accepting new applications but continues to provide tax benefits to taxpayers for projects in the carryover period. This Act had three application options with different required levels of employment and investment. Taxpayers must meet the required levels within seven years of application and can use earned tax benefits for up to 14 additional years. A taxpayer that participated in this program elected one of the following application options: 1) \$20,000 in investment; 2) \$3,000 in investment and 30 new full-time equivalent employees; or 3) \$10,000 in investment and 100 new full-time equivalent employees. Once the taxpayer met the employment and investment levels they received tax benefits including: 1) a direct refund of sales and use taxes paid on qualified property; 2) an investment credit equal to 10% of the investment made in qualified property; 3) a compensation credit equal to 5% of the increase in compensation at the project; and 4) a personal property tax exemption on certain types of property, which affects only local government revenues and is not quantified in this footnote. Investment and compensation credits may be used to: 1) obtain a refund of sales or use taxes paid on otherwise nonrefundable purchases; or 2) reduce income tax liability. Each application option offers a different combination of these tax benefits. Benefits will be recaptured if the minimum levels of investment or employment are not maintained for all years during the seven-year entitlement period. For each year the levels are not maintained, the taxpayer cannot earn new tax credits or claim direct refunds of sales and use taxes for investments made during the year. The State will also assess a portion of benefits already received and retain a portion of subsequent tax offsets or refunds to recover the portion of benefits subject to recapture. For each year of recapture, the length of the property tax exemption will be reduced by one year.



- E. Invest Nebraska Act.** Neb. Rev. Stat. §§ 77-5501 through 77-5544 (Reissue 2018), is a program that allowed a qualified business to receive either a wage benefit credit or an alternative investment credit. This program is no longer accepting new applications but continues to provide tax benefits to taxpayers for projects in the carryover period. Each application was subject to the approval by a board comprised of the Governor, the State Treasurer, and the chairperson of the Nebraska Investment Council. This Act had three application levels: 1) \$10,000 in investment and 25 full-time equivalent employees; 2) \$50,000 in investment and 500 full-time equivalent employees, or \$100,000 in investment and 250 full-time equivalent employees; and 3) \$200,000 in investment and 500 full-time equivalent employees. A company that reached the employment and investment levels for the relevant application level was eligible for benefits. An eligible company earned a wage benefit credit up to 5% of the taxable wages paid to new employees earning more than the required wage level. A company that selected the \$200,000 investment and 500 full-time equivalent employee application level could choose to receive, in lieu of a wage benefit credit, an alternative investment tax credit equal to 15% of the company's investment in qualified property. The credits could be used to: 1) offset up to 100% of income tax liability, and 2) obtain a refund of, or to reduce, the taxpayer's income tax withholding liability attributable to the increase in employment. Each company is required to expend at least the value of the wage benefit credit or alternative investment tax credit for company training programs, employee benefit programs, educational institutional training programs, or workplace safety programs.
- F. The Nebraska Job Creation and Mainstreet Revitalization Act.** Neb. Rev. Stat. §§ 77-2901 to 77-2912 (Reissue 2018, Cum. Supp. 2020), is a program jointly administered by the Nebraska State Historic Preservation Officer and the State. This Act provides credits to applicants who incur eligible expenditures to rehabilitate historically significant real properties. Applicants may receive a credit equal to 20% of eligible expenditures up to \$1,000 per project. The credit may be used against income taxes, premium taxes imposed on insurance companies, or franchise taxes imposed on financial institutions. This credit is transferable and distributable, subject to certain limitations. Transferable credits may be claimed beginning with the year the improvement is placed in service. Distributable credits may be claimed beginning with the year the improvement is placed in service or the year the recipient became a member, partner, or shareholder of a flow-through entity in which they obtained an ownership interest in the entity, whichever is later. Credits may be carried forward until fully utilized, or until December 31, 2027. If, at any time during the five years after the improvement to the property is placed in service, the State Historic Preservation Officer determines that the property is the subject of work not in substantial conformance with the approved application or the documents from which the tax credit was calculated, tax credits may be recaptured from the property owner.
- G. New Market Job Growth Investment Tax Credit Act.** Neb. Rev. Stat. §§ 77-1101 through 77-1120 (Reissue 2018), is a program that allows individuals, corporations, estates, trusts, financial institutions, and insurance companies to claim nonrefundable, nontransferable tax credits for investment in a qualified community development entity (CDE). The credits may be used against income taxes, premium taxes imposed on insurance companies, or franchise taxes imposed on financial institutions. This Act requires the CDE to file an application for certification with the State. Upon approval of its application, the CDE may accept cash investments that qualify for the tax credit. Flow-through entities that make a qualified investment may allocate the tax credit to their partners, members, or shareholders in the same proportion that income is distributed, or in accordance with any agreement made between the partners, members, or shareholders.

A CDE is a corporation or partnership with the primary mission of providing investment capital for low-income communities or low-income persons, meets the definition of 26 U.S.C. 45D(c), and has entered into an agreement with the Community Development Financial Institutions Fund of the United States Treasury. The CDE must include Nebraska in its service area.

Credits are issued for equity investments in CDEs or long-term debt securities issued by a CDE that: (1) have at least 100% of its cash price used by the CDE to make qualified low-income community investments in qualified active low-income community businesses located in Nebraska by the first anniversary of the initial credit allowance date; (2) are designated by the CDE as a qualified equity investment under section 45D of the Internal Revenue Code; and, (3) are certified by the Tax Commissioner as not exceeding the total fiscal year credit limitation for the program of \$15,000.

The tax credit is computed by multiplying the cash purchase price of the investment by the allocable percentage at each credit allowance date. The credit allowance dates and percentages are: 0% on the first and second credit allowance dates; 7% on the third credit allowance date; and 8% on the fourth through seventh credit allowance dates.

The Act provides that credits may be recaptured in several situations. First, credits may be recaptured if any amount of the federal qualified equity investment credit is recaptured. Second, credits may be recaptured if the CDE redeems or repays some or all of the principal of the investment prior to the last credit allowance date. Finally, credits may be recaptured if the CDE fails to invest pursuant to, and satisfy the requirements of, the program and maintain its investment in a qualified low-income community investment in Nebraska until the last credit allowance date.

- H. Angel Investment Tax Credit Act.** Neb. Rev. Stat. § 77-6301 to 77-6310 (Reissue 2018, Cum. Supp. 2020), is a program that provided refundable income tax credits to encourage entrepreneurship and to increase high-technology industries in

underserved areas of Nebraska. Under Legislation enacted in 2019, the Angel Investment Tax Credit Act was terminated, and no tax credits may be allocated after 2019. However, taxpayers may still file and amend returns to claim credits allocated in previous years. Individuals, trusts, or pass-through entities could apply to be certified as a qualified investor by the Department of Economic Development. To receive credits, individual investors must invest a minimum of \$25, and investment funds must invest \$50, in a calendar year in a qualified small business. A qualified small business is a business based in Nebraska with more than 51% of its employees in Nebraska and have fewer than 25 employees. Qualified investors are eligible to earn a credit equal to 40% of their qualified investment in a qualified small business. Credits are capped at \$350 for married couples filing a joint return and at \$300 for single filers. No more than \$1,000 in credits is to be allocated for investment in any one small business and no more than \$4,000 in credits may be allocated in any calendar year. These credits are subject to recapture if the investment is not held in the small business for at least three years. Credits do not carry forward.

- I. Beginning Farmer Tax Credit Act.** Neb. Rev. Stat. §§ 77-5201 through 77-5215 (Reissue 2018, Cum. Supp. 2020), is a program that provides tax benefits to eligible beginning farmers or livestock producers and owners who rent assets to those beginning farmers or livestock producers. Applicants must be certified by the Beginning Farmer Board (Board). To be certified as a qualified beginning farmer or livestock producer, an applicant must: 1) be a Nebraska resident who is farming or seeks to farm or raise crops or livestock in the state; 2) have a net worth of not more than \$200; 3) provide the majority of the day-to-day physical labor and management for the operation; 4) demonstrate profit potential to the Board; 5) demonstrate a need for assistance; 6) participate in a financial management program; 7) submit a nutrient management plan and soil conservation plan to the Board; and 8) have other qualifications as specified by the Board.

Certified beginning farmers and livestock producers are eligible for a personal property tax exemption for tangible personal property that is used in a qualifying beginning farmer or livestock producer operation. This portion of the tax benefit affects only local government revenue and is, therefore, not quantified in this footnote.

The Act also provides two refundable income tax credits. First, a beginning farmer or livestock producer is allowed a one-time income tax credit equal to the actual cost of participating in the financial management program required for eligibility under the Act, not to exceed \$0.5. Second, the owner of agricultural assets that are rented, pursuant to a three-year rental agreement, to a beginning farmer is allowed a credit equal to 10% of the gross rental income on cash rentals or 15% of the cash equivalent of a share-rental agreement. This credit is subject to recapture if the three-year lease agreement is terminated with fault on the part of the owner of the agricultural assets. Legislation operative August 31, 2019, amended provisions of the Beginning Farmer Tax Credit Act to limit qualified beginning farmers and owners to one successful lease agreement per asset while also allowing qualified beginning farmers to file subsequent applications for different assets. It also provided that owners of an agricultural asset rented on a rental agreement basis to a qualified beginning farmer may be issued tax credits for the asset for a maximum of three years.

- J. Community Development Assistance Act.** Neb. Rev. Stat. §§ 13-201 through 13-208 (Reissue 2012), is a program that encourages investment in community betterment organizations by providing tax credits to investors. This Act permits the Nebraska Department of Economic Development to distribute tax credits to businesses and individuals that make eligible contributions of cash, services, or materials to approved community betterment projects. Tax credits may be used against income tax, premium tax, and franchise tax liabilities. Under this Act, a non-profit community betterment organization may apply to have a project approved to receive eligible contributions. Applicants must be a village, city, or county government or a nonprofit 26 U.S.C. § 501(c)(3) organization that will serve an economically distressed area. Eligible projects include those that provide employment training, human and medical services, physical facility and neighborhood development services, recreational and education activities, or crime prevention. Income tax credits may be awarded by the Nebraska Department of Economic Development to individuals or entities that make eligible contributions. The credit awarded may be up to 40% of the value of the contribution. No more than \$50 in tax credits may be approved per project per year. A total of \$350 in credits are permitted to be certified by the Nebraska Department of Economic Development in the fiscal year. This Act has no provisions for recapture.
- K. The Affordable Housing Tax Credit Act,** Neb. Rev. Stat. §§ 77-2501 through 77-2507 (Reissue 2018), is a program modeled after the federal low-income housing tax credit (LIHTC). It was developed to encourage investment of private capital in the development of rental housing by providing a credit to offset an investor's income tax liability. This Act permits the Nebraska Investment Finance Authority (NIFA) to allocate credits to project owners that make eligible investment in qualifying developments. The maximum amount of Nebraska affordable housing tax credits awarded by NIFA to all qualified developments in any given allocation year is limited to no more than 100% of the total amount of LIHTC awarded in the same allocation year.

A qualified taxpayer (defined in the Act to mean a taxpayer owning an interest, direct or indirect, in a qualified project) may transfer, sell, or assign all or part of its interest in the development, including the credits. A qualified taxpayer cannot transfer, sell, or assign its interest in the credits separately from its interest in the qualified project.

Qualified taxpayers may claim the credits for taxable years beginning or deemed to begin on or after January 1, 2019. Any credit claimed, but not used may be carried over until used. A qualified taxpayer may use the credits to offset its income tax, financial institution tax, or insurance premium tax liability. A qualified taxpayer may claim the credits for a period of six years specifically, the first six years of the “credit period” as defined in Section 42 of the Internal Revenue Code.

The credits are subject to recapture in proportion to the percentage of recapture or disallowance of the related recaptured federal LIHTC.

### Amount of State Taxes Abated

The following table reports the gross dollar amount, on an accrual basis, by which the State’s tax revenues were reduced during the fiscal year ending June 30, 2021 as a result of tax abatement agreements for each of the eleven programs.

| No.          | Program   | Taxes Abated        |
|--------------|---|---------------------|
| A            | Nebraska Advantage Act                            | \$216,676           |
| B            | Nebraska Advantage Rural Development Act          | 1,801               |
| C            | Nebraska Advantage Microenterprise Tax Credit Act | 608                 |
| D            | Employment and Investment Growth Act              | 20,777              |
| E            | Invest Nebraska Act                               | *                   |
| F            | Job Creation and Mainstreet Revitalization Act    | 2,940               |
| G            | New Market Job Growth Investment Tax Credit       | 11,416              |
| H            | Angel Investment Tax Credit                       | 1,605               |
| I            | Beginning Farmer Tax Credit Act                   | 1,623               |
| J            | Community Development Assistance Act              | 515                 |
| K            | Affordable Housing Tax Credit Act                 | 4,708               |
| <b>Total</b> |   | <b>\$262,669 **</b> |

\*To maintain confidentiality, no information is disclosed due to the low number companies reporting activity.

\*\*This total excludes amounts for programs that were not individually reported.

1. **Confidentiality.** Unless a specific statutory exception exists, all information relating to a particular taxpayer which has been obtained by State from any source is confidential.

Tabulations which would tend to identify a particular taxpayer either directly or indirectly are also confidential. The State follows the guidance of the Internal Revenue Service with reference to the disclosure of statistical information. To protect confidential information, the State will not release a statistical tabulation that contains information from fewer than three taxpayers. A statistical tabulation prepared for a geographic area less than the entire state will not be released if it contains information from fewer than ten taxpayers.

2. **Additional Information.** The State issues an Annual Report on Tax Incentives to the Nebraska Legislature on or before July 15 of each year. The report contains additional information on the Nebraska Advantage Act, the Nebraska Advantage Rural Development Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Employment and Investment Growth Act, and the Invest Nebraska Act. The report can be found on the Nebraska Department of Revenue website here: [https://revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/incentives/annual\\_report/2020\\_Incentives\\_Annual\\_Report.pdf](https://revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/incentives/annual_report/2020_Incentives_Annual_Report.pdf).

### Amounts Received or Receivable from Other Governments

The State collects the local sales and use taxes imposed by any city or county and remits the amounts back to the municipality on a monthly basis, less any refunds made. Deductions for refunds under certain tax abatement programs are delayed for cities of the first class, cities of the second class, and villages, resulting in refund amounts that are due to State, or receivable from these local governments. Pursuant to Neb. Rev. Stat. § 77-27,144 (Reissue 2018, Cum. Supp. 2020), when a refund of local sales and use taxes is made under the Nebraska Advantage Act, Neb. Rev. Stat. §§ 77-5725 and 77-5726 (Reissue 2018, Cum. Supp. 2020), or the Employment and Investment Growth Act, Neb. Rev. Stat. §§ 77-4105 and 77-4106 (Reissue 2018), deductions for the refund are delayed for one year after the refund has been made to the taxpayer. If a refund claimed under the Nebraska Advantage Act or the Employment and Investment Growth Act exceeds 25% of a municipality’s total sales and use tax receipts, net of any refunds or sales

tax collection fees, for the municipality's prior fiscal year, State will deduct the refund over the period of one year in equal monthly amounts beginning one year after the refund is made to the taxpayer.

As of June 30, 2021, the amounts of refunds that are receivable are \$3,236 from municipalities pursuant to Neb. Rev. Stat. § 77-27,144 (Reissue 2018; Cum. Supp. 2020) are as follows: Ainsworth, Albion, Alliance, Arapahoe, Arnold, Atkinson, Auburn, Bancroft, Beatrice, Beemer, Bellevue, Benkelman, Blair, Bloomfield, Broken Bow, Callaway, Cambridge, Cedar Rapids, Central City, Chadron, Chester, Clarks, Columbus, Cortland, Cozad, Crawford, Creighton, Crete, Crofton, Dakota City, David City, Deshler, Dodge, Doniphan, Elgin, Elmwood, Fairbury, Falls City, Fremont, Fullerton, Geneva, Gering, Gibbon, Gordon, Grand Island, Grant, Gretna, Hartington, Hastings, Hay Springs, Hebron, Hemingford, Imperial, Jackson, Kearney, Kimball, La Vista, Lexington, Loup City, Madison, McCook, Minden, Nebraska City, Neligh, Niobrara, Norfolk, North Bend, North Platte, Oconto, Ogallala, O'Neill, Ord, Oshkosh, Papillion, Pawnee City, Petersburg, Plainview, Ponca, Ralston, Ravenna, Red Cloud, Republican City, Rushville, Saint Edward, Saint Paul, Schuyler, Scottsbluff, Scribner, Seward, Sidney, South Sioux City, Syracuse, Tecumseh, Tekamah, Utica, Valentine, Verdigre, Wahoo, Wausa, Waverly, Wayne, Weeping Water, West Point, Wisner, and York.

## 17. Restatements

The Net Position for fiscal year 2020 for Governmental Activities on the Government Wide Statement of Activities increased by \$57,360 due to restatement of capital assets beginning balance in prior years.

Component Units Net Position – The University System’s restatement of prior year Net Position was the result of implementing GASB 84 – Fiduciary Activities. The beginning Net Position for Component Units on the Statement of Activities decreased by \$10,596.

The General Fund beginning Fund Balance was increased by \$2,278 mainly due to an overstatement of expenses.

The Highway Fund beginning Fund Balance was increased by 30,084 mainly due to highway allocation activity moving from a fiduciary fund to the Highway Fund as a result of implementing GASB Statement 84 – Fiduciary Activities.

The Federal Fund beginning Fund Balance was decreased by \$350 mainly due to a net understatement of expenses reported in the prior year.

The Health and Social Services Fund beginning Fund Balance was increased by \$5,514 mainly due to an overstatement of amounts due to other funds, and expenses reported in prior years.

The Permanent School Fund beginning Fund Balance was increased by \$2,249 due to Agriculture and University Land lease activity moving from a fiduciary fund to the Permanent School Fund as a result of implementing GASB Statement 84 – Fiduciary Activity.

The Nonmajor Funds beginning Fund Balance was increased by \$21,970 due primarily to an overstatement of expenses, and the movement of activity from Fiduciary Funds to Special Revenue funds as a result of implementing GASB Statement 84 – Fiduciary Activity.

The Internal Service Funds beginning Net Position was increased by \$637 due to an overstatement of expenses reported in the prior year.

The restatements of the Governmental and Internal Service Funds resulted in an increase in the Governmental Activities Net Position – Beginning on the Statement of Activities of \$62,382 that had not been reported in the prior year.

The beginning Net Position for Business-type Activities on the Government Wide Statement of Activities and for the Unemployment Insurance Fund increased by \$13,185 due to an understatement of revenue reported in the prior year.

The Private Purpose Trust Fund beginning Net Position was decreased by \$3,687 mainly due to the movement of activity from Fiduciary Funds to Special Revenue funds as a result of implementing GASB Statement 84 – Fiduciary Activity.

The Omaha School Employee Retirement Fund was reported as an Agency Fund in fiscal year 2020. The beginning Net Position was increased by \$1,246,249 due to reclassifying the fund to Investment Trust Funds as a result of implementing GASB Statement 84 – Fiduciary Activity.

The Custodial Funds beginning Net Position was increased by \$11,336 due to the reclassification of previously reported Agency Funds to newly reported Custodial Funds as a result of implementing GASB Statement 84 – Fiduciary Activity.

## 18. COVID-19 Government Assistance

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, P.L.116-136 (CARES Act) was enacted. From that law, Nebraska was allocated \$1,250,000 through the Coronavirus Relief Fund (CRF). Of this amount, \$166,000 went directly to Douglas County and the remaining \$1,083,000 to the State of Nebraska. The Governor credited these funds to the Governor’s Emergency Program-COVID19. These federal funds could be used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease that were not accounted for in the budget most recently approved as of March 27, 2020, and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

As of June 30, 2021, \$980,621 had been spent out of the CRF primarily on Personal Protective Equipment (PPE), presumed payroll, Unemployment Insurance claims related to the COVID-19 pandemic, and several Nebraska Department of Economic Development and Department of Health and Human Services programs.

The following Department of Economic Development Grow Nebraska programs were established by the Governor including: the Ethanol Producers Stabilization Program, Event Centers and Arenas Stabilization Program, Hotels and Convention Centers Stabilization Program, Licensed Personal Services Business Stabilization Program, Movie Theatre Stabilization Program, Restaurants and Bars Stabilization, Rural Broadband Remote Access Grant, Small Business Stabilization Grant – Small Business, Small Business Stabilization Grant – Livestock Producers, Workforce Retraining Initiative, Zoo Stimulus Program, and Gallup Business Leadership Training Grant.

The following Department of Health and Human Services Community CARES programs were also established by the Governor including: the Child Care Stabilization Grant, Food Bank Stabilization Grant, Healthy Places Grant, Hospital Capacity Grant, Housing and Shelter Grant, Response and Recovery Grant for Charitable Organizations and Providers, and Stabilization Grant for Charitable Organizations and Licensed Providers.

On December 27, 2020, the Consolidated Appropriations Act, P.L. 116-260 was enacted. From that law, the State was allocated \$158,753 from the Rental Assistance Program. The funds can be used to support households that are unable to pay rent or utilities. As of June 30, 2021, \$5,100 of the funds had been spent.

On March 11, 2021 the American Rescue Plan Act, P.L.117-2 (ARPA) was enacted. From that law, the State was allocated \$1,040,157 through the Coronavirus State Fiscal Recovery Fund, \$128,740 through the Coronavirus Capital Projects Fund (CPF), \$50,000 through the Homeowners Assistance Fund (HAF). An additional amount of \$111,190 was allocated through the Coronavirus Local Fiscal Recovery Fund. That amount is to be passed through to Nonentitlement Units of Local Government (NEU) that apply for the funds. The funds were credited to the Governor's Emergency Program-COVID19.

The federal fiscal recovery funds can be used to replace lost public sector revenue, respond to public health and negative economic impacts of the pandemic, provide premium pay for essential workers, and for investing in water, sewer, and broadband infrastructure. The CPF funds can be used for strengthening and improving the infrastructure necessary for participation in work, education, and health monitoring, primarily through investments in broadband infrastructure. The HAF funds can be used for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardships associated with the pandemic.

As of June 30, 2021, the State had received half of the Fiscal Recovery Fund allocations, and \$5,000 of the HAF allocation. The CPF funds are to be drawn down on a reimbursement basis. As of June 30, 2021, none of the funds had been expended, and \$41,459 was payable to NEU's.

For more information on these programs please visit <https://coronavirus.nebraska.gov>.

---

**REQUIRED SUPPLEMENTARY INFORMATION**

---



State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | GENERAL FUND        |                     |                     |                               |
|--|---------------------|---------------------|---------------------|-------------------------------|
|  | ORIGINAL<br>BUDGET  | FINAL<br>BUDGET     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET |
| <b>REVENUES</b>  |                     |                     |                     |                               |
| Taxes  | \$ 5,191,833        | \$ 5,450,797        | \$ 5,829,839        | \$ 379,042                    |
| Federal Grants and Contracts                                 | 21                  | 21                  | 21                  | -                             |
| Sales and Charges  | 21,479              | 21,479              | 21,479              | -                             |
| Other  | 45,851              | 45,851              | 45,851              | -                             |
| Total Revenues   | <u>5,259,184</u>    | <u>5,518,148</u>    | <u>5,897,190</u>    | <u>379,042</u>                |
| <b>EXPENDITURES</b>  |                     |                     |                     |                               |
| Current:   |                     |                     |                     |                               |
| General Government   | 667,774             | 677,553             | 712,288             | (34,735)                      |
| Conservation of Natural Resources                            | 39,412              | 39,187              | 27,991              | 11,196                        |
| Culture – Recreation   | 7,065               | 7,065               | 6,326               | 739                           |
| Economic Development and Assistance                          | 20,347              | 20,438              | 11,139              | 9,299                         |
| Education  | 2,157,731           | 2,157,508           | 2,124,790           | 32,718                        |
| Health and Social Services                                   | 1,962,271           | 1,901,105           | 1,627,591           | 273,514                       |
| Public Safety  | 507,009             | 457,261             | 285,256             | 172,005                       |
| Regulation of Business and Professions                       | 4,312               | 4,787               | 3,606               | 1,181                         |
| Transportation   | 100                 | 100                 | -                   | 100                           |
| Capital Projects   | 31,819              | 31,819              | -                   | 31,819                        |
| Total Expenditures   | <u>5,397,840</u>    | <u>5,296,823</u>    | <u>4,798,987</u>    | <u>497,836</u>                |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(138,656)</u>    | <u>221,325</u>      | <u>1,098,203</u>    | <u>876,878</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                     |                     |                               |
| Transfers In   | 123,654             | 123,654             | 123,654             | -                             |
| Transfers Out  | (41,703)            | (41,703)            | (41,703)            | -                             |
| Other  | 223                 | 223                 | 223                 | -                             |
| Total Other Financing Sources (Uses)                         | <u>82,174</u>       | <u>82,174</u>       | <u>82,174</u>       | <u>-</u>                      |
| Net Change in Fund Balance                                   | (56,482)            | 303,499             | 1,180,377           | 876,878                       |
| <b>FUND BALANCES, JULY 1</b>                                 | <u>1,142,464</u>    | <u>1,142,464</u>    | <u>1,142,464</u>    | <u>-</u>                      |
| <b>FUND BALANCES, JUNE 30</b>                                | <u>\$ 1,085,982</u> | <u>\$ 1,445,963</u> | <u>\$ 2,322,841</u> | <u>\$ 876,878</u>             |

A reconciliation of the budgetary basis versus GAAP fund balance for the General Fund as of June 30, 2021, follows:

Actual Fund Balances, budgetary basis, June 30, 2021

|                         |                  |
|-------------------------|------------------|
| General                 | \$ 1,848,428     |
| Cash Reserve            | 466,964          |
| Property Tax Credit     | 7,449            |
| Budgetary fund balances | <u>2,322,841</u> |

**DIFFERENCES DUE TO BASIS OF ACCOUNTING:**

|  |                     |
|--|---------------------|
| Record State contributions due pension funds         | 49,783              |
| Record claims payable                                | (92,161)            |
| Record other net accrued receivables and liabilities | 83,153              |
|  | <u>\$ 2,363,616</u> |



# NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR BUDGETARY COMPARISONS

For the Year Ended June 30, 2021

---

## Budgetary Process

The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, all State agencies, including the university and colleges, must submit their budget requests for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, subprograms, and activities. The Governor reviews the agency requests, establishes priorities, and presents the Legislature with one or more pieces of legislation covering the biennium. The Legislature holds hearings on the Governor's proposed budget, adopts changes and presents final legislation to the Governor. The Governor can either: a) approve the appropriation bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths majority of the Legislature.

The approved appropriations set spending limits by fund type for programs within each agency. These limits may include up to five budgetary fund types. Thus, the legal level of control is fund type within program within agency. The central accounting system maintains this control. A separate publication titled "Annual Budgetary Report" shows the detail of this legal level of control. This publication is available from the State Accounting Division of Administrative Services.

Appropriations are made for each fiscal year of the biennium; balances at the end of the first fiscal year are carried over into the second fiscal year, unless directed otherwise by the Legislature. For most appropriations, balances lapse at the end of the biennium.

The budgetary fund types used by the State differ from those presented in the basic financial statements. The budgetary funds, which are listed below, are generally segregated by revenue sources. Of these seven fund types, only the first five are subject to the spending limits set by the appropriations bills. The General Fund is the only major fund that corresponds to a budgetary fund type, so the General Fund is the only major fund that has a budget. The Budgetary Comparison Schedules for Cash Funds, Construction Funds, Federal Funds and Revolving Funds can be found starting on page 155.

**General Fund.** To account for activities funded by general tax dollars, primarily sales and income taxes.

**Cash Reserve Fund.** This is part of the General Fund, and is used to account for financial resources to be used as a reserve for the General Fund if the General Fund balance should become inadequate to meet current obligations. The Cash Reserve Fund is part of the budgetary basis fund balance.

**Cash Funds.** To account for the financing of goods or services provided by a State agency to individuals or entities outside State government on a cost-reimbursement basis, and to account for the revenues and expenditures related to highway construction.

**Construction Funds.** To account for financial resources to be used for the acquisition or construction of major capital facilities.

**Federal Funds.** To account for the financial resources related to the receipt and disbursement of funds generated from the federal government as a result of grants and contracts, except for federal highway monies accounted for in the Cash Funds.

**Revolving Funds.** To account for the financing of goods or services provided by one State agency to another State agency on a cost-reimbursement basis.

**Trust Funds.** To account for assets held in a trustee capacity.

**Distributive Funds.** To account for assets held as an agent for individuals, private organizations, and other governments and/or other funds.

The accompanying basic financial statements were prepared by converting budgetary fund data into the fund format required by GAAP. The cash basis of accounting is used for all budgetary fund types.

All State budgetary expenditures for the general, cash, construction, federal and revolving fund types are made pursuant to appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may allocate appropriations between object of expenditure accounts, except that personal service expenditures that exceed limitations contained in the appropriations bill require Legislative amendment. Any changes in appropriations are made through an annual deficit bill or other legislation. Appropriations from the federal fund type are considered to be estimated and the Legislature has approved an administrative procedure for changing them. During fiscal year 2021, the Legislature passed deficit appropriation bills that increased the allowable expenditure level in several of the programs.

For the year ended 2021, there was no budgetary programs in which expenditures exceeded appropriations. Revenues are not budgeted for any funds except for General Fund tax revenues.

# REQUIRED SUPPLEMENTARY INFORMATION

## INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

For the Year Ended June 30, 2021

(Amounts in Millions)

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 10,000 miles of highway and bridges the State is responsible to maintain.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

### Measurement Scale

The Nebraska Department of Transportation uses the Nebraska Serviceability Index (NSI) to measure and monitor pavement conditions. The NSI is a numerical pavement rating scale used to monitor the condition on a scale ranging from 0 to 100 with 0 being the worst and 100 being the best. NSI represents the condition of the pavement at the time of measurement and is based on pavement’s surface distresses. Surface distresses include cracking, patching, roughness, rutting, and faulting.

### Established Condition Level

It is the policy of the Nebraska Department of Transportation to maintain at least an overall NSI system rating of 72 or above.

### Assessed Condition

The State assesses conditions on a calendar year basis. The following table reports the percentage of pavements meeting ratings of “Very Good”, “Good”, “Fair”, and “Poor”. This condition index is used to classify roads in very good (90-100), good (70-89), fair (50-69), and poor (0-49).

| <u>Calendar Year</u>  | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Very Good             | 41%         | 42%         | 44%         | 45%         | 46%         | 37%         |
| Good                  | 41%         | 40%         | 43%         | 39%         | 38%         | 45%         |
| Fair                  | 14%         | 13%         | 10%         | 13%         | 14%         | 16%         |
| Poor                  | 4%          | 5%          | 3%          | 3%          | 2%          | 2%          |
| Overall System Rating | 83          | 84          | 85          | 84          | 84          | 84          |

### Estimated and Actual Costs to Maintain

The following table presents the State’s estimate of spending necessary to preserve and maintain the roads at, or above, the established condition level cited above, and the actual amount spent during the past fiscal years (amounts in millions). The actual cost of system preservation is greater than estimated as a result of maintaining the system at a NSI level higher than the base level established for GASB-34 purposes (72 base versus 85 actual).

| <u>Fiscal Year</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Estimated          | \$ 382      | \$ 340      | \$ 305      | \$ 324      | \$ 325      | \$ 317      |
| Actual             |             | 414         | 514         | 376         | 391         | 413         |
| Difference         |             | 74          | 209         | 52          | 66          | 96          |

State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION**  
**INFORMATION ABOUT PENSION PLANS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

**SCHEDULE OF STATE'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**

Last 10 Fiscal Years

|   | 2020*        | 2019*     | 2018*     | 2017*     | 2016*     | 2015*     | 2014*   |
|---|--------------|-----------|-----------|-----------|-----------|-----------|---------|
| State's proportion of the School plan collective net pension liability  | 17.34%       | 17.37%    | 17.37%    | 17.34%    | 17.42%    | 17.32%    | 17.44%  |
| State's net pension liability for the Service Annuity plan  | 100.00%      | 100.00%   | 100.00%   | 100.00%   | 100.00%   | 100.00%   | 100.00% |
| State's proportion of the Omaha School Employees Retirement System collective net pension liability   | 10.98%       | 10.27%    | 11.14%    | 11.13%    | 16.84%    | 16.84%    | 16.84%  |
| State's total proportionate share of the School plan collective net pension liability   | \$ 270,347   | 211,006   | 236,269   | 274,623   | 262,124   | 188,604   | 169,592 |
| Employer's proportionate share of the School plan collective net pension liability  | 1,288,322    | 1,005,006 | 1,123,670 | 1,309,143 | 1,242,717 | 900,492   | 802,660 |
| Total collective net pension liability for the School plan  | \$ 1,558,669 | 1,216,012 | 1,359,939 | 1,583,766 | 1,504,841 | 1,089,096 | 972,252 |
| State's net pension liability for the Service Annuity plan  | \$ 4,789     | 4,752     | 5,051     | 5,512     | 3,872     | 3,392     | 2,879   |
| State's proportionate share of the Omaha School Employees Retirement System collective net pension liability  | \$ 102,780   | 97,084    | 99,495    | 96,462    | 114,156   | 97,833    | 72,739  |
| Employer's proportionate share of the Omaha School Employees Retirement System collective net pension liability   | 833,386      | 848,152   | 793,575   | 770,477   | 563,804   | 483,189   | 359,251 |
| Total collective net pension liability for the Omaha School Employees Retirement System   | \$ 936,166   | 945,236   | 893,070   | 866,939   | 677,960   | 581,022   | 431,990 |
| State's proportionate share, as an employer, of the School plan collective net pension liability (a)  | \$ 3,906     | 3,273     | 3,661     | 4,391     | 4,352     | 3,149     | 2,996   |
| School plan employer's covered-employee payroll (b)   | \$ 6,212     | 6,468     | 6,268     | 6,258     | 6,307     | 6,102     | 6,319   |
| Employer's proportionate share of the School plan collective net pension liability as a percentage of the employer's covered-employee payroll (a) / (b) | 62.88%       | 50.60%    | 58.41%    | 70.17%    | 69.00%    | 51.61%    | 47.41%  |
| School plan Fiduciary net position as a percentage of the total pension liability   | 88.73%       | 90.94%    | 89.53%    | 87.28%    | 86.56%    | 89.88%    | 90.66%  |
| Service Annuity plan Fiduciary net position as a percentage of the total pension liability  | 71.36%       | 71.93%    | 69.97%    | 66.88%    | 73.03%    | 76.90%    | 80.33%  |
| Omaha School Employees Retirement System Fiduciary net position as a percentage of the total pension liability  | 59.55%       | 57.82%    | 59.16%    | 58.72%    | 63.68%    | 67.58%    | 74.98%  |

This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be reported as they become available.

\*Scheduled year is shown as of June 30 besides The Omaha School Employees' Retirement System which has a measurement date of August 31.

State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION  
INFORMATION ABOUT PENSION PLANS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

**SCHEDULE OF STATE CONTRIBUTIONS**

School Employees Retirement Plan

Last 10 Fiscal Years

(Dollars in Thousands)

|  | 2021      | 2020   | 2019   | 2018   | 2017   | 2016   | 2015   |
|--|-----------|--------|--------|--------|--------|--------|--------|
| School plan statutorily required contribution  | \$ 43,034 | 41,860 | 40,544 | 39,339 | 38,039 | 36,920 | 35,494 |
| Service Annuity plan statutorily required contribution   | \$ 1,220  | 1,216  | 1,248  | 1,243  | 992    | 997    | 998    |
| Omaha School Employees Retirement System statutorily required contribution   | \$ 7,290  | 7,302  | 7,420  | 7,111  | 6,897  | 6,661  | 6,453  |
| School plan contributions in relation to the statutorily required contribution   | \$ 43,034 | 41,860 | 40,544 | 39,339 | 38,039 | 36,920 | 35,494 |
| Service Annuity plan contributions in relation to the statutorily required contribution  | \$ 1,220  | 1,216  | 1,248  | 1,243  | 992    | 997    | 998    |
| Omaha School Employees Retirement System contributions in relation to the statutorily required contribution  | \$ 7,290  | 7,302  | 7,420  | 7,111  | 6,897  | 6,661  | 6,453  |
| School plan annual contribution deficiency (excess)  | \$ -      | -      | -      | -      | -      | -      | -      |
| Service Annuity plan annual contribution deficiency (excess)   | \$ -      | -      | -      | -      | -      | -      | -      |
| Omaha School Employees Retirement System annual contribution deficiency (excess)   | \$ -      | -      | -      | -      | -      | -      | -      |
| State's contributions, as an employer, in relation to the statutorily required contribution (a)  | \$ 624    | 614    | 639    | 619    | 618    | 623    | 603    |
| School plan employer's covered payroll (b)   | \$ 6,316  | 6,212  | 6,468  | 6,268  | 6,258  | 6,307  | 6,102  |
| Contributions recognized by the School plan in relation to the statutorily required contribution as a percentage of the employer's covered payroll (a) / (b) | 9.88%     | 9.88%  | 9.88%  | 9.88%  | 9.88%  | 9.88%  | 9.88%  |

This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be reported as they become available.

# REQUIRED SUPPLEMENTARY INFORMATION

## INFORMATION ABOUT PENSION PLANS

For the Year Ended June 30, 2021

(Dollars in Thousands)

## STATE PATROL RETIREMENT PLAN

## SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

Last 10 Fiscal Years

(Dollars in Thousands)

|   | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Total Pension Liability</b>  |                  |                  |                  |                  |                  |                  |                  |
| Service Cost  | \$8,961          | \$9,079          | \$8,795          | \$7,956          | \$8,152          | \$7,563          | \$8,174          |
| Interest  | 36,398           | 35,166           | 34,077           | 32,887           | 32,114           | 31,350           | 30,165           |
| Differences between expected and actual experience                                | (6,168)          | (2,864)          | (4,017)          | (1,509)          | (8,977)          | (10,659)         | (3,788)          |
| Assumption changes  | -                | -                | -                | 27,948           | -                | -                | -                |
| Benefit payments, including member refunds  | (24,953)         | (24,954)         | (23,829)         | (24,139)         | (19,577)         | (19,459)         | (20,010)         |
| <b>Net change in Total Pension Liability</b>                                      | <b>\$14,238</b>  | <b>\$16,427</b>  | <b>\$15,026</b>  | <b>\$43,143</b>  | <b>\$11,712</b>  | <b>\$8,795</b>   | <b>\$14,541</b>  |
| <b>Total Pension Liability - beginning</b>  | <b>\$496,519</b> | <b>\$480,092</b> | <b>\$465,066</b> | <b>\$421,923</b> | <b>\$410,211</b> | <b>\$401,416</b> | <b>\$386,875</b> |
| <b>Total Pension Liability - ending (a)</b>                                       | <b>\$510,757</b> | <b>\$496,519</b> | <b>\$480,092</b> | <b>\$465,066</b> | <b>\$421,923</b> | <b>\$410,211</b> | <b>\$401,416</b> |
| <b>Plan Fiduciary Net Position</b>  |                  |                  |                  |                  |                  |                  |                  |
| Employer contributions  | \$9,083          | \$8,694          | \$8,953          | \$7,053          | \$7,053          | \$8,647          | \$8,753          |
| Employee contributions  | 4,970            | 4,710            | 4,615            | 4,501            | 4,366            | 4,180            | 4,134            |
| Net investment income   | 10,177           | 27,537           | 33,873           | 48,680           | 5,491            | 13,333           | 54,950           |
| Benefit payments, including member refunds  | (24,953)         | (24,954)         | (23,829)         | (24,140)         | (19,577)         | (19,459)         | (20,010)         |
| Administrative expenses   | (120)            | (76)             | (89)             | (141)            | (128)            | (117)            | (121)            |
| Other   | 14               | 18               | 23               | 29               | 27               | 22               | 21               |
| <b>Net change in Plan Fiduciary Net Position</b>                                  | <b>(\$829)</b>   | <b>\$15,929</b>  | <b>\$23,546</b>  | <b>\$35,982</b>  | <b>(\$2,768)</b> | <b>\$6,606</b>   | <b>\$47,727</b>  |
| <b>Plan Fiduciary Net Position - beginning</b>                                    | <b>\$436,612</b> | <b>\$420,683</b> | <b>\$397,137</b> | <b>\$361,155</b> | <b>\$363,923</b> | <b>\$357,317</b> | <b>\$309,590</b> |
| <b>Plan Fiduciary Net Position - ending (b)</b>                                   | <b>\$435,783</b> | <b>\$436,612</b> | <b>\$420,683</b> | <b>\$397,137</b> | <b>\$361,155</b> | <b>\$363,923</b> | <b>\$357,317</b> |
| <b>Net Pension Liability - ending (a) - (b)</b>                                   | <b>\$74,974</b>  | <b>\$59,907</b>  | <b>\$59,409</b>  | <b>\$67,929</b>  | <b>\$60,768</b>  | <b>\$46,288</b>  | <b>\$44,099</b>  |
| <b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b> | <b>85.32%</b>    | <b>87.93%</b>    | <b>87.63%</b>    | <b>85.39%</b>    | <b>85.60%</b>    | <b>88.72%</b>    | <b>89.01%</b>    |
| <b>Covered payroll</b>  | <b>\$30,810</b>  | <b>\$29,302</b>  | <b>\$28,698</b>  | <b>\$28,092</b>  | <b>\$27,048</b>  | <b>\$26,294</b>  | <b>\$25,624</b>  |
| <b>Employers' Net Pension Liability as a percentage of covered payroll</b>        | <b>243.34%</b>   | <b>204.45%</b>   | <b>207.02%</b>   | <b>241.81%</b>   | <b>224.67%</b>   | <b>176.04%</b>   | <b>172.10%</b>   |

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

# REQUIRED SUPPLEMENTARY INFORMATION

## INFORMATION ABOUT PENSION PLANS

For the Year Ended June 30, 2021

(Dollars in Thousands)

### STATE PATROL RETIREMENT PLAN

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal years

(Dollars in Thousands)

|  | 2021     | 2020     | 2019     | 2018     | 2017     | 2016     | 2015     | 2014     | 2013     | 2012     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Actuarially determined employer contribution                     | \$9,164  | \$9,083  | \$8,694  | \$8,953  | \$7,053  | \$7,053  | \$8,074  | \$8,753  | \$9,769  | \$7,775  |
| Actual employer contributions*                                   | \$9,164  | \$9,083  | \$8,694  | \$8,953  | \$7,053  | \$7,053  | \$8,074  | \$8,753  | \$7,516  | \$7,775  |
| Annual contribution deficiency (excess)                          | -        | -        | -        | -        | -        | -        | -        | -        | \$2,253  | -        |
| Covered payroll  | \$31,342 | \$30,810 | \$29,302 | \$28,698 | \$28,092 | \$27,048 | \$26,294 | \$25,624 | \$26,902 | \$27,391 |
| Actual contributions as a percentage of covered-employee payroll | 29.24%   | 29.48%   | 29.67%   | 31.20%   | 25.11%   | 26.08%   | 30.71%   | 34.16%   | 27.94%   | 28.39%   |

\*Includes any additional appropriations by the State beyond the regular, payroll-related contributions. 2015 excludes \$573 in military service credits.

Note: Information prior to 2013 was produced by the prior actuary.

# REQUIRED SUPPLEMENTARY INFORMATION

## INFORMATION ABOUT PENSION PLANS

For the Year Ended June 30, 2021

(Dollars in Thousands)

### JUDGES' RETIREMENT PLAN

#### SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

Last 10 Fiscal Years

(Dollars in Thousands)

|   | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Total Pension Liability</b>  |                  |                  |                  |                  |                  |                  |                  |
| Service Cost  | \$5,551          | \$5,641          | \$5,589          | \$4,998          | \$4,721          | \$4,759          | \$4,257          |
| Interest  | 14,472           | 14,200           | 13,721           | 13,100           | 12,643           | 12,171           | 11,568           |
| Differences between expected and actual experience                                | (206)            | (5,003)          | (2,399)          | (1,715)          | (2,303)          | (2,614)          | 42               |
| Assumption changes  | -                | -                | -                | 12,705           | -                | -                | -                |
| Benefit payments, including member refunds  | (11,478)         | (10,991)         | (10,144)         | (9,690)          | (9,052)          | (8,548)          | (8,122)          |
| <b>Net change in Total Pension Liability</b>                                      | <b>\$8,339</b>   | <b>\$3,847</b>   | <b>\$6,767</b>   | <b>\$19,398</b>  | <b>\$6,009</b>   | <b>\$5,768</b>   | <b>\$7,745</b>   |
| <b>Total Pension Liability - beginning</b>  | <b>\$198,116</b> | <b>\$194,269</b> | <b>\$187,502</b> | <b>\$168,104</b> | <b>\$162,095</b> | <b>\$156,327</b> | <b>\$148,582</b> |
| <b>Total Pension Liability - ending (a)</b>                                       | <b>\$206,455</b> | <b>\$198,116</b> | <b>\$194,269</b> | <b>\$187,502</b> | <b>\$168,104</b> | <b>\$162,095</b> | <b>\$156,327</b> |
| <b>Plan Fiduciary Net Position</b>  |                  |                  |                  |                  |                  |                  |                  |
| Employer contributions*   | \$3,897          | \$4,389          | \$4,780          | \$3,698          | \$3,459          | \$3,071          | \$3,906          |
| Employee contributions  | 1,963            | 1,855            | 1,815            | 1,743            | 1,651            | 1,611            | 1,519            |
| Net investment income   | 4,549            | 12,436           | 15,070           | 21,699           | 2,454            | 5,959            | 24,543           |
| Benefit payments, including member refunds  | (11,478)         | (10,991)         | (10,144)         | (9,690)          | (9,052)          | (8,548)          | (8,122)          |
| Administrative expenses   | (82)             | (72)             | (71)             | (85)             | (71)             | (83)             | (78)             |
| <b>Net change in Plan Fiduciary Net Position</b>                                  | <b>(\$1,151)</b> | <b>\$7,617</b>   | <b>\$11,450</b>  | <b>\$17,365</b>  | <b>(\$1,559)</b> | <b>\$2,010</b>   | <b>\$21,768</b>  |
| <b>Plan Fiduciary Net Position - beginning</b>                                    | <b>\$195,672</b> | <b>\$188,055</b> | <b>\$176,606</b> | <b>\$159,241</b> | <b>\$160,800</b> | <b>\$158,790</b> | <b>\$137,022</b> |
| <b>Plan Fiduciary Net Position - ending (b)</b>                                   | <b>\$194,521</b> | <b>\$195,672</b> | <b>\$188,056</b> | <b>\$176,606</b> | <b>\$159,241</b> | <b>\$160,800</b> | <b>\$158,790</b> |
| <b>Net Pension (Asset) Liability - ending (a) - (b)</b>                           | <b>\$11,934</b>  | <b>\$2,444</b>   | <b>\$6,213</b>   | <b>\$10,896</b>  | <b>\$8,863</b>   | <b>\$1,295</b>   | <b>(\$2,463)</b> |
| <b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b> | 94.22%           | 98.77%           | 96.80%           | 94.19%           | 94.73%           | 99.20%           | 101.58%          |
| <b>Covered payroll</b>  | <b>\$24,367</b>  | <b>\$23,216</b>  | <b>\$23,125</b>  | <b>\$22,802</b>  | <b>\$22,178</b>  | <b>\$21,587</b>  | <b>\$20,100</b>  |
| <b>Employers' Net Pension Liability as a percentage of covered payroll</b>        | <b>48.98%</b>    | <b>10.53%</b>    | <b>26.87%</b>    | <b>47.79%</b>    | <b>39.96%</b>    | <b>6.00%</b>     | <b>(12.26%)</b>  |

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

\*Employer contributions for 2020 consist of \$3,548 in Court Fees and \$349 in State Appropriations.

# REQUIRED SUPPLEMENTARY INFORMATION

## INFORMATION ABOUT PENSION PLANS

For the Year Ended June 30, 2021

(Dollars in Thousands)

### JUDGES' RETIREMENT PLAN

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

(Dollars in Thousands)

|  | 2021     | 2020     | 2019     | 2018     | 2017     | 2016     | 2015     | 2014     | 2013     | 2012     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Actuarially determined employer contribution                     | \$4,747  | \$3,897  | \$4,389  | \$4,780  | \$3,698  | \$3,459  | \$3,727  | \$3,906  | \$3,180  | \$3,484  |
| Actual employer contributions                                    | \$4,747  | \$3,897  | \$4,389  | \$4,780  | \$3,698  | \$3,459  | \$3,071  | \$3,906  | \$3,180  | \$3,484  |
| Annual contribution deficiency (excess)                          | -        | -        | -        | -        | -        | -        | \$656    | -        | -        | -        |
| Covered payroll  | \$24,668 | \$24,367 | \$23,216 | \$23,125 | \$22,802 | \$22,178 | \$21,587 | \$20,100 | \$19,005 | \$18,182 |
| Actual contributions as a percentage of covered-employee payroll | 19.24%   | 15.99%   | 18.90%   | 20.67%   | 16.22%   | 15.59%   | 14.23%   | 19.43%   | 16.73%   | 19.16%   |

Note: Actuarially determined employer contributions, actual employer contributions and covered-employee payroll prior to 2013 was produced by the prior actuary. For years 2014 and prior, covered-employee payroll was estimated based on the valuation.



## State of Nebraska

**REQUIRED SUPPLEMENTARY INFORMATION**  
**INFORMATION ABOUT PENSION PLANS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

**STATE EMPLOYEES' RETIREMENT PLAN**  
**SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY**

Last 10 Fiscal Years

(Dollars in Thousands)

|   | 2020               | 2019               | 2018             | 2017               | 2016              | 2015             | 2014               |
|---|--------------------|--------------------|------------------|--------------------|-------------------|------------------|--------------------|
| <b>Total Pension Liability</b>  |                    |                    |                  |                    |                   |                  |                    |
| Service Cost  | \$66,766           | \$61,854           | \$61,061         | \$64,051           | \$61,768          | \$57,305         | \$54,921           |
| Interest  | 121,384            | 116,719            | 108,435          | 102,759            | 98,054            | 89,967           | 85,696             |
| Benefit term changes  | 33,746             | -                  | 56,312           | 31,485             | -                 | 35,893           | -                  |
| Differences between expected and actual experience                                | (14,022)           | (10,590)           | (3,987)          | (18,939)           | (14,007)          | 721              | (11,217)           |
| Assumption changes  | 21,516             | -                  | -                | 42,820             | -                 | -                | -                  |
| Transfers   | 9,318              | 5,372              | 7,735            | 3,591              | 5,115             | 5,849            | 4,195              |
| Benefit payments, including member refunds  | <u>(112,331)</u>   | <u>(113,827)</u>   | <u>(121,911)</u> | <u>(94,359)</u>    | <u>(84,773)</u>   | <u>(85,278)</u>  | <u>(73,527)</u>    |
| <b>Net change in Total Pension Liability</b>                                      | \$126,377          | \$59,528           | \$107,645        | \$131,408          | \$66,157          | \$104,457        | \$60,068           |
| <b>Total Pension Liability - beginning</b>  | \$1,669,035        | \$1,609,507        | \$1,501,862      | \$1,370,455        | \$1,304,298       | \$1,199,841      | \$1,139,773        |
| <b>Total Pension Liability - ending (a)</b>                                       | \$1,795,412        | \$1,669,035        | \$1,609,507      | \$1,501,863        | \$1,370,455       | \$1,304,298      | \$1,199,841        |
| <b>Plan Fiduciary Net Position</b>  |                    |                    |                  |                    |                   |                  |                    |
| Employer contributions  | \$51,506           | \$48,890           | \$46,581         | \$45,438           | \$44,894          | \$43,340         | \$41,456           |
| Employee contributions  | 33,007             | 31,334             | 29,854           | 29,128             | 28,776            | 27,799           | 26,603             |
| Net investment income   | 221,997            | 286,205            | (63,591)         | 237,283            | 112,758           | 14,784           | 83,524             |
| Benefit payments, including member refunds  | (112,331)          | (113,827)          | (121,911)        | (94,359)           | (84,773)          | (85,278)         | (73,527)           |
| Administrative expenses   | (1,520)            | (1,374)            | (1,399)          | (1,293)            | (1,134)           | (1,079)          | (910)              |
| Transfers   | <u>9,318</u>       | <u>5,372</u>       | <u>7,735</u>     | <u>3,591</u>       | <u>5,115</u>      | <u>5,849</u>     | <u>4,195</u>       |
| <b>Net change in Plan Fiduciary Net Position</b>                                  | \$201,977          | \$256,600          | (\$102,731)      | \$219,788          | \$105,636         | \$5,415          | \$81,341           |
| <b>Plan Fiduciary Net Position - beginning</b>                                    | \$1,789,743        | \$1,533,143        | \$1,635,874      | \$1,416,087        | \$1,310,451       | \$1,305,036      | \$1,223,695        |
| <b>Plan Fiduciary Net Position - ending (b)</b>                                   | \$1,991,720        | \$1,789,743        | \$1,533,143      | \$1,635,875        | \$1,416,087       | \$1,310,451      | \$1,305,036        |
| <b>Net Pension Liability/(Asset) - ending (a) - (b)</b>                           | <u>(\$196,308)</u> | <u>(\$120,708)</u> | <u>\$76,364</u>  | <u>(\$134,012)</u> | <u>(\$45,632)</u> | <u>(\$6,153)</u> | <u>(\$105,195)</u> |
| <b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b> | 110.93%            | 107.23%            | 95.26%           | 108.92%            | 103.33%           | 100.47%          | 108.77%            |
| <b>Covered payroll</b>  | \$687,847          | \$652,909          | \$622,068        | \$606,807          | \$599,550         | \$578,789        | \$553,631          |
| <b>Employers' Net Pension Liability as a percentage of covered payroll</b>        | (28.54%)           | (18.49%)           | 12.28%           | (22.08%)           | (7.61%)           | (1.06%)          | (19.00%)           |

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

See independent auditor's report

# REQUIRED SUPPLEMENTARY INFORMATION

## INFORMATION ABOUT PENSION PLANS

For the Year Ended June 30, 2021

(Dollars in Thousands)

### STATE EMPLOYEES' RETIREMENT PLAN

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

(Dollars in Thousands)

|  | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       | 2015       | 2014      | 2013      | 2012      |
|--|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|
| Actuarially determined employer contribution                     | \$35,374   | \$37,255   | \$30,307   | \$30,314   | \$33,205   | \$29,117   | \$31,986   | \$35,129  | \$32,983  | \$27,256  |
| Actual employer contributions*                                   | \$52,142   | \$50,355   | \$47,279   | \$46,043   | \$45,208   | \$44,314   | \$42,392   | \$40,345  | \$35,794  | \$31,496  |
| Annual contribution deficiency (excess)                          | (\$16,768) | (\$13,100) | (\$16,972) | (\$15,729) | (\$12,002) | (\$15,197) | (\$10,406) | (\$5,216) | (\$2,811) | (\$4,240) |
| Covered-employee payroll   | \$696,341  | \$672,470  | \$631,395  | \$614,895  | \$603,735  | \$591,799  | \$566,127  | \$538,790 | \$478,020 | \$420,619 |
| Actual contributions as a percentage of covered-employee payroll | 7.49%      | 7.49%      | 7.49%      | 7.49%      | 7.49%      | 7.49%      | 7.49%      | 7.49%     | 7.49%     | 7.49%     |

\*Provided by Nebraska Public Employees Retirement System

# NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR PENSION PLANS

For the Year Ended June 30, 2021

---

## School

**Changes of benefit and funding terms:** The following changes were made by the Nebraska Legislature and reflected in the valuation performed as of July 1 listed below:

- 2021: Legislative Bill 17 (LB 17), which was passed by the 2021 Nebraska Legislature, changed the amortization period for amortization bases established on or after July 1, 2021 from 30 to 25 years. If the UAAL is less than or equal to zero, then all prior amortization bases are considered fully funded and the UAAL is reinitialized and amortized over a 25-year period as of the actuarial valuation date.
- 2017: The 2017 Legislature passed LB 415, which affects the benefit provisions only for members hired on or after July 1, 2017 (with additional changes for those hired on or after July 1, 2018). For members hired on or after July 1, 2017, the Public Employees Retirement Board (PERB) has the authority to set the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment. In addition, LB 415 changed to the minimum age required to qualify for retirement under the Rule of 85 from 55 to 60 for members who are hired on or after July 1, 2018.
- 2014: As scheduled, the State contribution rate increased from 1% of covered payroll to 2%.
- 2013: Legislative Bill 553, which was passed by the 2013 Legislature, increased the State's payroll related contribution from 1% to 2% of pay, effective July 1, 2014. LB 553 also made some changes to the benefit structure for members hired on or after July 1, 2013 (Tier 2), including changing the period over which to determine final average salary to the highest 60 months rather than the current highest 36 months of service and changing the maximum cost of living adjustment from 2.5% to 1%. LB 553 also removed the scheduled reduction in the employee contribution rate in 2017. In addition, it required the use of the Entry Age Normal, level percent of payroll, method to determine the costs for the Omaha State Service Annuity and changed the amortization of the unfunded actuarial accrued liability to be based on payments determined as a level percent of payroll instead of a level dollar amount.

## Changes in actuarial assumptions:

7/1/2021 valuation:

- Price inflation decreased from 2.75% to 2.65%.
- Long-term investment return decreased from 7.50% to 7.30%.
- General wage growth decreased from 3.50% to 3.15%.
- Payroll growth decreased from 3.50% to 3.15%.
- Salary merit increase were adjusted to partially reflect observed experience.
- Interest on employee contribution balances decreased from 3.00% to 2.50%.
- Cost of living adjustment assumption decreased to 2.15% for Tier 1 members.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.16% of pay.
- Mortality assumption for non-disabled participants was changed to the Pub-2010 General Members (Above Median) Mortality Tables (100% of male rates, 95% female rates), set back one-year, projected generationally using MP-2019 modified to 75% of ultimate rates.
- Mortality assumption for disabled participants was changed to the Pub-2010 Non-Safety Disabled Retiree Mortality Table (static).
- Retirement rates changed to better fit the observed experience.
- Termination rates for males changed to better fit the observed experience.
- The assume retirement age for deferred vested members was increased from 62 to 64.

## 7/1/2017 valuation:

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

## 7/1/2012 valuation:

- The interest rate on employee contributions was lowered to 4.25% from 5.50%.
- Salary increases were changed to rates grading down from 9.00% for less than one year of service to 4.00% at 40 years of service. Prior valuation rates graded from 7.46% for less than one year to 4.55% at 40 years of service.
- Retirement rates are based on age and retirement eligibility. 100% retirement age was extended to age 80 from age 70. Unreduced rates were decreased at age 63.
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (for pre-retirement male rates were 65% of rates and female rates were 50% of rates) to the 1994 GAM table, with a 1 year age setback, projected to 2015 (pre-retirement rates are adjusted by 55% for males and 40% for females).
- Disabled mortality was changed to the 1983 Railroad Retirement Board Disabled Annuitants Mortality setback one year from the 1983 Railroad Retirement Board Disabled Annuitants Mortality. The prior assumption was based on the same table with no setback.
- Termination rates are service based and were decreased from the prior valuation based on actual experience.
- Disability rates were decreased by 50% from the prior valuation.
- Price inflation assumption was lowered to 3.25% from 3.50%.
- Economic productivity assumption was lowered to 0.75% from 1.00%.

**Method and assumptions used in calculations of actuarially determined contributions.**

The System is funded with contribution rates that are 9.78% of monthly salary for members, contribution rates that are 101% of the members' rates (9.88% of monthly salary) for the school districts and 2.00% of monthly salary for the State of Nebraska. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported in the most recent Measurement Date, June 30, 2021 (based on the July 1, 2020 actuarial valuation):

|   |   |
|---|---|
| Actuarial cost method   | Entry Age Normal  |
| Amortization method   | Level percentage of payroll, closed   |
| Remaining amortization period   | Range from 16 to 30 years (Single Equivalent Amortization Period is 16 years) |
| Asset valuation method  | 5-year smoothed market  |
| Price Inflation   | 2.75 percent  |
| Wage Inflation  | 3.50 percent  |
| Salary increase, including inflation  | 3.50 to 8.50 percent  |
| Long-term investment rate of return, net of investment expense, and including inflation | 7.50 percent  |

Cost-of-living adjustments

Service annuity – none

Formula annuity – For members hired before January 1, 2013, it is 2.25% per annum, compounded annually. For members hired on or after January 1, 2013, it is 1.00% per annum, compounded annually.

**Service Annuity**

**Changes of benefit and funding terms:** The following changes to the plan provisions were made by the Nebraska Legislature and reflected in the valuation performed as of July 1 listed below:

None

**Changes in actuarial assumptions:**

9/1/2017 valuation:

- Price inflation decreased from 3.25% to 2.75%.
- Long-term investment return decreased from 8.00% to 7.50%.
- Covered payroll growth assumption decreased from 4.00% to 3.50%.
- Salary increase assumption decreased by 0.50% at each age.
- Mortality assumptions changed to reflect recent mortality experience and future projected improvements.
- Retirement rates changed to better fit the observed experience.
- Termination rates changed to better fit the observed experience.
- Disability rates changed to better fit the observed experience.

9/1/2012 valuation:

- Salary increases were changed to rates grading down from 9.00% for less than one year of service to 4.00% at 40 years of service. Prior valuation rates graded from 7.46% for less than one year to 4.55% at 40 years of service.
- Retirement rates are based on age and retirement eligibility. 100% retirement age was extended to age 80 from age 70. Unreduced rates were decreased at age 63.
- Pre-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (for pre-retirement male rates were 65% of rates and female rates were 50% of rates) to the 1994 GAM table, with a 1 year age setback, projected to 2015 (pre-retirement rates are adjusted by 55% for males and 40% for females).
- Termination rates are service based and were decreased from the prior valuation based on actual experience.
- Disability rates were decreased by 50% from the prior valuation.
- Price inflation assumption was lowered to 3.25% from 3.50%.
- Economic productivity assumption was lowered to 0.75% from 1.00%.

**Method and assumptions used in calculations of Actuarially Determined Contributions.**

The Plan is funded with contribution amounts from the State which are actuarially determined to fund the Service Annuity benefit. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent Measurement Date, June 30, 2021 (based on the July 1, 2020 actuarial valuation).

|  |   |
|--|---|
| Actuarial cost method  | Entry age Normal  |
| Amortization method  | Level percentage of payroll, closed   |
| Remaining amortization period  | Range from 16 to 30 years (Single Equivalent Amortization Period is 16 years) |
| Asset valuation method   | 5-year smoothed market  |
| Price inflation  | 2.75 percent  |
| Wage Inflation   | 3.50 percent  |
| Salary increases, including wage inflation                                   | 3.50 to 8.50 percent  |
| Long-term rate of return, net of investment expense, and including inflation | 7.50 percent  |

See independent auditor's report

**Omaha School Employees**

**Changes of benefit and funding terms:** The following changes to the plan provisions were made by the Nebraska Legislature and reflected in the valuation performed as of September 1 (January 1 starting in 2017) listed below:

2018: The 2017 session of the Nebraska Legislature enacted Legislative Bill 415 (LB 415), which changed the retirement provisions for members hired on or after July 1, 2018 to match the School Employees Retirement System of the State of Nebraska. Retirement eligibility for members hired on or after July 1, 2018 is set at age 60 with 85 points (age plus service) or age 60 with five years of service. Benefits are unreduced at age 60 with 85 points. Early retirement eligibility is age 60 with five years of service. No medical COLA is provided for members hired on or after July 1, 2018.

The 2018 Session of the Nebraska Legislature enacted Legislative Bill 1005 (LB 1005), which states that the School District must contribute an amount equal to or greater than the actuarially required contribution rate provided in the most recent valuation report.

2017: The 2016 session of the Nebraska Legislature enacted Legislative Bill 447 (LB 447), which changed the retirement provisions for members hired on or after July 1, 2016 to match the School Employees Retirement System of the State of Nebraska. Retirement eligibility for members hired on or after July 1, 2016 is set at 35 years of service, age 55 with 85 points (age plus service) or age 60 with five years of service. Benefits are unreduced with 35 years of service or at age 55 with 85 points. Early retirement eligibility is age 60 with five years of service. No medical COLA is provided for members hired on or after July 1, 2016.

2013: The 2013 session of the Nebraska Legislature enacted Legislative Bill 553 (LB 553), which increased the Member's contribution rate from 9.30% of pay to 9.78% of pay. The School District's contribution rate is equal to 101% of the employee contribution rate so the District's contribution rate increased from 9.3930% of pay to 9.8778% of pay. The State contribution rate also increased permanently from 1.00% (plus \$973,301) to 2.00% of payroll, effective July 1, 2014. LB 553 also created a new benefit structure for members hired on or after July 1, 2013 with the same benefit structure as pre-July 1, 2013 hires except annual cost of living adjustments are the lesser of 1.00% or CPI and final average compensation is defined as 1/60 of the total compensation received during the five fiscal years of highest compensation.

**Changes in actuarial assumptions:**

1/1/2019 valuation:

- The amortization of the UAAL was changed to reset the legacy UAAL over a 30-year period beginning on January 1, 2019. New layers of UAAL that occur in the future are also amortized over a 30-year period beginning on the valuation date.

1/1/2017 valuation:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The inflation assumption was lowered from 3.00% to 2.75%.
- The assumed interest rate credited on employee contributions was lowered from 3.00% to 2.75%.
- The general wage increase assumption was lowered from 4.00% to 3.25%.
- The mortality assumption was changed to the RP-2014 Mortality Table, with a one-year age set forward for males and a one-year age setback for females. Generational mortality improvements are modeled using the MP-2016 scale.
- Retirement rates were modified for both Certificated and Classified employees.
- The probability of electing a refund at termination was modified for Classified employees.
- Termination rates for Certificated employees were changed to be the same regardless of gender, and are purely service-based for both Certificated and Classified employees.
- The salary increase assumption was changed to a service-based assumption for both Certificated and Classified employees.
- The amortization of the UAAL was changed to a "layered" approach with new pieces of UAAL amortized over a 25-year period beginning on the valuation date. The legacy UAAL continues to be amortized on its current schedule.
- The valuation date changed from September 1 to January 1.

9/1/2013 valuation:

- The one-year age set forward in mortality rates for active male employees was eliminated.
- Classified members' retirement rates were adjusted.

*See independent auditor's report*

- Vested Certificated members' assumption to elect a refund of contributions was adjusted at certain ages.
- The assumed interest rate credited on member contribution accounts was lowered from 7.00% to 3.00%.

#### Method and assumptions used in calculations of Actuarially Determined Contributions.

The System is funded by statutory contribution rates for members, the School District and the State of Nebraska. If the statutory contribution rate is less than the Actuarially Determined Contribution, the School District will contribute the difference. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent Measurement Date, August 31, 2020 (based on the January 1, 2020 actuarial valuation).

|  |   |
|--|---|
| Actuarial cost method  | Entry age normal  |
| Amortization method  | Level percentage of payroll, closed   |
| Remaining amortization period  | Layered bases with the Legacy base amortized over a closed 30-year period beginning January 1, 2019. All subsequent bases are amortized over a closed 30-year period beginning on the valuation dated.  |
| Asset valuation method   | Market related smoothed market  |
| Price inflation  | 2.75 percent  |
| Salary increases, including wage inflation                                   | 3.75 to 6.25 percent  |
| Long-term rate of return, net of investment expense, and including inflation | 7.50 percent  |
| Cost-of-living adjustments   | 1.50 percent for those who became OSERS members prior to July 1, 2013<br>1.00 percent for those who became OSERS members on or after July 1, 2013<br>Medical COLA of \$10/month for each year retired (max \$250/month), for those who became OSERS members prior to July 1, 2016 |



**State Patrol**

**Changes of benefit and funding terms:** The following changes to the plan provisions were made by the Nebraska Legislature and reflected in the valuation performed as of July 1 listed below:

- 2021: Legislative Bill 17 (LB 17), which was passed by the 2021 Nebraska Legislature, changed the amortization period for amortization bases established on or after July 1, 2021 from 30 to 25 years. If the UAAL is less than or equal to zero, then all prior amortization bases are considered fully funded and the UAAL is reinitialized and amortized over a 25-year period as of the actuarial valuation date.
- 2017: The 2017 Legislature passed LB 415, which grants the PERB the authority to set the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment for members hired on or after July 1, 2017. Since these changes do not affect any members in the current valuation, the adopted changes have no impact on the valuation results.
- 2016: Legislative Bill 467 (LB 467) created a new tier of State Patrol members that are employed on or after July 1, 2016. This new tier includes changes to benefits and contributions as follows:
- Member and employer contributions are increased from 16% of pay to 17% of pay.
  - Compensation no longer includes compensation for unused sick leave, unused vacation leave, unused holiday compensatory time, unused compensatory time, or any other type of unused leave, compensatory time, or similar benefits, converted to cash payments.
  - Final average salary moves from the highest three 12-month periods to the highest five 12-month periods. During the five year period, the member's compensation for the preceding plan year is capped at an eight percent increase.
  - The automatic COLA is capped at 1.0% instead of 2.5%. However, a 1.5% discretionary COLA may be granted in addition to the automatic COLA if certain criteria are met.
  - The DROP program is eliminated.
- 2013: Legislative Bill 553 (LB 553) changed the amortization of the unfunded actuarial accrued liability from a level dollar payment to a level percent of payroll payment. As scheduled in state statute, the employee and employer contribution rate each decreased from 19% of pay to 16%.

**Changes in actuarial assumptions:**

## 7/1/2021 valuation:

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

## 7/1/2017 valuation:

- Price inflation decreased from 3.25% to 2.75%.
- Long-term investment return decreased from 8.00% to 7.50%.
- Covered payroll growth assumption decreased from 4.00% to 3.50%.
- Salary increase assumption decreased by 0.50% at each age.
- Interest on employee contribution balances decreased from 4.25% to 3.00%.
- Cost of living adjustment assumption decreased from 2.50% to 2.25% for members hired before July 1, 2016.
- Mortality assumptions changed to reflect recent mortality experience and future projected improvements.

- Termination rates changed to better fit the observed experience.

## 7/1/2012 valuation:

- The interest rate on employee contributions was lowered to 4.25% from 5.50%.
- Salary increases were changed to rates grading down from 9.50% for less than one year of service to 4.00% at 30 years of service. Prior valuation rates graded from 9.00% for less than one year to 4.50% at 25 years of service.
- Retirement rates were increased for early retirement (reduced benefits available at 50 years of age and 10 years of service) and decreased for normal retirement (unreduced benefits available at 55 years of age and 10 years of service).
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (for pre-retirement males rates were 65% of rates and female rates were 50% of rates) to the 1994 GAM table, with a 1 year setback, projected to 2015.
- The assumption to value deferred vested members was changed to assume they elect the greater of the present value of an annuity at earliest unreduced retirement eligibility or a refund of contributions.
- Consumer price inflation was lowered from 3.50% to 3.25%.
- Economic productivity was lowered from 1.00% to 0.75%.

**Method and assumptions used in calculations of Actuarially Determined Contributions.**

The Plan is funded by statutory contribution rates for members and the employer (State of Nebraska). State Statutes require the State of Nebraska to make additional contributions if the regular, payroll-related contributions are insufficient to meet the actuarial required contribution for the year. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent Measurement Date, June 30, 2021 (based on the July 1, 2020 actuarial valuation).

|  |   |
|--|---|
| Actuarial cost method  | Entry Age   |
| Amortized method   | Level percentage of payroll, closed   |
| Remaining amortization period  | Range from 16 to 30 years (Single Equivalent Amortization Period is 19 years)                                     |
| Asset valuation method   | 5-year smoothed market  |
| Price inflation  | 2.75 percent  |
| Wage Inflation   | 3.50 percent  |
| Salary increases, including wage inflation   | 3.50 to 9.00 percent  |
| Long-term rate of return, net of investment expense, and including price inflation | 7.50 percent  |
| Cost-of-living adjustment  | 2.25% per annum, compounded annually for Tier 1 members, 1.00% per annum, compounded annually for Tier 2 members. |

**Judges**

**Changes of benefit and funding terms:** The following changes to the plan provisions were made by the Nebraska Legislature and reflected in the valuation performed as of July 1 listed below:

- 2021: LB 17, which was passed by the 2021 Nebraska Legislature, provided for an increase in the amount of court fees directed to fund the System, beginning in FY 2022 with further scheduled increases over a five-year period. The bill also authorized a payroll-related contribution from the state, beginning July 1, 2023 for the plan year ended June 30, 2023. The payroll-related contribution can be no greater than 5% of total annual compensation, based on the total member compensation reported in the most recent actuarial valuation. If the funded ratio is equal to or greater than 100% for two consecutive years, the actuary must assess whether the state contribution rate should be adjusted and make a recommendation to the Board in the annual actuarial valuation report. If the state contribution rate has been adjusted to less than 5% and the funded ratio is below 100% for two consecutive years, the actuary must assess whether the state contribution rate should be adjusted (not greater than 5%) and make a recommendation to the Board. LB 17 also changed the amortization period for amortization bases established on or after July 1, 2021 from 30 to 25 years. If the UAAL is less than or equal to zero, then all prior amortization bases are considered fully funded and the UAAL is reinitialized and amortized over a 25-year period as of the actuarial valuation date.
- 2017: LB 415, which was passed by the 2017 Nebraska Legislature, made changes to the benefit structure for judges who become members on or after July 1, 2017 by granting the Public Employees Retirement Board (PERB) the authority to set the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment.
- 2015: LB 468, which was passed by the 2015 Nebraska Legislature, made changes to the benefit structure for judges who become members on or after July 1, 2015 including the calculation of final average salary based on the highest 5 years rather than the highest 3 years of salary and a cost-of-living-adjustment (COLA) of 1% rather than 2.5%. The bill also provided for a supplemental COLA, to be granted at the Board's discretion, up to an additional 1.5% if the System is more than 100% funded. In addition, the member contribution rate for those hired on or after July 1, 2015 was increased to 10% of pay. LB 468 also increased the amount of court fees directed to fund the Judges Retirement System with the increases phased-in over two years. Ultimately, in fiscal year 2018 the additional funding is estimated to be \$1.3 million. Due to the valuation date of July 1, 2015, the change to the benefit structure had no impact on the valuation results.
- 2013: Legislative Bill 553 (LB 553) changed the amortization of the unfunded actuarial accrued liability from a level dollar payment to a level percent of payroll payment. The court fee designated for the Judges Retirement System was scheduled to decrease from six to five dollars on July 1, 2014. Legislative Bill 306 (LB 306) removed the language to decrease the court fees so the court fee in future years remains at six dollars. The passage of Legislative Bill 414 (LB 414) in 2009 increased the member contribution rate by 1 percent, but this increase was scheduled to be removed July 1, 2014. Legislative Bill 306 (LB 306) removed the sunset provision on the increase in the member contribution rate, thereby retaining the higher contribution rates.

**Changes in actuarial assumptions:**

7/1/2021 valuation:

- Price inflation decreased from 2.75% to 2.65%.
- Long-term investment return decreased from 7.50% to 7.30%.
- General wage growth decreased from 3.50% to 3.15%.
- Payroll growth decreased from 3.50% to 3.15%.
- Salary increases were lowered from a flat 3.50% to 3.40%.
- Interest on employee contribution balances decreased from 3.00% to 2.50%.
- Cost of living adjustment assumption decreased to 2.15% for Tier 1 members.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.31% of pay.
- Mortality assumption for non-disabled participants was changed to the Pub-2010 General Members (Above Median) Mortality Tables (100% of male rates, 95% female rates), set back one-year, projected generationally using MP-2019 modified to 75% of ultimate rates.
- Mortality assumption for disabled participants was changed to the Pub-2010 Non-Safety Disabled Retiree Mortality Table (static).
- Retirement rates changed to better fit the observed experience.

## 7/1/2020 valuation:

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

## 7/1/2017 valuation:

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

## 7/1/2012 valuation:

- The interest rate on employee contributions was lowered to 4.25% from 5.50%.
- Salary increases were lowered to 4.00% from 4.50%.
- Retirement rates were decreased for ages under 65 and age 66.
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (for pre-retirement male rates were 65% of rates and female rates were 50% of rates) to the 1994 GAM table, with a 1 year setback, projected to 2015.
- Deferred vested members were changed to assume they elected the greater of the present value of an annuity at age 63 or a refund of contributions.
- Consumer price inflation was lowered to 3.25% from 3.50%.
- Economic productivity was lowered to 0.75% from 1.00%.

**Method and assumptions used in calculations of Actuarially Determined Contributions.**

The Plan is funded with contribution rates that vary by date of hire and service for members, variable court fees as well as contributions from the State of Nebraska that cover the remaining required amounts, if necessary. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent fiscal year, June 30, 2021 (based on the July 1, 2020 actuarial valuation).

|  |   |
|--|---|
| Actuarial cost method  | Entry Age   |
| Amortization method  | Level percentage of payroll, closed   |
| Remaining amortization period  | Range from 21 to 30 years (Single Equivalent Amortization Period is 18 years)                                     |
| Asset valuation method   | 5-year smoothed market  |
| Price Inflation  | 2.75 percent  |
| Wage Inflation   | 3.50 percent  |
| Salary increases, including inflation  | 3.50 percent  |
| Long-term rate of return, net of investment expense, and including inflation | 7.50 percent  |
| Cost-of-living adjustments   | 2.25% per annum, compounded annually for Tier 1 members, 1.00% per annum, compounded annually for Tier 2 members. |

**State Employees**

**Changes of benefit and funding terms:** The following changes to the plan provisions were made by the Nebraska Legislature and reflected in the valuation performed as of January 1 listed below:

- 2021: The Board granted a dividend of 3.00% in 2020 that was first reflected in the January 1, 2021 valuation.
- 2019: The Board granted a dividend of 5.46% in 2018 that was first reflected in the January 1, 2019 valuation.
- 2018: The Board granted a dividend of 3.07% in 2017 that was first reflected in the January 1, 2018 valuation.
- 2016: The Board granted a dividend of 4.53% in 2015 that was first reflected in the January 1, 2016 valuation.
- 2013: The 2012 Nebraska Legislature passed LB 916, as amended by AM1739, which created an election period beginning September 1, 2012 and ending October 31, 2012 during which members in the State Defined Contribution Plan could elect to transfer their account balances to the State Employees' Retirement System Cash Balance Benefit Fund.

**Changes in actuarial assumptions:**

## 1/1/2021 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 rates were adjusted to better reflect observed experience.
- Termination rates were adjusted to better reflect observed experience.
- Mortality assumptions were changed to the Pub-2010 General Members (above Median) Mortality Tables (100% of male rate for males, 95% of female rates for females), set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.

## 1/1/2018 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.

## 1/1/2013 valuation:

- The interest crediting rate on cash balance accounts was lowered from 7.00% to 6.75% per year.
- Salary increases were changed to rates grading down from 5.43% for less than one year of service to 4.00% at 20 years of service. Prior rates graded from 5.9% for less than one year of service to 4.5% at 20 years of service.
- Retirement rates increased at age 65 to 69 and 100% probability of retirement was extended to age 80 from age 70.
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (pre-retirement male rates were 65% of rates and female rates were 50% of rates) to the 1994 GAM table, with 1-year setback, projected to 2015 (pre-retirement rates are adjusted by 55% for males and 40% for females).
- The select and ultimate termination rates were increased.
- Disability rates were removed.

- Price inflation was lowered from 3.50% to 3.25% per year.
- Economic productivity was lowered from 1.00% to 0.75% per year.
- The assumption for the form of payment elected by retiring active members was changed from 100% elect an annuity to 50% elect a lump sum and 50% elect an annuity.

**Method and assumptions used in calculations of actuarially determined contributions.**

The Plan is funded with fixed contribution rates for both members and the State of Nebraska. If such contributions are less than the Actuarially Determined Contribution, the State makes an additional contribution. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the January 1 preceding the first day of the fiscal year in which contributions are reported (January 1, 2020 actuarial valuation applies for contributions reported for July 1, 2020 to June 30, 2021).

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent fiscal year, June 30, 2021 (based on the January 1, 2020 actuarial valuation).

|  |                             |
|--|-----------------------------|
| Actuarial cost method  | Entry age                   |
| Amortization method  | Level dollar amount, closed |
| Remaining amortization period  | 25 years                    |
| Asset valuation method   | 5-year smoothed market      |
| Price inflation  | 2.75 percent                |
| Wage inflation   | 3.50 percent                |
| Salary increases, including wage<br>Inflation  | 3.50 to 4.93 percent        |
| Long-term rate of return, net of<br>investment expense, and including<br>price inflation | 7.50 percent                |
| Interest crediting rate, including<br>dividends  | 6.25 percent                |

**REQUIRED SUPPLEMENTARY INFORMATION****INFORMATION ABOUT OTHER POSTEMPLOYMENT BENEFIT PLANS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

**STATE OF NEBRASKA RETIREE HEALTH INSURANCE PROGRAM**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET**  
**OPEB LIABILITY**

|   | 2021           | 2020          | 2019           | 2018           |
|---|----------------|---------------|----------------|----------------|
| Reporting Date  | June 30, 2021  | June 30, 2020 | June 30, 2019  | June 30, 2018  |
| Measurement Date  | June 30, 2020  | June 30, 2019 | June 30, 2018  | June 30, 2017  |
| Total OPEB Liability  |                |               |                |                |
| Service cost  | \$912          | \$805         | \$975          | \$1,042        |
| Interest  | 530            | 549           | 533            | 438            |
| Change of benefit terms   | -              | -             | (456)          | -              |
| Differences between expected and actual experience                    | 1,265          | -             | 2,150          | -              |
| Changes of assumptions  | 5,958          | 652           | (2,594)        | (695)          |
| Estimated benefit payments, including refunds of member contributions | (1,177)        | (1,127)       | (1,157)        | (1,218)        |
| Net change in Total OPEB Liability                                    | <u>\$7,488</u> | <u>\$879</u>  | <u>(\$549)</u> | <u>(\$433)</u> |
| Total OPEB Liability - beginning                                      | \$14,816       | \$13,937      | \$14,486       | \$14,919       |
| Total OPEB Liability – ending (a)                                     | \$22,304       | \$14,816      | \$13,937       | \$14,486       |
| Plan Fiduciary Net Position   |                |               |                |                |
| Estimated contributions   | \$1,117        | \$1,127       | \$1,157        | \$1,218        |
| Estimated benefit payments, including refunds of member contributions | (1,117)        | (1,127)       | (1,157)        | (1,218)        |
| Net OPEB Liability – ending (a) – (b)                                 | 22,304         | 14,816        | 13,937         | 14,486         |
| Covered employee payroll  | N/A            | N/A           | N/A            | N/A            |
| Plan Net OPEB Liability as a percentage of covered employee payroll   | N/A            | N/A           | N/A            | N/A            |

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

# NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR OTHER POSTEMPLOYMENT BENEFIT PLANS

For the Year Ended June 30, 2021

The Plan is not pre-funded and therefore there are no assets accumulated in a trust compliant with Governmental Accounting Standards Board, Statement 75.

The following information is provided for the actuarial valuation of liabilities based on data as of June 30, 2020.

## Changes of benefit and funding terms:

2020: Effective July 1, 2019, two DPC (Direct Primary Care) plans were added. Since enrollment is very low for these plans, their impact on the costs was considered negligible.

## Changes in actuarial assumptions:

6/30/2020 valuation:

- Medical, prescription drug, and administrative costs were updated to reflect recent experience.
- Medical, prescription drug, and administrative expense trend rates were updated to reflect recent experience and future expectations.
- Spousal age difference for future female retirees was lowered from three years to two years.
- Plan participation rate for future retirees was raised from 15% to 20%.
- The impact of the ACA excise tax was removed, as the tax has been repealed.
- Retirement, turnover, and mortality assumptions were updated to match the most recent NPERS Cash Balance Benefit Fund valuation.
- The discount rate was updated from 3.50% to 2.21%.

6/30/2019 valuation:

- Medical, prescription drug, and administrative expense trend rates were updated to reflect recent experience.
- The discount rate was updated from 3.87% to 3.50%.

**Methods and assumptions used in calculations of actuarially determined liabilities:** The Plan is funded by premiums charged to retirees and their dependents. Following are actuarial methods and assumptions used to determine the employer's liability for the measurement date of June 30, 2020:

|                          |   |
|--------------------------|---|
| Data                     | Detailed census data, premium data and/or claim experience, and summary plan descriptions for OPEB were provided by the employer.   |
| Actuarial cost method    | Entry Age Normal, Level Percentage of Pay   |
| Asset valuation method   | N/A   |
| Measurement date         | June 30, 2020   |
| Actuarial valuation date | June 30, 2020   |
| Discount rate            | 2.21% - The discount rate is reset each year based on the rates of return on high quality 20-year tax exempt general obligation municipal bonds.  |
| Inflation                | 2.65%   |
| Salary increases         | Service-based table, decreasing from 9.5% to ultimate of 3.15% over 30 years  |
| Mortality rates:         |   |
| Pre-retirement healthy   | 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. |

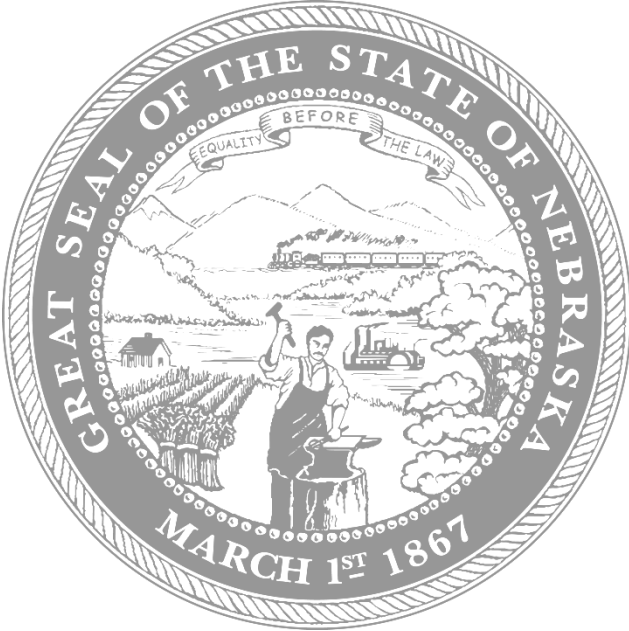


|                                     |  |
|-------------------------------------|--|
| Post-retirement healthy             | Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.   |
| Contingent Survivor                 | 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.   |
| Termination rates before retirement | Service-based table, decreasing from 30.00% for less than one year of service to 2.00% for twenty-five or more years of service. The termination rates were based on historical and current demographic data, adjusted to reflect economic conditions of the area and estimated future experience and professional judgment. |
| Actives' retirement rates           | Graduated rates by retirement age after five years of service: age 55-58, 5%; age 59-61, 6%; age 62, 10%; age 63-64, 12%; age 65, 100%. Retirement rate at age 65 was set at 100%, as benefits under this plan cease at age 65.  |
| Dependents                          | Demographic data was available for spouses of current retirees. For future retirees, male retirees were assumed to be three years older than female spouses, and female retirees were assumed to be two years younger than male spouses.   |
| Participation and coverage election | 20% of employees eligible to retire and receive postretirement coverage were assumed to elect medical and prescription drug coverage. 25% were assumed to cover a spouse.  |
| Persistency                         | 100% are assumed to remain covered until age 65.   |
| Healthcare cost trend rates:        |  |
| Medical                             | 6.00% decreasing by 0.25% for 6 years to an ultimate of 4.50%  |
| Prescription drug                   | 7.50% decreasing by 0.25% for 12 years to an ultimate of 4.50%   |
| Administrative costs                | 2.00%  |

---

# COMBINING FINANCIAL STATEMENTS

---



---

# NONMAJOR GOVERNMENTAL FUNDS

---

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Licensing and Regulation.** This fund accounts for all activities of agencies, boards, and commissions whose primary function is licensing individuals and regulating industry and professions. This includes a diverse group of professions such as abstracters, medical professions, barbers, engineers, architects and accountants.

**Economic Development.** This fund accounts for activities to develop and promote the growth of industry, agriculture, commerce and tourism, and utilization of resources within Nebraska.

**Airport Development.** This fund accounts for the activities relating to aircraft fuels tax, which is administered by the Department of Transportation for the support and maintenance of public airports.

**Game and Parks.** This fund accounts for the activities related to the Nebraska Game and Parks Commission, which is responsible for the development and preservation of the fish and wildlife resources of Nebraska, and operation and administration of the State park system.

**Environmental Quality.** This fund accounts for the activities related to the Department of Environment and Energy, which is responsible for the protection of Nebraska's air, land, and water resources.

**Energy Conservation.** This fund accounts for activities relating to the oil and gas severance taxes as well as energy conservation and development activities. The Department of Environment and Energy is responsible for providing technical assistance on energy conservation and development, and administering and distributing federal funds provided to the State in the area of energy efficiency.

**Other Special Revenue.** This fund accounts for various other revenues that must be used for specific purposes.

## CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for construction of buildings financed with tax dollars.

## PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Aeronautics Trust Fund.** This fund receives proceeds from the sale of state-owned airfields. Investment income is used to pay for expenses of the Department of Transportation.

**Nebraska Veterans' Aid Fund.** This fund accounts for the investment activity of a General Fund contribution made in a prior year. Earnings on the investment are used to provide emergency financial assistance to eligible veterans and dependents.

**Permanent Endowment Fund.** This fund receives the proceeds of sales of land and investments endowed to the State for the benefit of the University by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income on these funds is used for support and maintenance of the University.

**Agriculture Endowment Fund.** This fund receives the proceeds of sales of land and investments endowed to the State for the benefit of the University's Agriculture College by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income from this fund is used for support and maintenance of the College of Agriculture and Natural Resources.

**Other Permanent Funds.** Normal School Endowment and Miscellaneous Permanent Trust.

State of Nebraska  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2021

(Dollars in Thousands)

|  | SPECIAL<br>REVENUE  | CAPITAL<br>PROJECTS | PERMANENT<br>FUNDS | TOTALS              |
|--|---------------------|---------------------|--------------------|---------------------|
| <b>Assets</b>                            |                     |                     |                    |                     |
| Cash and Cash Equivalents                | \$ 272,057          | \$ 8,021            | \$ 2,836           | \$ 282,914          |
| Cash on Deposit with Fiscal Agents       | 10,128              | -                   | -                  | 10,128              |
| Investments                              | 855,028             | 31,717              | 74,448             | 961,193             |
| Securities Lending Collateral            | 52,897              | 2,130               | 1,724              | 56,751              |
| Receivables, net of allowance:           |                     |                     |                    |                     |
| Taxes                                    | 2,640               | -                   | -                  | 2,640               |
| Due from Federal Government              | 1,856               | -                   | -                  | 1,856               |
| Loans                                    | 239,426             | -                   | -                  | 239,426             |
| Other                                    | 18,623              | (370)               | 2,567              | 20,820              |
| Due from Other Funds                     | 5,661               | -                   | -                  | 5,661               |
| Inventories                              | 2,381               | -                   | -                  | 2,381               |
| Prepaid Items                            | 160                 | -                   | -                  | 160                 |
| Other                                    | 8                   | -                   | -                  | 8                   |
| Total Assets                             | <u>\$ 1,460,865</u> | <u>\$ 41,498</u>    | <u>\$ 81,575</u>   | <u>\$ 1,583,938</u> |
| <b>Liabilities and Fund Balances</b>     |                     |                     |                    |                     |
| Liabilities:                             |                     |                     |                    |                     |
| Accounts Payable and Accrued Liabilities | \$ 52,800           | \$ 18,220           | \$ 3,366           | \$ 74,386           |
| Deposits                                 | (640)               | -                   | -                  | (640)               |
| Due to Other Funds                       | 68,329              | 10                  | -                  | 68,339              |
| Obligations under Securities Lending     | 52,897              | 2,130               | 1,724              | 56,751              |
| Unearned Revenue                         | 14                  | -                   | -                  | 14                  |
| Total Liabilities                        | <u>173,400</u>      | <u>20,360</u>       | <u>5,090</u>       | <u>198,850</u>      |
| Fund Balances:                           |                     |                     |                    |                     |
| Nonspendable:                            |                     |                     |                    |                     |
| Inventories and Prepaid Items            | 2,541               | -                   | -                  | 2,541               |
| Endowment Principal                      | -                   | -                   | 19,515             | 19,515              |
| Restricted for:                          |                     |                     |                    |                     |
| Education                                | 31,773              | -                   | 4,888              | 36,661              |
| Health and Social Services               | 2,628               | -                   | 51,301             | 53,929              |
| Conservation of Natural Resources        | 791,367             | -                   | -                  | 791,367             |
| Transportation                           | 8,964               | -                   | 601                | 9,565               |
| Licensing and Regulation                 | 168,705             | -                   | -                  | 168,705             |
| Economic Development                     | 68,567              | -                   | -                  | 68,567              |
| Public Safety                            | 45,516              | -                   | -                  | 45,516              |
| Culture – Recreation                     | 51,474              | -                   | -                  | 51,474              |
| Other Purposes                           | 83,613              | -                   | 180                | 83,793              |
| Committed to:                            |                     |                     |                    |                     |
| Other Purposes                           | -                   | 21,138              | -                  | 21,138              |
| Assigned to:                             |                     |                     |                    |                     |
| Education                                | 219                 | -                   | -                  | 219                 |
| Health and Social Services               | 808                 | -                   | -                  | 808                 |
| Conservation of Natural Resources        | 120                 | -                   | -                  | 120                 |
| Licensing and Regulation                 | 24,813              | -                   | -                  | 24,813              |
| Economic Development                     | 100                 | -                   | -                  | 100                 |
| Public Safety                            | 3,575               | -                   | -                  | 3,575               |
| Culture – Recreation                     | 72                  | -                   | -                  | 72                  |
| Other Purposes                           | 2,610               | -                   | -                  | 2,610               |
| Total Fund Balances                      | <u>1,287,465</u>    | <u>21,138</u>       | <u>76,485</u>      | <u>1,385,088</u>    |
| Total Liabilities and Fund Balances      | <u>\$ 1,460,865</u> | <u>\$ 41,498</u>    | <u>\$ 81,575</u>   | <u>\$ 1,583,938</u> |

## State of Nebraska

# COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | SPECIAL<br>REVENUE  | CAPITAL<br>PROJECTS | PERMANENT<br>FUNDS | TOTALS              |
|--|---------------------|---------------------|--------------------|---------------------|
| <b>REVENUES</b>  |                     |                     |                    |                     |
| Sales and Use Taxes  | \$ 22,193           | \$ -                | \$ -               | \$ 22,193           |
| Petroleum Taxes  | 12,879              | -                   | -                  | 12,879              |
| Excise Taxes   | 56,095              | 9,163               | -                  | 65,258              |
| Business and Franchise Taxes                                 | 34,890              | -                   | -                  | 34,890              |
| Other Taxes  | 4,380               | -                   | -                  | 4,380               |
| Federal Grants and Contracts                                 | 4,679               | -                   | -                  | 4,679               |
| Licenses, Fees and Permits                                   | 192,168             | -                   | -                  | 192,168             |
| Charges for Services   | 53,135              | -                   | -                  | 53,135              |
| Investment Income  | (5,494)             | (2,584)             | 11,619             | 3,541               |
| Rental Income  | 22,100              | 7,919               | -                  | 30,019              |
| Surcharge  | 42,568              | -                   | -                  | 42,568              |
| Other  | 34,714              | 1                   | 75                 | 34,790              |
| Total Revenues   | <u>474,307</u>      | <u>14,499</u>       | <u>11,694</u>      | <u>500,500</u>      |
| <b>EXPENDITURES</b>  |                     |                     |                    |                     |
| Current:   |                     |                     |                    |                     |
| General Government   | 89,579              | -                   | 1                  | 89,580              |
| Conservation of Natural Resources                            | 69,286              | -                   | -                  | 69,286              |
| Culture – Recreation   | 43,537              | -                   | -                  | 43,537              |
| Economic Development and Assistance                          | 43,055              | -                   | -                  | 43,055              |
| Education  | 25,791              | -                   | 93                 | 25,884              |
| Higher Education - Colleges and University                   | -                   | 6,831               | -                  | 6,831               |
| Health and Social Services                                   | 1,901               | -                   | 1,107              | 3,008               |
| Public Safety  | 64,366              | -                   | -                  | 64,366              |
| Regulation of Business and Professions                       | 118,026             | -                   | -                  | 118,026             |
| Transportation   | 2,241               | -                   | 2                  | 2,243               |
| Capital Projects   | -                   | 72,544              | -                  | 72,544              |
| Debt Service:  |                     |                     |                    |                     |
| Principal  | 2,000               | -                   | -                  | 2,000               |
| Interest   | 9                   | -                   | -                  | 9                   |
| Total Expenditures   | <u>459,791</u>      | <u>79,375</u>       | <u>1,203</u>       | <u>540,369</u>      |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>14,516</u>       | <u>(64,876)</u>     | <u>10,491</u>      | <u>(39,869)</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                     |                    |                     |
| Transfers In   | 113,688             | -                   | -                  | 113,688             |
| Transfers Out  | (126,466)           | -                   | (150)              | (126,616)           |
| Proceeds from Other Financing Arrangements                   | 2,000               | -                   | -                  | 2,000               |
| Total Other Financing Sources (Uses)                         | <u>(10,778)</u>     | <u>-</u>            | <u>(150)</u>       | <u>(10,928)</u>     |
| Net Change in Fund Balances                                  | 3,738               | (64,876)            | 10,341             | (50,797)            |
| <b>FUND BALANCES, JULY 1 (as restated)</b>                   | <u>1,283,727</u>    | <u>86,014</u>       | <u>66,144</u>      | <u>1,435,885</u>    |
| <b>FUND BALANCES, JUNE 30</b>                                | <u>\$ 1,287,465</u> | <u>\$ 21,138</u>    | <u>\$ 76,485</u>   | <u>\$ 1,385,088</u> |

State of Nebraska

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2021

(Dollars in Thousands)

|  | LICENSING AND<br>REGULATION | ECONOMIC<br>DEVELOPMENT | AIRPORT<br>DEVELOPMENT |
|--|-----------------------------|-------------------------|------------------------|
| <b>Assets</b>                            |                             |                         |                        |
| Cash and Cash Equivalents                | \$ 35,114                   | \$ 12,599               | \$ 7,476               |
| Cash on Deposit with Fiscal Agents       | -                           | -                       | -                      |
| Investments                              | 155,360                     | 57,332                  | -                      |
| Securities Lending Collateral            | 9,751                       | 3,598                   | -                      |
| Receivables, net of allowance:           |                             |                         |                        |
| Taxes                                    | 2,484                       | -                       | 143                    |
| Due from Federal Government              | -                           | -                       | -                      |
| Loans                                    | -                           | 358                     | 1,676                  |
| Other                                    | 4,969                       | 2,420                   | 190                    |
| Due from Other Funds                     | 2,225                       | -                       | -                      |
| Inventories                              | -                           | -                       | 6                      |
| Prepaid Items                            | 7                           | -                       | 3                      |
| Other                                    | -                           | -                       | -                      |
| Total Assets                             | <u>\$ 209,910</u>           | <u>\$ 76,307</u>        | <u>\$ 9,494</u>        |
| <b>Liabilities and Fund Balances</b>     |                             |                         |                        |
| Liabilities:                             |                             |                         |                        |
| Accounts Payable and Accrued Liabilities | \$ 6,918                    | \$ 7,239                | \$ 517                 |
| Deposits                                 | 470                         | -                       | -                      |
| Due to Other Funds                       | 787                         | 45                      | 4                      |
| Obligations under Securities Lending     | 9,751                       | 3,598                   | -                      |
| Unearned Revenue                         | -                           | -                       | -                      |
| Total Liabilities                        | <u>17,926</u>               | <u>10,882</u>           | <u>521</u>             |
| Fund Balances:                           |                             |                         |                        |
| Nonspendable:                            |                             |                         |                        |
| Inventories and Prepaid Items            | 7                           | -                       | 9                      |
| Restricted for:                          |                             |                         |                        |
| Education                                | -                           | -                       | -                      |
| Health and Social Services               | -                           | -                       | -                      |
| Conservation of Natural Resources        | 3                           | -                       | -                      |
| Transportation                           | -                           | -                       | 8,964                  |
| Licensing and Regulation                 | 167,161                     | -                       | -                      |
| Economic Development                     | -                           | 65,325                  | -                      |
| Public Safety                            | -                           | -                       | -                      |
| Culture – Recreation                     | -                           | -                       | -                      |
| Other Purposes                           | -                           | -                       | -                      |
| Assigned to:                             |                             |                         |                        |
| Education                                | -                           | -                       | -                      |
| Health and Social Services               | -                           | -                       | -                      |
| Conservation of Natural Resources        | -                           | -                       | -                      |
| Licensing and Regulation                 | 24,813                      | -                       | -                      |
| Economic Development                     | -                           | 100                     | -                      |
| Public Safety                            | -                           | -                       | -                      |
| Culture – Recreation                     | -                           | -                       | -                      |
| Other Purposes                           | -                           | -                       | -                      |
| Total Fund Balances                      | <u>191,984</u>              | <u>65,425</u>           | <u>8,973</u>           |
| Total Liabilities and Fund Balances      | <u>\$ 209,910</u>           | <u>\$ 76,307</u>        | <u>\$ 9,494</u>        |

| <b>GAME AND<br/>PARKS</b> | <b>ENVIRONMENTAL<br/>QUALITY</b> | <b>ENERGY<br/>CONSERVATION</b> | <b>OTHER<br/>SPECIAL<br/>REVENUE</b> | <b>TOTALS</b>       |
|---------------------------|----------------------------------|--------------------------------|--------------------------------------|---------------------|
| \$ 26,298                 | \$ 67,404                        | \$ 2,619                       | \$ 120,547                           | \$ 272,057          |
| -                         | -                                | -                              | 10,128                               | 10,128              |
| 119,522                   | 307,156                          | 11,920                         | 203,738                              | 855,028             |
| 7,422                     | 19,278                           | 748                            | 12,100                               | 52,897              |
| -                         | 13                               | -                              | -                                    | 2,640               |
| 1,728                     | -                                | -                              | 128                                  | 1,856               |
| -                         | 214,742                          | 22,586                         | 64                                   | 239,426             |
| 1,954                     | 1,733                            | 67                             | 7,290                                | 18,623              |
| 1,128                     | 16                               | -                              | 2,292                                | 5,661               |
| 461                       | -                                | -                              | 1,914                                | 2,381               |
| 66                        | -                                | -                              | 84                                   | 160                 |
| -                         | -                                | -                              | 8                                    | 8                   |
| <u>\$ 158,579</u>         | <u>\$ 610,342</u>                | <u>\$ 37,940</u>               | <u>\$ 358,293</u>                    | <u>\$ 1,460,865</u> |
| \$ 11,208                 | \$ 3,919                         | \$ 1,010                       | \$ 21,989                            | \$ 52,800           |
| -                         | -                                | -                              | (1,110)                              | (640)               |
| 270                       | 6                                | 1                              | 67,216                               | 68,329              |
| 7,422                     | 19,278                           | 748                            | 12,100                               | 52,897              |
| -                         | -                                | -                              | 14                                   | 14                  |
| <u>18,900</u>             | <u>23,203</u>                    | <u>1,759</u>                   | <u>100,209</u>                       | <u>173,400</u>      |
| 527                       | -                                | -                              | 1,998                                | 2,541               |
| -                         | -                                | -                              | 31,773                               | 31,773              |
| -                         | -                                | -                              | 2,628                                | 2,628               |
| 100,956                   | 587,019                          | 36,181                         | 67,208                               | 791,367             |
| -                         | -                                | -                              | -                                    | 8,964               |
| -                         | -                                | -                              | 1,544                                | 168,705             |
| -                         | -                                | -                              | 3,242                                | 68,567              |
| -                         | -                                | -                              | 45,516                               | 45,516              |
| 38,195                    | -                                | -                              | 13,279                               | 51,474              |
| -                         | -                                | -                              | 83,613                               | 83,613              |
| -                         | -                                | -                              | 219                                  | 219                 |
| -                         | -                                | -                              | 808                                  | 808                 |
| -                         | 120                              | -                              | -                                    | 120                 |
| -                         | -                                | -                              | -                                    | 24,813              |
| -                         | -                                | -                              | -                                    | 100                 |
| -                         | -                                | -                              | 3,575                                | 3,575               |
| -                         | -                                | -                              | 72                                   | 72                  |
| 1                         | -                                | -                              | 2,609                                | 2,610               |
| <u>139,679</u>            | <u>587,139</u>                   | <u>36,181</u>                  | <u>258,084</u>                       | <u>1,287,465</u>    |
| <u>\$ 158,579</u>         | <u>\$ 610,342</u>                | <u>\$ 37,940</u>               | <u>\$ 358,293</u>                    | <u>\$ 1,460,865</u> |

State of Nebraska

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | <b>LICENSING AND<br/>REGULATION</b> | <b>ECONOMIC<br/>DEVELOPMENT</b> | <b>AIRPORT<br/>DEVELOPMENT</b> |
|--|-------------------------------------|---------------------------------|--------------------------------|
| <b>REVENUES</b>  |                                     |                                 |                                |
| Sales and Use Taxes  | \$ 2                                | \$ 3,871                        | \$ -                           |
| Petroleum Taxes  | 10,942                              | 459                             | 1,162                          |
| Excise Taxes   | 17,460                              | 29,239                          | -                              |
| Business and Franchise Taxes                                 | 5,613                               | 101                             | -                              |
| Other Taxes  | -                                   | -                               | -                              |
| Federal Grants and Contracts                                 | 5                                   | 25                              | -                              |
| Licenses, Fees and Permits                                   | 93,629                              | 655                             | 1                              |
| Charges for Services   | 1,771                               | 507                             | 387                            |
| Investment Income  | (1,648)                             | 87                              | 107                            |
| Rental Income  | -                                   | -                               | 579                            |
| Surcharge  | 42,568                              | -                               | -                              |
| Other  | 14,084                              | 287                             | 14                             |
| Total Revenues   | <u>184,426</u>                      | <u>35,231</u>                   | <u>2,250</u>                   |
| <b>EXPENDITURES</b>  |                                     |                                 |                                |
| Current:   |                                     |                                 |                                |
| General Government   | -                                   | -                               | -                              |
| Conservation of Natural Resources                            | -                                   | -                               | -                              |
| Culture – Recreation   | -                                   | -                               | -                              |
| Economic Development and Assistance                          | -                                   | 39,502                          | -                              |
| Education  | -                                   | -                               | -                              |
| Health and Social Services                                   | -                                   | -                               | -                              |
| Public Safety  | -                                   | -                               | -                              |
| Regulation of Business and Professions                       | 117,047                             | -                               | -                              |
| Transportation   | -                                   | -                               | 2,241                          |
| Debt Service:  |                                     |                                 |                                |
| Principal  | -                                   | -                               | -                              |
| Interest   | -                                   | -                               | -                              |
| Total Expenditures   | <u>117,047</u>                      | <u>39,502</u>                   | <u>2,241</u>                   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>67,379</u>                       | <u>(4,271)</u>                  | <u>9</u>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                     |                                 |                                |
| Transfers In   | 2,219                               | 23,262                          | 150                            |
| Transfers Out  | (52,496)                            | (44)                            | -                              |
| Proceeds from Other Financing Arrangements                   | -                                   | -                               | -                              |
| Total Other Financing Sources (Uses)                         | <u>(50,277)</u>                     | <u>23,218</u>                   | <u>150</u>                     |
| Net Change in Fund Balances                                  | 17,102                              | 18,947                          | 159                            |
| <b>FUND BALANCES, JULY 1 (as restated)</b>                   | <u>174,882</u>                      | <u>46,478</u>                   | <u>8,814</u>                   |
| <b>FUND BALANCES, JUNE 30</b>                                | <u>\$ 191,984</u>                   | <u>\$ 65,425</u>                | <u>\$ 8,973</u>                |



| GAME AND<br>PARKS | ENVIRONMENTAL<br>QUALITY | ENERGY<br>CONSERVATION | OTHER<br>SPECIAL<br>REVENUE | TOTALS              |
|-------------------|--------------------------|------------------------|-----------------------------|---------------------|
| \$ 7,447          | \$ -                     | \$ -                   | \$ 10,873                   | \$ 22,193           |
| -                 | -                        | 299                    | 17                          | 12,879              |
| 1,309             | 3,072                    | -                      | 5,015                       | 56,095              |
| -                 | 2,548                    | -                      | 26,628                      | 34,890              |
| -                 | -                        | -                      | 4,380                       | 4,380               |
| 344               | -                        | -                      | 4,305                       | 4,679               |
| 39,900            | 5,997                    | -                      | 51,986                      | 192,168             |
| 1,535             | -                        | 22                     | 48,913                      | 53,135              |
| (1,143)           | 85                       | (101)                  | (2,881)                     | (5,494)             |
| 19,612            | -                        | -                      | 1,909                       | 22,100              |
| -                 | -                        | -                      | -                           | 42,568              |
| 964               | 7,315                    | (59)                   | 12,109                      | 34,714              |
| <u>69,968</u>     | <u>19,017</u>            | <u>161</u>             | <u>163,254</u>              | <u>474,307</u>      |
| -                 | 3,077                    | -                      | 86,502                      | 89,579              |
| 41,980            | 9,790                    | 344                    | 17,172                      | 69,286              |
| 40,156            | -                        | -                      | 3,381                       | 43,537              |
| -                 | -                        | -                      | 3,553                       | 43,055              |
| -                 | -                        | -                      | 25,791                      | 25,791              |
| -                 | -                        | -                      | 1,901                       | 1,901               |
| -                 | -                        | -                      | 64,366                      | 64,366              |
| -                 | 9                        | -                      | 970                         | 118,026             |
| -                 | -                        | -                      | -                           | 2,241               |
| -                 | 2,000                    | -                      | -                           | 2,000               |
| -                 | 9                        | -                      | -                           | 9                   |
| <u>82,136</u>     | <u>14,885</u>            | <u>344</u>             | <u>203,636</u>              | <u>459,791</u>      |
| <u>(12,168)</u>   | <u>4,132</u>             | <u>(183)</u>           | <u>(40,382)</u>             | <u>14,516</u>       |
| 21,325            | 8,576                    | -                      | 58,156                      | 113,688             |
| (2)               | (269)                    | -                      | (73,655)                    | (126,466)           |
| -                 | 2,000                    | -                      | -                           | 2,000               |
| <u>21,323</u>     | <u>10,307</u>            | <u>-</u>               | <u>(15,499)</u>             | <u>(10,778)</u>     |
| 9,155             | 14,439                   | (183)                  | (55,881)                    | 3,738               |
| 130,524           | 572,700                  | 36,364                 | 313,965                     | 1,283,727           |
| <u>\$ 139,679</u> | <u>\$ 587,139</u>        | <u>\$ 36,181</u>       | <u>\$ 258,084</u>           | <u>\$ 1,287,465</u> |

State of Nebraska

**COMBINING BALANCE SHEET  
NONMAJOR PERMANENT FUNDS**

June 30, 2021

(Dollars in Thousands)

|  | <b>AERONAUTICS<br/>TRUST</b> | <b>NEBRASKA<br/>VETERANS'<br/>AID</b> | <b>PERMANENT<br/>ENDOWMENT</b> | <b>AGRICULTURE<br/>ENDOWMENT</b> | <b>OTHER</b>  | <b>TOTALS</b>    |
|--|------------------------------|---------------------------------------|--------------------------------|----------------------------------|---------------|------------------|
| <b>Assets</b>                            |                              |                                       |                                |                                  |               |                  |
| Cash and Cash Equivalents                | \$ -                         | \$ 2,108                              | \$ 436                         | \$ 127                           | \$ 165        | \$ 2,836         |
| Investments                              | 6,761                        | 61,936                                | 1,663                          | 3,661                            | 427           | 74,448           |
| Securities Lending Collateral            | 1,444                        | 256                                   | 7                              | 15                               | 2             | 1,724            |
| Other Receivables, net of allowance      | 35                           | 2,315                                 | 64                             | 137                              | 16            | 2,567            |
| Total Assets                             | <u>\$ 8,240</u>              | <u>\$ 66,615</u>                      | <u>\$ 2,170</u>                | <u>\$ 3,940</u>                  | <u>\$ 610</u> | <u>\$ 81,575</u> |
| <b>Liabilities and Fund Balances</b>     |                              |                                       |                                |                                  |               |                  |
| Liabilities:                             |                              |                                       |                                |                                  |               |                  |
| Accounts Payable and Accrued Liabilities | \$ -                         | \$ 3,058                              | \$ 89                          | \$ 196                           | \$ 23         | \$ 3,366         |
| Obligations under Securities Lending     | 1,444                        | 256                                   | 7                              | 15                               | 2             | 1,724            |
| Total Liabilities                        | <u>1,444</u>                 | <u>3,314</u>                          | <u>96</u>                      | <u>211</u>                       | <u>25</u>     | <u>5,090</u>     |
| Fund Balances:                           |                              |                                       |                                |                                  |               |                  |
| Nonspendable:                            |                              |                                       |                                |                                  |               |                  |
| Endowment Principal                      | 6,195                        | 12,000                                | 503                            | 722                              | 95            | 19,515           |
| Restricted for:                          |                              |                                       |                                |                                  |               |                  |
| Education                                | -                            | -                                     | 1,571                          | 3,007                            | 310           | 4,888            |
| Health and Social Services               | -                            | 51,301                                | -                              | -                                | -             | 51,301           |
| Transportation                           | 601                          | -                                     | -                              | -                                | -             | 601              |
| Other Purposes                           | -                            | -                                     | -                              | -                                | 180           | 180              |
| Total Fund Balances                      | <u>6,796</u>                 | <u>63,301</u>                         | <u>2,074</u>                   | <u>3,729</u>                     | <u>585</u>    | <u>76,485</u>    |
| Total Liabilities and Fund Balances      | <u>\$ 8,240</u>              | <u>\$ 66,615</u>                      | <u>\$ 2,170</u>                | <u>\$ 3,940</u>                  | <u>\$ 610</u> | <u>\$ 81,575</u> |

State of Nebraska

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | AERONAUTICS<br>TRUST | NEBRASKA<br>VETERANS'<br>AID | PERMANENT<br>ENDOWMENT | AGRICULTURE<br>ENDOWMENT | OTHER         | TOTALS           |
|--|----------------------|------------------------------|------------------------|--------------------------|---------------|------------------|
| <b>REVENUES</b>  |                      |                              |                        |                          |               |                  |
| Investment Income  | \$ (237)             | \$ 10,858                    | \$ 293                 | \$ 631                   | \$ 74         | \$ 11,619        |
| Other  | -                    | -                            | -                      | -                        | 75            | 75               |
| Total Revenues   | <u>(237)</u>         | <u>10,858</u>                | <u>293</u>             | <u>631</u>               | <u>149</u>    | <u>11,694</u>    |
| <b>EXPENDITURES</b>  |                      |                              |                        |                          |               |                  |
| General Government   | -                    | -                            | -                      | -                        | 1             | 1                |
| Education  | -                    | -                            | 27                     | 60                       | 6             | 93               |
| Health and Social Services                                   | -                    | 1,107                        | -                      | -                        | -             | 1,107            |
| Transportation   | 2                    | -                            | -                      | -                        | -             | 2                |
| Total Expenditures   | <u>2</u>             | <u>1,107</u>                 | <u>27</u>              | <u>60</u>                | <u>7</u>      | <u>1,203</u>     |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (239)                | 9,751                        | 266                    | 571                      | 142           | 10,491           |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                              |                        |                          |               |                  |
| Transfers Out  | <u>(150)</u>         | <u>-</u>                     | <u>-</u>               | <u>-</u>                 | <u>-</u>      | <u>(150)</u>     |
| Net Change in Fund Balances                                  | (389)                | 9,751                        | 266                    | 571                      | 142           | 10,341           |
| <b>FUND BALANCES, JULY 1</b>                                 | <u>7,185</u>         | <u>53,550</u>                | <u>1,808</u>           | <u>3,158</u>             | <u>443</u>    | <u>66,144</u>    |
| <b>FUND BALANCES, JUNE 30</b>                                | <u>\$ 6,796</u>      | <u>\$ 63,301</u>             | <u>\$ 2,074</u>        | <u>\$ 3,729</u>          | <u>\$ 585</u> | <u>\$ 76,485</u> |



---

## NONMAJOR ENTERPRISE FUNDS

---

Enterprise Funds are maintained to account for operations that are financed and operated in a manner similar to private business enterprises—where the costs of providing goods and services to the general public are financed primarily through user charges.

**Lottery Fund.** This fund accounts for all receipts and expenses from the operations of the State Lottery.

**Excess Liability Fund.** This fund accounts for the activity resulting from implementation of the Nebraska Hospital-Medical Liability Act. Revenues are primarily insurance premiums from certain health care providers and a surcharge levied on all participating health care providers in Nebraska. Expenses from the fund are used to pay judgments against participating health care providers, up to a limit of \$1,750,000 per occurrence on or before December 31, 2014 and \$2,250,000 for any occurrence after December 31, 2014.

**Cornhusker State Industries.** The activities of Cornhusker State Industries in the Department of Correctional Services are accounted for in this fund. One of the main activities is making furniture.

## State of Nebraska

# COMBINING STATEMENT OF NET POSITION

## NONMAJOR ENTERPRISE FUNDS

June 30, 2021

(Dollars in Thousands)

|  | LOTTERY          | EXCESS<br>LIABILITY | CORNHUSKER<br>STATE<br>INDUSTRIES | TOTALS            |
|--|------------------|---------------------|-----------------------------------|-------------------|
| <b>ASSETS</b>                              |                  |                     |                                   |                   |
| Current Assets:                            |                  |                     |                                   |                   |
| Cash and Cash Equivalents                  | \$ 8,132         | \$ 26,471           | \$ 7,316                          | \$ 41,919         |
| Receivables, net of allowance              | 6,188            | 6,096               | 755                               | 13,039            |
| Due from Other Funds                       | -                | -                   | 545                               | 545               |
| Inventories                                | -                | -                   | 3,203                             | 3,203             |
| Other                                      | 309              | -                   | -                                 | 309               |
| Total Current Assets                       | <u>14,629</u>    | <u>32,567</u>       | <u>11,819</u>                     | <u>59,015</u>     |
| Noncurrent Assets:                         |                  |                     |                                   |                   |
| Restricted Long-Term Deposits              | 2,690            | -                   | -                                 | 2,690             |
| Long-Term Investments                      | -                | 74,434              | -                                 | 74,434            |
| Securities Lending Collateral              | -                | 303                 | -                                 | 303               |
| Capital Assets:                            |                  |                     |                                   |                   |
| Land                                       | -                | -                   | 315                               | 315               |
| Construction in Progress                   | -                | -                   | 3,076                             | 3,076             |
| Buildings and Equipment                    | 578              | -                   | 16,331                            | 16,909            |
| Less Accumulated Depreciation              | (429)            | -                   | (9,271)                           | (9,700)           |
| Total Capital Assets                       | <u>149</u>       | <u>-</u>            | <u>10,451</u>                     | <u>10,600</u>     |
| Total Noncurrent Assets                    | <u>2,839</u>     | <u>74,737</u>       | <u>10,451</u>                     | <u>88,027</u>     |
| Total Assets                               | <u>\$ 17,468</u> | <u>\$ 107,304</u>   | <u>\$ 22,270</u>                  | <u>\$ 147,042</u> |
| <b>LIABILITIES</b>                         |                  |                     |                                   |                   |
| Current Liabilities:                       |                  |                     |                                   |                   |
| Accounts Payable and Accrued Liabilities   | \$ 9,264         | \$ 8,551            | \$ 1,275                          | \$ 19,090         |
| Due to Other Funds                         | 23               | -                   | 59                                | 82                |
| Claims, Judgments and Compensated Absences | 36               | 7,191               | 80                                | 7,307             |
| Unearned Revenue                           | -                | 3,761               | -                                 | 3,761             |
| Total Current Liabilities                  | <u>9,323</u>     | <u>19,503</u>       | <u>1,414</u>                      | <u>30,240</u>     |
| Noncurrent Liabilities:                    |                  |                     |                                   |                   |
| Claims, Judgments and Compensated Absences | 266              | 30,880              | 588                               | 31,734            |
| Obligations under Securities Lending       | -                | 303                 | -                                 | 303               |
| Total Noncurrent Liabilities               | <u>266</u>       | <u>31,183</u>       | <u>588</u>                        | <u>32,037</u>     |
| Total Liabilities                          | <u>\$ 9,589</u>  | <u>\$ 50,686</u>    | <u>\$ 2,002</u>                   | <u>\$ 62,277</u>  |
| <b>NET POSITION</b>                        |                  |                     |                                   |                   |
| Net Investment in Capital Assets           | \$ 149           | \$ -                | \$ 10,451                         | \$ 10,600         |
| Restricted for:                            |                  |                     |                                   |                   |
| Lottery Prizes                             | 2,690            | -                   | -                                 | 2,690             |
| Unrestricted                               | 5,040            | 56,618              | 9,817                             | 71,475            |
| Total Net Position                         | <u>\$ 7,879</u>  | <u>\$ 56,618</u>    | <u>\$ 20,268</u>                  | <u>\$ 84,765</u>  |

State of Nebraska

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|   | LOTTERY         | EXCESS<br>LIABILITY | CORNHUSKER<br>STATE<br>INDUSTRIES | TOTALS           |
|---|-----------------|---------------------|-----------------------------------|------------------|
| <b>OPERATING REVENUES</b>                 |                 |                     |                                   |                  |
| Charges for Services                      | \$ 205,283      | \$ 11,576           | \$ 11,654                         | \$ 228,513       |
| Total Operating Revenues                  | <u>205,283</u>  | <u>11,576</u>       | <u>11,654</u>                     | <u>228,513</u>   |
| <b>OPERATING EXPENSES</b>                 |                 |                     |                                   |                  |
| Personal Services                         | 1,703           | -                   | 5,857                             | 7,560            |
| Services and Supplies                     | 33,005          | 558                 | 7,213                             | 40,776           |
| Lottery Prizes                            | 122,341         | -                   | -                                 | 122,341          |
| Insurance Claims                          | -               | 6,463               | -                                 | 6,463            |
| Depreciation                              | 98              | -                   | 532                               | 630              |
| Total Operating Expenses                  | <u>157,147</u>  | <u>7,021</u>        | <u>13,602</u>                     | <u>177,770</u>   |
| Operating Income (Loss)                   | <u>48,136</u>   | <u>4,555</u>        | <u>(1,948)</u>                    | <u>50,743</u>    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                 |                     |                                   |                  |
| Investment Income                         | 241             | 1,649               | 118                               | 2,008            |
| Gain (Loss) on Sale of Capital Assets     | 11              | -                   | 10                                | 21               |
| Total Nonoperating Revenues (Expenses)    | <u>252</u>      | <u>1,649</u>        | <u>128</u>                        | <u>2,029</u>     |
| Income (Loss) Before Transfers            | 48,388          | 6,204               | (1,820)                           | 52,772           |
| Transfers Out                             | <u>(48,179)</u> | <u>-</u>            | <u>-</u>                          | <u>(48,179)</u>  |
| Change in Net Position                    | 209             | 6,204               | (1,820)                           | 4,593            |
| <b>NET POSITION, JULY 1 (as restated)</b> | <u>7,670</u>    | <u>50,414</u>       | <u>22,088</u>                     | <u>80,172</u>    |
| <b>NET POSITION, JUNE 30</b>              | <u>\$ 7,879</u> | <u>\$ 56,618</u>    | <u>\$ 20,268</u>                  | <u>\$ 84,765</u> |

## State of Nebraska

**COMBINING STATEMENT OF CASH FLOWS****NONMAJOR ENTERPRISE FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | LOTTERY          | EXCESS<br>LIABILITY | CORNHUSKER<br>STATE<br>INDUSTRIES | TOTALS           |
|--|------------------|---------------------|-----------------------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                  |                     |                                   |                  |
| Cash Received from Customers   | \$ 206,491       | \$ 10,096           | \$ 1,901                          | \$ 218,488       |
| Cash Received from Interfund Charges   | -                | -                   | 12,000                            | 12,000           |
| Cash Paid to Employees   | (1,740)          | -                   | (5,986)                           | (7,726)          |
| Cash Paid to Suppliers   | (33,836)         | (4,071)             | (6,046)                           | (43,953)         |
| Cash Paid for Lottery Prizes   | (123,470)        | -                   | -                                 | (123,470)        |
| Cash Paid for Insurance Claims   | -                | (4,772)             | -                                 | (4,772)          |
| Cash Paid for Interfund Services   | (245)            | (118)               | (647)                             | (1,010)          |
| Net Cash Flows from Operating Activities   | <u>47,200</u>    | <u>1,135</u>        | <u>1,222</u>                      | <u>49,557</u>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>  |                  |                     |                                   |                  |
| Transfers Out  | (48,179)         | -                   | -                                 | (48,179)         |
| Net Cash Flows from Noncapital Financing Activities  | <u>(48,179)</u>  | <u>-</u>            | <u>-</u>                          | <u>(48,179)</u>  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING:</b>  |                  |                     |                                   |                  |
| Acquisition and Construction of Capital Assets   | (19)             | -                   | (879)                             | (898)            |
| Proceeds from Sale of Capital Assets   | 13               | -                   | (1,578)                           | (1,565)          |
| Net Cash Flows from Capital and Related Financing Activities   | <u>(6)</u>       | <u>-</u>            | <u>(2,457)</u>                    | <u>(2,463)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                  |                     |                                   |                  |
| Purchase of Investment Securities  | -                | (67,059)            | -                                 | (67,059)         |
| Proceeds from Sale of Investment Securities  | -                | 72,118              | -                                 | 72,118           |
| Interest and Dividend Income   | 242              | 1,500               | 131                               | 1,873            |
| Net Cash Flows from Investing Activities   | <u>242</u>       | <u>6,559</u>        | <u>131</u>                        | <u>6,932</u>     |
| Net Increase (Decrease) in Cash and Cash Equivalents   | (743)            | 7,694               | (1,104)                           | 5,847            |
| <b>CASH AND CASH EQUIVALENTS, JULY 1</b>   | <u>8,875</u>     | <u>18,777</u>       | <u>8,420</u>                      | <u>36,072</u>    |
| <b>CASH AND CASH EQUIVALENTS, JUNE 30</b>  | <u>\$ 8,132</u>  | <u>\$ 26,471</u>    | <u>\$ 7,316</u>                   | <u>\$ 41,919</u> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                  |                     |                                   |                  |
| Operating Income (Loss)  | \$ 48,136        | \$ 4,555            | \$ (1,948)                        | \$ 50,743        |
| Adjustments to reconcile operating income to net cash flows from operating activities:   |                  |                     |                                   |                  |
| Depreciation   | 98               | -                   | 532                               | 630              |
| Change in Assets and Liabilities:  |                  |                     |                                   |                  |
| (Increase) Decrease in Receivables   | 1,208            | -                   | 895                               | 2,103            |
| (Increase) Decrease in Due from Other Funds  | -                | -                   | 1,352                             | 1,352            |
| (Increase) Decrease in Inventories   | -                | -                   | 286                               | 286              |
| (Increase) Decrease in Prepaid Items   | 75               | -                   | -                                 | 75               |
| (Increase) Decrease in Long-Term Deposits  | 78               | -                   | -                                 | 78               |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities  | (2,400)          | (3,631)             | 102                               | (5,929)          |
| Increase (Decrease) in Due to Other Funds  | 5                | -                   | 3                                 | 8                |
| Increase (Decrease) in Claims Payable  | -                | 1,691               | -                                 | 1,691            |
| Increase (Decrease) in Unearned Revenue  | -                | (1,480)             | -                                 | (1,480)          |
| Total adjustments  | <u>(936)</u>     | <u>(3,420)</u>      | <u>3,170</u>                      | <u>(1,186)</u>   |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>  | <u>\$ 47,200</u> | <u>\$ 1,135</u>     | <u>\$ 1,222</u>                   | <u>\$ 49,557</u> |
| <b>NONCASH TRANSACTIONS:</b>   |                  |                     |                                   |                  |
| Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. |                  |                     |                                   |                  |
| The following noncash transactions occurred during the year:   |                  |                     |                                   |                  |
| Change in Fair Value of Investments  | \$ -             | \$ 134              | \$ -                              | \$ 134           |



---

## INTERNAL SERVICE FUNDS

---

Internal Service Funds are used to account for the operations of State agencies that provide goods and services to other departments or agencies within State government on a cost-reimbursement basis. The State has the following internal service funds:

**Buildings and Grounds.** The activities of Administrative Services, State Building Division, for space rental, office and storage, and operating the parking areas are accounted for in this fund.

**General Services.** This fund accounts for the operations of central services provided by the Administrative Services, Materiel Division. These operations are the central mailroom, printing, central stores, purchasing services, surplus State property, and other miscellaneous office services.

**Office of the CIO.** This fund accounts for the activities of the central communications network and central data processing operations maintained by Administrative Services, Office of the Chief Information Officer.

**Transportation Services Bureau.** This fund accounts for the operations of the central motor pool, which is under Administrative Services, Transportation Services Bureau.

**Risk Management.** The activities of Administrative Services, Division of Risk Management, which include workers' compensation and general liability claims, and of the State Employees Insurance Fund, which include life and health insurance programs, are accounted for in this fund.

**Accounting Services.** The accounting operations maintained by Administrative Services, State Accounting Division, are accounted for in this fund.

**Other Internal Service Funds.** This fund accounts for the micrographics services and warehousing of records by the Records Management Division of the Secretary of State, the activities of the Investment Council, and the temporary employee pool maintained by Administrative Services, Division of State Personnel.

State of Nebraska

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

June 30, 2021

| (Dollars in Thousands)                     | <b>BUILDINGS<br/>AND<br/>GROUNDS</b> | <b>GENERAL<br/>SERVICES</b> | <b>OFFICE OF<br/>THE CIO</b> |
|--|--------------------------------------|-----------------------------|------------------------------|
| <b>ASSETS</b>                              |                                      |                             |                              |
| Current Assets:                            |                                      |                             |                              |
| Cash and Cash Equivalents                  | \$ 13,646                            | \$ 5,036                    | \$ 16,828                    |
| Receivables, net of allowance:             |                                      |                             |                              |
| Accounts                                   | -                                    | 45                          | 552                          |
| Accrued Interest                           | 74                                   | 25                          | 64                           |
| Due from Other Funds                       | 83                                   | 1,887                       | 26,642                       |
| Inventories                                | 1,953                                | 527                         | 45                           |
| Prepaid Items                              | 1,602                                | 608                         | -                            |
| Total Current Assets                       | <u>17,358</u>                        | <u>8,128</u>                | <u>44,131</u>                |
| Noncurrent Assets:                         |                                      |                             |                              |
| Capital Assets:                            |                                      |                             |                              |
| Buildings and Equipment                    | 1,994                                | 6,736                       | 92,565                       |
| Less Accumulated Depreciation              | <u>(1,203)</u>                       | <u>(4,745)</u>              | <u>(83,356)</u>              |
| Total Capital Assets                       | <u>791</u>                           | <u>1,991</u>                | <u>9,209</u>                 |
| Total Assets                               | <u>\$ 18,149</u>                     | <u>\$ 10,119</u>            | <u>\$ 53,340</u>             |
| <b>LIABILITIES</b>                         |                                      |                             |                              |
| Current Liabilities:                       |                                      |                             |                              |
| Accounts Payable and Accrued Liabilities   | \$ 1,440                             | \$ 1,822                    | \$ 8,178                     |
| Due to Other Funds                         | 243                                  | 16                          | 85                           |
| Capital Lease Obligations                  | -                                    | 65                          | 10,955                       |
| Claims, Judgments and Compensated Absences | 107                                  | 62                          | 534                          |
| Unearned Revenue                           | -                                    | -                           | 22                           |
| Total Current Liabilities                  | <u>1,790</u>                         | <u>1,965</u>                | <u>19,774</u>                |
| Noncurrent Liabilities:                    |                                      |                             |                              |
| Capital Lease Obligations                  | -                                    | 265                         | 25,270                       |
| Claims, Judgments and Compensated Absences | 785                                  | 455                         | 3,919                        |
| Total Noncurrent Liabilities               | <u>785</u>                           | <u>720</u>                  | <u>29,189</u>                |
| Total Liabilities                          | <u>\$ 2,575</u>                      | <u>\$ 2,685</u>             | <u>\$ 48,963</u>             |
| <b>NET POSITION</b>                        |                                      |                             |                              |
| Net Investment in Capital Assets           | \$ 791                               | \$ 1,661                    | \$ (27,016)                  |
| Unrestricted                               | 14,783                               | 5,773                       | 31,393                       |
| Total Net Position                         | <u>\$ 15,574</u>                     | <u>\$ 7,434</u>             | <u>\$ 4,377</u>              |

| TRANSPORTATION SERVICES | RISK MANAGEMENT   | ACCOUNTING SERVICES | OTHER INTERNAL SERVICE | TOTALS            |
|-------------------------|-------------------|---------------------|------------------------|-------------------|
| \$ 3,019                | \$ 101,890        | \$ 3,187            | \$ 6,283               | \$ 149,889        |
| 29                      | 10,328            | 2                   | 1,165                  | 12,121            |
| 14                      | 497               | 53                  | 31                     | 758               |
| 1,149                   | 12,392            | 115                 | 991                    | 43,259            |
| -                       | -                 | -                   | -                      | 2,525             |
| -                       | -                 | -                   | 4                      | 2,214             |
| <u>4,211</u>            | <u>125,107</u>    | <u>3,357</u>        | <u>8,474</u>           | <u>210,766</u>    |
| 22,809                  | -                 | 1,748               | 439                    | 126,291           |
| (11,601)                | -                 | (1,100)             | (329)                  | (102,334)         |
| <u>11,208</u>           | <u>-</u>          | <u>648</u>          | <u>110</u>             | <u>23,957</u>     |
| <u>\$ 15,419</u>        | <u>\$ 125,107</u> | <u>\$ 4,005</u>     | <u>\$ 8,584</u>        | <u>\$ 234,723</u> |
| \$ 141                  | \$ 2,383          | \$ 135              | \$ 949                 | \$ 15,048         |
| 111                     | 33                | 264                 | 870                    | 1,622             |
| 615                     | -                 | -                   | -                      | 11,635            |
| 14                      | 47,845            | 51                  | 45                     | 48,658            |
| -                       | -                 | -                   | -                      | 22                |
| <u>881</u>              | <u>50,261</u>     | <u>450</u>          | <u>1,864</u>           | <u>76,985</u>     |
| 620                     | -                 | -                   | -                      | 26,155            |
| 100                     | 64,585            | 371                 | 334                    | 70,549            |
| <u>720</u>              | <u>64,585</u>     | <u>371</u>          | <u>334</u>             | <u>96,704</u>     |
| <u>\$ 1,601</u>         | <u>\$ 114,846</u> | <u>\$ 821</u>       | <u>\$ 2,198</u>        | <u>\$ 173,689</u> |
| \$ 9,973                | \$ -              | \$ 648              | \$ 110                 | \$ (13,833)       |
| 3,845                   | 10,261            | 2,536               | 6,276                  | 74,867            |
| <u>\$ 13,818</u>        | <u>\$ 10,261</u>  | <u>\$ 3,184</u>     | <u>\$ 6,386</u>        | <u>\$ 61,034</u>  |

State of Nebraska

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|   | <b>BUILDINGS<br/>AND<br/>GROUNDS</b> | <b>GENERAL<br/>SERVICES</b> | <b>OFFICE OF<br/>THE CIO</b> |
|---|--------------------------------------|-----------------------------|------------------------------|
| <b>OPERATING REVENUES</b>                 |                                      |                             |                              |
| Charges for Services                      | \$ 44,577                            | \$ 17,074                   | \$ 133,910                   |
| Other                                     | 874                                  | -                           | -                            |
| Total Operating Revenues                  | <u>45,451</u>                        | <u>17,074</u>               | <u>133,910</u>               |
| <b>OPERATING EXPENSES</b>                 |                                      |                             |                              |
| Personal Services                         | 8,579                                | 3,587                       | 30,687                       |
| Services and Supplies                     | 35,439                               | 11,981                      | 83,263                       |
| Insurance Claims                          | -                                    | -                           | -                            |
| Depreciation                              | 167                                  | 767                         | 8,646                        |
| Total Operating Expenses                  | <u>44,185</u>                        | <u>16,335</u>               | <u>122,596</u>               |
| Operating Income (Loss)                   | <u>1,266</u>                         | <u>739</u>                  | <u>11,314</u>                |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                                      |                             |                              |
| Investment Income                         | 230                                  | 76                          | 127                          |
| Gain (Loss) on Sale of Capital Assets     | 18                                   | (227)                       | (17)                         |
| Other                                     | -                                    | (4)                         | (762)                        |
| Total Nonoperating Revenues (Expenses)    | <u>248</u>                           | <u>(155)</u>                | <u>(652)</u>                 |
| Transfers In                              | -                                    | -                           | -                            |
| Transfers Out                             | -                                    | -                           | -                            |
| Change in Net Position                    | 1,514                                | 584                         | 10,662                       |
| <b>NET POSITION, JULY 1 (as restated)</b> | <u>14,060</u>                        | <u>6,850</u>                | <u>(6,285)</u>               |
| <b>NET POSITION, JUNE 30</b>              | <u>\$ 15,574</u>                     | <u>\$ 7,434</u>             | <u>\$ 4,377</u>              |

| <b>TRANSPORTATION SERVICES</b> | <b>RISK MANAGEMENT</b> | <b>ACCOUNTING SERVICES</b> | <b>OTHER INTERNAL SERVICE</b> | <b>TOTALS</b>    |
|--------------------------------|------------------------|----------------------------|-------------------------------|------------------|
| \$ 5,312                       | \$ 264,530             | \$ 6,617                   | \$ 16,251                     | \$ 488,271       |
| -                              | -                      | 2                          | 155                           | 1,031            |
| <u>5,312</u>                   | <u>264,530</u>         | <u>6,619</u>               | <u>16,406</u>                 | <u>489,302</u>   |
| 656                            | 294                    | 2,715                      | 9,270                         | 55,788           |
| 1,638                          | 8,069                  | 3,272                      | 5,357                         | 149,019          |
| -                              | 254,172                | -                          | -                             | 254,172          |
| 2,650                          | -                      | 518                        | 23                            | 12,771           |
| <u>4,944</u>                   | <u>262,535</u>         | <u>6,505</u>               | <u>14,650</u>                 | <u>471,750</u>   |
| 368                            | 1,995                  | 114                        | 1,756                         | 17,552           |
| 43                             | 1,520                  | 153                        | 81                            | 2,230            |
| 229                            | -                      | 8                          | -                             | 11               |
| (23)                           | -                      | (55)                       | -                             | (844)            |
| <u>249</u>                     | <u>1,520</u>           | <u>106</u>                 | <u>81</u>                     | <u>1,397</u>     |
| -                              | -                      | -                          | -                             | -                |
| -                              | -                      | -                          | -                             | -                |
| 617                            | 3,515                  | 220                        | 1,837                         | 18,949           |
| 13,201                         | 6,746                  | 2,964                      | 4,549                         | 42,085           |
| <u>\$ 13,818</u>               | <u>\$ 10,261</u>       | <u>\$ 3,184</u>            | <u>\$ 6,386</u>               | <u>\$ 61,034</u> |

State of Nebraska

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|   | <b>BUILDINGS<br/>AND<br/>GROUNDS</b> | <b>GENERAL<br/>SERVICES</b> | <b>OFFICE OF<br/>THE CIO</b> |
|---|--------------------------------------|-----------------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                      |                             |                              |
| Cash Received from Customers  | \$ 210                               | \$ 1,140                    | \$ 5,106                     |
| Cash Received from Interfund Charges  | 45,597                               | 15,779                      | 119,761                      |
| Cash Paid to Employees  | (8,987)                              | (3,702)                     | (31,815)                     |
| Cash Paid to Suppliers  | (33,353)                             | (11,632)                    | (81,088)                     |
| Cash Paid for Insurance Claims  | -                                    | -                           | -                            |
| Cash Paid for Interfund Services  | (2,561)                              | (284)                       | (5,780)                      |
| Net Cash Flows from Operating Activities  | <u>906</u>                           | <u>1,301</u>                | <u>6,184</u>                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING<br/>ACTIVITIES:</b>  |                                      |                             |                              |
| Acquisition and Construction of Capital Assets  | (61)                                 | (682)                       | 11,795                       |
| Proceeds from Sale of Capital Assets  | 23                                   | 345                         | 45                           |
| Principal Paid on Capital Leases  | -                                    | -                           | (9,795)                      |
| Interest Paid on Capital Leases   | -                                    | (4)                         | (762)                        |
| Net Cash Flows from Capital and Related<br>Financing Activities   | <u>(38)</u>                          | <u>(341)</u>                | <u>1,283</u>                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                      |                             |                              |
| Investment Income   | 240                                  | 74                          | 101                          |
| Net Cash Flows from Investing Activities  | <u>240</u>                           | <u>74</u>                   | <u>101</u>                   |
| Net Increase (Decrease) in Cash<br>and Cash Equivalents   | 1,108                                | 1,034                       | 7,568                        |
| <b>CASH AND CASH EQUIVALENTS, JULY 1</b>  | <u>12,538</u>                        | <u>4,002</u>                | <u>9,260</u>                 |
| <b>CASH AND CASH EQUIVALENTS, JUNE 30</b>   | <u>\$ 13,646</u>                     | <u>\$ 5,036</u>             | <u>\$ 16,828</u>             |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>FLOWS FROM OPERATING ACTIVITIES:</b>  |                                      |                             |                              |
| Operating Income (Loss)   | \$ 1,266                             | \$ 739                      | \$ 11,314                    |
| Adjustments to reconcile operating income (loss) to<br>net cash flows from operating activities:  |                                      |                             |                              |
| Depreciation  | 167                                  | 767                         | 8,646                        |
| Change in Assets and Liabilities:   |                                      |                             |                              |
| (Increase) Decrease in Receivables  | 12                                   | 40                          | 241                          |
| (Increase) Decrease in Due from Other Funds   | 344                                  | (195)                       | (9,247)                      |
| (Increase) Decrease in Inventories  | (8)                                  | (49)                        | 2                            |
| (Increase) Decrease in Prepaid Items  | (126)                                | -                           | -                            |
| Increase (Decrease) in Accounts Payable<br>and Accrued Liabilities  | (830)                                | (2)                         | (4,766)                      |
| Increase (Decrease) in Due to Other Funds   | 81                                   | 1                           | 31                           |
| Increase (Decrease) in Claims Payable   | -                                    | -                           | -                            |
| Increase (Decrease) in Unearned Revenue   | -                                    | -                           | (37)                         |
| Total Adjustments   | <u>(360)</u>                         | <u>562</u>                  | <u>(5,130)</u>               |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>   | <u>\$ 906</u>                        | <u>\$ 1,301</u>             | <u>\$ 6,184</u>              |
| <b>NONCASH TRANSACTIONS:</b>  |                                      |                             |                              |
| Noncash transactions are investing and financing activities that affect<br>assets and liabilities but do not result in cash receipts or payments. |                                      |                             |                              |
| The following noncash transactions occurred during the year:  |                                      |                             |                              |
| Capital Assets acquired through Capital Leases  | \$ -                                 | \$ 330                      | \$ 16,595                    |

| <b>TRANSPORTATION SERVICES</b> | <b>RISK MANAGEMENT</b> | <b>ACCOUNTING SERVICES</b> | <b>OTHER INTERNAL SERVICE</b> | <b>TOTALS</b>     |
|--------------------------------|------------------------|----------------------------|-------------------------------|-------------------|
| \$ 66                          | \$ 19,814              | \$ -                       | \$ 16,449                     | \$ 42,785         |
| 5,237                          | 223,004                | 6,504                      | (620)                         | 415,262           |
| (668)                          | (296)                  | (2,749)                    | (9,421)                       | (57,638)          |
| (1,633)                        | (6,405)                | (1,192)                    | (5,093)                       | (140,396)         |
| -                              | (228,851)              | -                          | -                             | (228,851)         |
| (1,479)                        | (486)                  | (1,909)                    | (260)                         | (12,759)          |
| <u>1,523</u>                   | <u>6,780</u>           | <u>654</u>                 | <u>1,055</u>                  | <u>18,403</u>     |
| (2,748)                        | -                      | -                          | -                             | 8,304             |
| 1,041                          | -                      | 8                          | -                             | 1,462             |
| (605)                          | -                      | -                          | -                             | (10,400)          |
| (23)                           | -                      | (55)                       | -                             | (844)             |
| <u>(2,335)</u>                 | <u>-</u>               | <u>(47)</u>                | <u>-</u>                      | <u>(1,478)</u>    |
| 49                             | 1,551                  | 152                        | 78                            | 2,245             |
| <u>49</u>                      | <u>1,551</u>           | <u>152</u>                 | <u>78</u>                     | <u>2,245</u>      |
| (763)                          | 8,331                  | 759                        | 1,133                         | 19,170            |
| 3,782                          | 93,559                 | 2,428                      | 5,150                         | 130,719           |
| <u>\$ 3,019</u>                | <u>\$ 101,890</u>      | <u>\$ 3,187</u>            | <u>\$ 6,283</u>               | <u>\$ 149,889</u> |
| <br>                           |                        |                            |                               |                   |
| \$ 368                         | \$ 1,995               | \$ 114                     | \$ 1,756                      | \$ 17,552         |
| 2,650                          | -                      | 518                        | 23                            | 12,771            |
| (29)                           | (9,406)                | -                          | (417)                         | (9,559)           |
| 20                             | (12,311)               | (115)                      | (160)                         | (21,664)          |
| -                              | -                      | -                          | -                             | (55)              |
| -                              | -                      | -                          | (1)                           | (127)             |
| (1,523)                        | 1,176                  | 12                         | (212)                         | (6,145)           |
| 37                             | 5                      | 125                        | 66                            | 346               |
| -                              | 25,321                 | -                          | -                             | 25,321            |
| -                              | -                      | -                          | -                             | (37)              |
| <u>1,155</u>                   | <u>4,785</u>           | <u>540</u>                 | <u>(701)</u>                  | <u>851</u>        |
| <u>\$ 1,523</u>                | <u>\$ 6,780</u>        | <u>\$ 654</u>              | <u>\$ 1,055</u>               | <u>\$ 18,403</u>  |
| <br>                           |                        |                            |                               |                   |
| \$ -                           | \$ -                   | \$ -                       | \$ -                          | \$ 16,925         |





---

# FIDUCIARY FUNDS

---

Fiduciary funds are used to account for assets held by the State of Nebraska in a fiduciary capacity. The State has the following fiduciary funds:

## PENSION TRUST FUNDS

Deferred Compensation, State Employees' Retirement, County Employees' Retirement, Judges' Retirement, State Patrol Retirement, and School Retirement Systems.

## PRIVATE PURPOSE TRUST FUNDS

**Escheat Trust Fund.** This fund makes payments to rightful owners for financial assets turned over to the State Treasurer because the assets were left unclaimed at corporations, business associations, banking and financial organizations, insurance companies, utilities and public authorities. If the rightful owners cannot be located, excess funds are transferred to the Permanent School Fund. However, the only funds shown in this trust are those funds determined to be paid at a future date to rightful owners of those funds.

**College Savings Plan.** This fund accounts for the Nebraska savings plan qualified under section 529 of the Internal Revenue Code.

**Other Private Purpose Trust Funds.** Amos Trust, Agriculture and University Land Lease, Public Service Commission Trust Account, Miscellaneous Private Purpose Trust and Nebraska Enable Savings Plan.

## CUSTODIAL FUNDS

**Care Facilities.** This fund accounts for money held by the State on behalf of residents of Veterans Homes and Department of Health and Human Services care facilities.

**Child Support.** This fund accounts for the collection and disbursement of child support payments.

**County Courts.** This fund accounts County Court receipts and disbursements to third parties and local governments.

**Flex Spending.** This fund accounts for medical and dependent care flexible spending contributions and benefit payments. State teammates have the option of contributing to these programs.

**Inmate Trust Fund.** This fund accounts for money held by the State on behalf of inmates.

**Local Fiscal Recovery.** This fund accounts for funds provided by U.S. Treasury through the American Rescue Plan Act (ARPA) for Nonentitlement Units of Local Government.

**Other.** This fund accounts for oil and gas trust funds, and grain elevator trust funds.

## State of Nebraska

# COMBINING STATEMENT OF FIDUCIARY NET POSITION

## PENSION TRUST FUNDS

June 30, 2021

(Dollars in Thousands)

|  | DEFERRED<br>COMPENSATION | STATE EMPLOYEES RETIREMENT |                     |
|--|--------------------------|----------------------------|---------------------|
|  |                          | DEFINED<br>CONTRIBUTION    | CASH<br>BALANCE     |
| <b>ASSETS</b>                            |                          |                            |                     |
| Cash and Cash Equivalents                | \$ 147                   | \$ 104                     | \$ 355              |
| Investments:                             |                          |                            |                     |
| U.S. Treasury Notes and Bonds            | -                        | -                          | 54,103              |
| U.S. Treasury Bills                      | -                        | -                          | 453                 |
| Government Agency Securities             | -                        | -                          | 4,425               |
| Corporate Bonds                          | -                        | -                          | 146,061             |
| International Bonds                      | -                        | -                          | 46,170              |
| Equity Securities                        | -                        | -                          | 287,339             |
| Private Equity                           | -                        | -                          | 102,337             |
| Options                                  | -                        | -                          | (2)                 |
| Mortgages                                | -                        | -                          | 88,297              |
| Private Real Estate                      | -                        | -                          | 107,973             |
| Asset Backed Securities                  | -                        | -                          | 10,634              |
| Bank Loans                               | -                        | -                          | 42,591              |
| Municipal Bonds                          | -                        | -                          | 1,264               |
| Opportunistic Credit                     | -                        | -                          | 3,794               |
| Commingled Funds                         | 283,460                  | 776,388                    | 1,087,232           |
| Short Term Investments                   | 1,183                    | 21,988                     | 45,252              |
| Total Investments                        | <u>284,643</u>           | <u>798,376</u>             | <u>2,027,923</u>    |
| Securities Lending Collateral            | -                        | -                          | 32,229              |
| Receivables:                             |                          |                            |                     |
| Contributions                            | -                        | 392                        | 2,380               |
| Interest and Dividends                   | 1                        | 148                        | 2,204               |
| Other                                    | -                        | 96                         | 97,141              |
| Total Receivables                        | <u>1</u>                 | <u>636</u>                 | <u>101,725</u>      |
| Due from Other Funds                     | -                        | -                          | -                   |
| Capital Assets:                          |                          |                            |                     |
| Buildings and Equipment                  | 131                      | 528                        | 463                 |
| Less Accumulated Depreciation            | <u>(131)</u>             | <u>(528)</u>               | <u>(462)</u>        |
| Total Capital Assets                     | <u>-</u>                 | <u>-</u>                   | <u>1</u>            |
| Total Assets                             | <u>\$ 284,791</u>        | <u>\$ 799,116</u>          | <u>\$ 2,162,233</u> |
| <b>LIABILITIES</b>                       |                          |                            |                     |
| Accounts Payable and Accrued Liabilities | \$ 2                     | \$ 491                     | \$ 138,220          |
| Due to Other Funds                       | 2                        | 2                          | 10                  |
| Obligations under Securities Lending     | -                        | -                          | 32,229              |
| Accrued Compensated Absences             | 17                       | 17                         | 54                  |
| Total Liabilities                        | <u>\$ 21</u>             | <u>\$ 510</u>              | <u>\$ 170,513</u>   |
| <b>NET POSITION</b>                      |                          |                            |                     |
| Net Position Restricted for Pensions     | <u>\$ 284,770</u>        | <u>\$ 798,606</u>          | <u>\$ 1,991,720</u> |

| COUNTY EMPLOYEES RETIREMENT |                   | CASH<br>BALANCE      | SCHOOL<br>RETIREMENT | JUDGES<br>RETIREMENT | STATE<br>PATROL<br>RETIREMENT | TOTALS |
|-----------------------------|-------------------|----------------------|----------------------|----------------------|-------------------------------|--------|
| DEFINED<br>CONTRIBUTION     |                   |                      |                      |                      |                               |        |
| \$ 55                       | \$ 126            | \$ 9,517             | \$ 189               | \$ 190               | \$ 10,683                     |        |
| -                           | 17,585            | 421,980              | 6,610                | 14,689               | 514,967                       |        |
| -                           | 147               | 79,365               | 1,243                | 2,763                | 83,971                        |        |
| -                           | 1,438             | 9,835                | 154                  | 343                  | 16,195                        |        |
| -                           | 47,473            | 1,041,984            | 16,321               | 36,271               | 1,288,110                     |        |
| -                           | 15,006            | 368,305              | 5,769                | 12,820               | 448,070                       |        |
| -                           | 93,392            | 2,421,375            | 37,927               | 84,286               | 2,924,319                     |        |
| -                           | 33,262            | 906,452              | 14,198               | 31,553               | 1,087,802                     |        |
| -                           | (1)               | (10)                 | -                    | -                    | (13)                          |        |
| -                           | 28,699            | 639,888              | 10,023               | 22,274               | 789,181                       |        |
| -                           | 35,094            | 815,307              | 12,771               | 28,380               | 999,525                       |        |
| -                           | 3,456             | 114,970              | 1,801                | 4,002                | 134,863                       |        |
| -                           | 13,843            | 324,414              | 5,081                | 11,293               | 397,222                       |        |
| -                           | 411               | 4,290                | 67                   | 149                  | 6,181                         |        |
| -                           | 1,233             | 25,052               | 392                  | 872                  | 31,343                        |        |
| 244,998                     | 353,375           | 8,482,202            | 132,860              | 300,017              | 11,660,532                    |        |
| 6,057                       | 21,006            | 258,111              | 4,048                | 9,023                | 366,668                       |        |
| <u>251,055</u>              | <u>665,419</u>    | <u>15,913,520</u>    | <u>249,265</u>       | <u>558,735</u>       | <u>20,748,936</u>             |        |
| -                           | 10,475            | 264,044              | 4,136                | 9,191                | 320,075                       |        |
| 252                         | 1,797             | 27,619               | 288                  | -                    | 32,728                        |        |
| 39                          | 717               | 17,160               | 269                  | 595                  | 21,133                        |        |
| 26                          | 32,538            | 540,698              | 8,469                | 18,821               | 697,789                       |        |
| 317                         | 35,052            | 585,477              | 9,026                | 19,416               | 751,650                       |        |
| -                           | -                 | 44,254               | 1,428                | 4,101                | 49,783                        |        |
| 264                         | 265               | 4,792                | 66                   | 66                   | 6,575                         |        |
| (264)                       | (264)             | (4,786)              | (66)                 | (66)                 | (6,567)                       |        |
| -                           | 1                 | 6                    | -                    | -                    | 8                             |        |
| <u>\$ 251,427</u>           | <u>\$ 711,073</u> | <u>\$ 16,816,818</u> | <u>\$ 264,044</u>    | <u>\$ 591,633</u>    | <u>\$ 21,881,135</u>          |        |
| \$ 1,126                    | \$ 45,152         | \$ 859,087           | \$ 13,417            | \$ 29,789            | \$ 1,087,284                  |        |
| 1                           | 5                 | 56                   | 2                    | 2                    | 80                            |        |
| -                           | 10,475            | 264,044              | 4,136                | 9,191                | 320,075                       |        |
| 9                           | 32                | 565                  | 9                    | 16                   | 719                           |        |
| <u>\$ 1,136</u>             | <u>\$ 55,664</u>  | <u>\$ 1,123,752</u>  | <u>\$ 17,564</u>     | <u>\$ 38,998</u>     | <u>\$ 1,408,158</u>           |        |
| <u>\$ 250,291</u>           | <u>\$ 655,409</u> | <u>\$ 15,693,066</u> | <u>\$ 246,480</u>    | <u>\$ 552,635</u>    | <u>\$ 20,472,977</u>          |        |

State of Nebraska  
**COMBINING STATEMENT OF CHANGES  
 IN FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | DEFERRED<br>COMPENSATION | STATE EMPLOYEES RETIREMENT<br>DEFINED<br>CONTRIBUTION | CASH<br>BALANCE     |
|--|--------------------------|---|---------------------|
| <b>ADDITIONS</b>                               |                          |   |                     |
| Contributions:                                 |                          |   |                     |
| Participant Contributions                      | \$ 13,261                | \$ 5,629  | \$ 33,007           |
| State Contributions                            | -                        | 8,778   | 51,506              |
| Political Subdivision Contributions            | -                        | -   | -                   |
| Court Fees                                     | -                        | -   | -                   |
| Total Contributions                            | <u>13,261</u>            | <u>14,407</u>   | <u>84,513</u>       |
| Investment Income:                             |                          |   |                     |
| Net Appreciation (Depreciation) in             |                          |   |                     |
| Fair Value of Investments                      | (35,271)                 | 96,319  | 207,812             |
| Interest and Dividend Income                   | 96,755                   | 2,770   | 20,330              |
| Securities Lending Income                      | -                        | -   | 318                 |
| Total Investment Income                        | <u>61,484</u>            | <u>99,089</u>   | <u>228,460</u>      |
| Investment Expenses                            | -                        | 636   | 6,333               |
| Securities Lending Expenses                    | -                        | -   | 131                 |
| Total Investment Expense                       | <u>-</u>                 | <u>636</u>  | <u>6,464</u>        |
| Net Investment Income                          | <u>61,484</u>            | <u>98,453</u>   | <u>221,996</u>      |
| Other Additions                                | 140                      | -   | 1                   |
| Total Additions                                | <u>74,885</u>            | <u>112,860</u>  | <u>306,510</u>      |
| <b>DEDUCTIONS</b>                              |                          |   |                     |
| Benefits                                       | 29,511                   | 48,472  | 112,331             |
| Refunds  | -                        | -   | -                   |
| Administrative Expenses                        | 384                      | 313   | 1,520               |
| Other Deductions                               | -                        | -   | -                   |
| Total Deductions                               | <u>29,895</u>            | <u>48,785</u>   | <u>113,851</u>      |
| <b>TRANSFERS</b>                               |                          |   |                     |
| Transfers In (Out)                             | -                        | (9,318)   | 9,318               |
| Change in Net Position Restricted for Pensions | 44,990                   | 54,757  | 201,977             |
| <b>NET POSITION-BEGINNING OF YEAR</b>          | <u>239,780</u>           | <u>743,849</u>  | <u>1,789,743</u>    |
| <b>NET POSITION-END OF YEAR</b>                | <u>\$ 284,770</u>        | <u>\$ 798,606</u>                                     | <u>\$ 1,991,720</u> |

| <b>COUNTY EMPLOYEES RETIREMENT</b> |                         | <b>SCHOOL<br/>RETIREMENT</b> | <b>JUDGES<br/>RETIREMENT</b> | <b>STATE<br/>PATROL<br/>RETIREMENT</b> | <b>TOTALS</b>        |
|------------------------------------|-------------------------|------------------------------|------------------------------|--|----------------------|
| <b>DEFINED<br/>CONTRIBUTION</b>    | <b>CASH<br/>BALANCE</b> |                              |                              |  |                      |
| \$ 2,058                           | \$ 13,625               | \$ 210,035                   | \$ 2,029                     | \$ 5,078                               | \$ 284,722           |
| 3,026                              | 20,162                  | 44,254                       | 1,428                        | 9,160                                  | 138,314              |
| -                                  | -                       | 208,991                      | -                            | -                                      | 208,991              |
| -                                  | -                       | -                            | 3,320                        | -                                      | 3,320                |
| <u>5,084</u>                       | <u>33,787</u>           | <u>463,280</u>               | <u>6,777</u>                 | <u>14,238</u>                          | <u>635,347</u>       |
| 30,115                             | 68,553                  | 3,537,442                    | 55,726                       | 123,693                                | 4,084,389            |
| 777                                | 6,589                   | 150,793                      | 2,377                        | 6,474                                  | 286,865              |
| -                                  | 103                     | 1,978                        | 31                           | 69                                     | 2,499                |
| <u>30,892</u>                      | <u>75,245</u>           | <u>3,690,213</u>             | <u>58,134</u>                | <u>130,236</u>                         | <u>4,373,753</u>     |
| 197                                | 2,054                   | 50,168                       | 789                          | 1,770                                  | 61,947               |
| -                                  | 43                      | 379                          | 6                            | 13                                     | 572                  |
| <u>197</u>                         | <u>2,097</u>            | <u>50,547</u>                | <u>795</u>                   | <u>1,783</u>                           | <u>62,519</u>        |
| <u>30,695</u>                      | <u>73,148</u>           | <u>3,639,666</u>             | <u>57,339</u>                | <u>128,453</u>                         | <u>4,311,234</u>     |
| -                                  | 70                      | 102                          | -                            | 11                                     | 324                  |
| <u>35,779</u>                      | <u>107,005</u>          | <u>4,103,048</u>             | <u>64,116</u>                | <u>142,702</u>                         | <u>4,946,905</u>     |
| 13,061                             | 29,649                  | 674,496                      | 12,039                       | 23,056                                 | 942,615              |
| -                                  | -                       | 15,708                       | -                            | 2,681                                  | 18,389               |
| 153                                | 812                     | 3,851                        | 119                          | 162                                    | 7,314                |
| -                                  | -                       | 1,721                        | -                            | -                                      | 1,721                |
| <u>13,214</u>                      | <u>30,461</u>           | <u>695,776</u>               | <u>12,158</u>                | <u>25,899</u>                          | <u>970,039</u>       |
| (3,454)                            | 3,454                   | -                            | -                            | -                                      | -                    |
| <u>19,111</u>                      | <u>79,998</u>           | <u>3,407,272</u>             | <u>51,958</u>                | <u>116,803</u>                         | <u>3,976,866</u>     |
| <u>231,180</u>                     | <u>575,411</u>          | <u>12,285,794</u>            | <u>194,522</u>               | <u>435,832</u>                         | <u>16,496,111</u>    |
| <u>\$ 250,291</u>                  | <u>\$ 655,409</u>       | <u>\$ 15,693,066</u>         | <u>\$ 246,480</u>            | <u>\$ 552,635</u>                      | <u>\$ 20,472,977</u> |

State of Nebraska

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS**

June 30, 2021

(Dollars in Thousands)

|   | <b>ESCHEAT<br/>TRUST</b> | <b>COLLEGE<br/>SAVINGS<br/>PLAN</b> | <b>OTHER</b>     | <b>TOTALS</b>       |
|---|--------------------------|-------------------------------------|------------------|---------------------|
| <b>ASSETS</b>                                     |                          |                                     |                  |                     |
| Cash and Cash Equivalents                         | \$ 16,321                | \$ 22,941                           | \$ 3,609         | \$ 42,871           |
| Investments:                                      |                          |                                     |                  |                     |
| Commingled Funds                                  | -                        | 5,824,367                           | 8,163            | 5,832,530           |
| Short Term Investments                            | -                        | 582,148                             | 7,306            | 589,454             |
| Receivables:                                      |                          |                                     |                  |                     |
| Interest and Dividends                            | 83                       | 4,385                               | -                | 4,468               |
| Other Assets                                      | 11,219                   | -                                   | -                | 11,219              |
| Total Assets                                      | <u>\$ 27,623</u>         | <u>\$ 6,433,841</u>                 | <u>\$ 19,078</u> | <u>\$ 6,480,542</u> |
| <b>LIABILITIES</b>                                |                          |                                     |                  |                     |
| Accounts Payable and Accrued Liabilities          | \$ 241                   | \$ 19,037                           | \$ 13            | \$ 19,291           |
| Due to Other Funds                                | 5                        | -                                   | -                | 5                   |
| Total Liabilities                                 | <u>\$ 246</u>            | <u>\$ 19,037</u>                    | <u>\$ 13</u>     | <u>\$ 19,296</u>    |
| <b>NET POSITION</b>                               |                          |                                     |                  |                     |
| Restricted for:                                   |                          |                                     |                  |                     |
| College Savings Plan                              | \$ -                     | \$ 6,414,804                        | \$ -             | \$ 6,414,804        |
| Individuals, Organizations, and Other Governments | 27,377                   | -                                   | 19,065           | 46,442              |
| Total Net Position                                | <u>\$ 27,377</u>         | <u>\$ 6,414,804</u>                 | <u>\$ 19,065</u> | <u>\$ 6,461,246</u> |

State of Nebraska  
**COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|   | <b>ESCHEAT<br/>TRUST</b> | <b>COLLEGE<br/>SAVINGS<br/>PLAN</b> | <b>OTHER</b>     | <b>TOTALS</b>       |
|---|--------------------------|-------------------------------------|------------------|---------------------|
| <b>ADDITIONS</b>                                    |                          |                                     |                  |                     |
| Contributions:                                      |                          |                                     |                  |                     |
| Participant Contributions                           | \$ -                     | \$ 561,395                          | \$ 8,522         | \$ 569,917          |
| Investment Income:                                  |                          |                                     |                  |                     |
| Net Increase in Fair Value of Investments           | -                        | 659,498                             | 1,104            | 660,602             |
| Interest and Dividend Income                        | 227                      | 51,866                              | 19               | 52,112              |
| Total Investment Income                             | 227                      | 711,364                             | 1,123            | 712,714             |
| Investment Expenses                                 | -                        | 20,792                              | 61               | 20,853              |
| Net Investment Income                               | 227                      | 690,572                             | 1,062            | 691,861             |
| Escheat Revenue                                     | 14,361                   | -                                   | -                | 14,361              |
| Total Additions                                     | 14,588                   | 1,251,967                           | 9,584            | 1,276,139           |
| <b>DEDUCTIONS</b>                                   |                          |                                     |                  |                     |
| Benefits  | -                        | 490,935                             | 3,229            | 494,164             |
| Amounts Distributed to Outside Parties              | 10,747                   | -                                   | 21               | 10,768              |
| Administrative Expenses                             | 213                      | -                                   | 50               | 263                 |
| Transfers to Other Funds                            | 1,391                    | -                                   | -                | 1,391               |
| Total Deductions                                    | 12,351                   | 490,935                             | 3,300            | 506,586             |
| Change in Net Position Restricted for:              |                          |                                     |                  |                     |
| College Savings Plan                                | -                        | 761,032                             | -                | 761,032             |
| Individuals, Organizations, and Other Governments   | 2,237                    | -                                   | 6,284            | 8,521               |
| <b>NET POSITION-BEGINNING OF YEAR (as restated)</b> | <u>25,140</u>            | <u>5,653,772</u>                    | <u>12,781</u>    | <u>5,691,693</u>    |
| <b>NET POSITION-END OF YEAR</b>                     | <u>\$ 27,377</u>         | <u>\$ 6,414,804</u>                 | <u>\$ 19,065</u> | <u>\$ 6,461,246</u> |

State of Nebraska

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS**

June 30, 2021

(Dollars in Thousands)

|  | CARE<br>FACILITIES | CHILD<br>SUPPORT | COUNTY<br>COURTS | FLEX<br>SPENDING | INMATE<br>TRUST<br>FUND | LOCAL<br>FISCAL<br>RECOVERY | OTHER           | TOTALS           |
|--|--------------------|------------------|------------------|------------------|-------------------------|-----------------------------|-----------------|------------------|
| <b>ASSETS</b>  |                    |                  |                  |                  |                         |                             |                 |                  |
| Cash and Cash Equivalents                            | \$ 3,989           | \$ 5,711         | \$ 19,528        | \$ 1,317         | \$ 7,515                | \$ 55,595                   | \$ 15           | \$ 93,670        |
| Receivables:   |                    |                  |                  |                  |                         |                             |                 |                  |
| Interest and Dividends                               | 8                  | -                | -                | -                | 55                      | -                           | -               | 63               |
| Other  | -                  | 133              | -                | -                | 248                     | -                           | -               | 381              |
| Other Assets   | -                  | -                | -                | 25               | -                       | -                           | 3,700           | 3,725            |
| TOTAL ASSETS   | <u>\$ 3,997</u>    | <u>\$ 5,844</u>  | <u>\$ 19,528</u> | <u>\$ 1,342</u>  | <u>\$ 7,818</u>         | <u>\$ 55,595</u>            | <u>\$ 3,715</u> | <u>\$ 97,839</u> |
| <b>LIABILITIES</b>                                   |                    |                  |                  |                  |                         |                             |                 |                  |
| Accounts Payable and Accrued Liabilities             | \$ 14              | \$ 5,844         | \$ 18,515        | \$ 544           | \$ 374                  | \$ -                        | \$ -            | \$ 25,291        |
| Due to Other Governments                             | -                  | -                | 1,013            | -                | 14                      | 41,459                      | -               | 42,486           |
| Deposits   | 1,676              | -                | -                | -                | 248                     | -                           | 3,700           | 5,624            |
| TOTAL LIABILITIES                                    | <u>\$ 1,690</u>    | <u>\$ 5,844</u>  | <u>\$ 19,528</u> | <u>\$ 544</u>    | <u>\$ 636</u>           | <u>\$ 41,459</u>            | <u>\$ 3,700</u> | <u>\$ 73,401</u> |
| <b>NET POSITION</b>                                  |                    |                  |                  |                  |                         |                             |                 |                  |
| Restricted for:                                      |                    |                  |                  |                  |                         |                             |                 |                  |
| Individuals, Organizations, and<br>Other Governments | <u>\$ 2,307</u>    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 798</u>    | <u>\$ 7,182</u>         | <u>\$ 14,136</u>            | <u>\$ 15</u>    | <u>\$ 24,438</u> |



State of Nebraska

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS**

For the Year Ended June 30, 2021

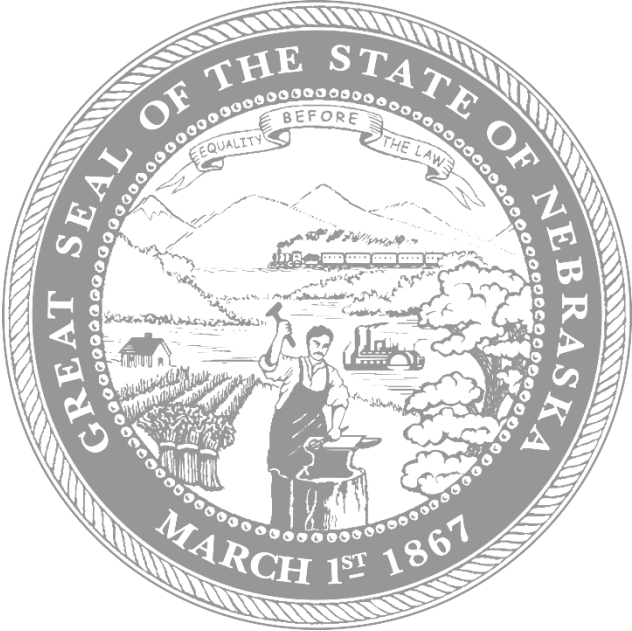
(Dollars in Thousands)

|   | CARE<br>FACILITIES | CHILD<br>SUPPORT | COUNTY<br>COURTS | FLEX<br>SPENDING | INMATE<br>TRUST<br>FUND | LOCAL<br>FISCAL<br>RECOVERY | OTHER        | TOTALS           |
|---|--------------------|------------------|------------------|------------------|-------------------------|-----------------------------|--------------|------------------|
| <b>ADDITIONS:</b>                                       |                    |                  |                  |                  |                         |                             |              |                  |
| Contributions:  |                    |                  |                  |                  |                         |                             |              |                  |
| Client Contributions                                    | \$ 19,173          | 314,223          | \$ 52,897        | \$ -             | 24,762                  | \$ -                        | \$ -         | 411,055          |
| Participant Contributions                               | -                  | -                | -                | 5,915            | -                       | -                           | -            | 5,915            |
| Investment Income:                                      |                    |                  |                  |                  |                         |                             |              |                  |
| Interest and Dividend Income                            | 27                 | -                | -                | 16               | 81                      | -                           | (2)          | 122              |
| Total Investment Income                                 | 27                 | -                | -                | 16               | 81                      | -                           | (2)          | 122              |
| Net Investment Income                                   | 27                 | -                | -                | 16               | 81                      | -                           | (2)          | 122              |
| Other Additions   | -                  | -                | -                | -                | 127                     | 55,595                      | -            | 55,722           |
| <b>TOTAL ADDITIONS</b>                                  | <u>19,200</u>      | <u>314,223</u>   | <u>52,897</u>    | <u>5,931</u>     | <u>24,970</u>           | <u>55,595</u>               | <u>(2)</u>   | <u>472,814</u>   |
| <b>DEDUCTIONS:</b>                                      |                    |                  |                  |                  |                         |                             |              |                  |
| Benefits  | -                  | -                | -                | 6,337            | -                       | -                           | -            | 6,337            |
| Amounts Distributed to Outside Parties                  | 19,070             | 318,916          | 52,897           | -                | 21,800                  | 41,459                      | -            | 454,142          |
| Administrative Expenses                                 | -                  | -                | -                | 140              | -                       | -                           | -            | 140              |
| Other Deductions  | -                  | -                | -                | -                | 436                     | -                           | 3            | 439              |
| <b>TOTAL DEDUCTIONS</b>                                 | <u>19,070</u>      | <u>318,916</u>   | <u>52,897</u>    | <u>6,477</u>     | <u>22,236</u>           | <u>41,459</u>               | <u>3</u>     | <u>461,058</u>   |
| Change in Net Position Restricted for:                  |                    |                  |                  |                  |                         |                             |              |                  |
| Individuals, Organizations, and<br>Other Governments    | 130                | (4,693)          | -                | (546)            | 2,734                   | 14,136                      | (5)          | 11,756           |
| <b>NET POSITION-BEGINNING OF YEAR<br/>(as restated)</b> | <u>2,177</u>       | <u>4,693</u>     | <u>-</u>         | <u>1,344</u>     | <u>4,448</u>            | <u>-</u>                    | <u>20</u>    | <u>12,682</u>    |
| <b>NET POSITION-END OF YEAR</b>                         | <u>\$ 2,307</u>    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 798</u>    | <u>\$ 7,182</u>         | <u>\$ 14,136</u>            | <u>\$ 15</u> | <u>\$ 24,438</u> |

---

# BUDGETARY COMPARISON SCHEDULES

---



## State of Nebraska

**BUDGETARY COMPARISON SCHEDULE****CASH FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | CASH FUNDS         |                    |                     |                               |
|--|--------------------|--------------------|---------------------|-------------------------------|
|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET    | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET |
| <b>REVENUES</b>  |                    |                    |                     |                               |
| Taxes  | \$ 193,392         | \$ 193,392         | \$ 193,392          | \$ -                          |
| Federal Grants and Contracts                                 | 582,486            | 582,486            | 582,486             | -                             |
| Sales and Charges  | 734,865            | 734,865            | 734,865             | -                             |
| Other  | 242,797            | 242,797            | 242,797             | -                             |
| Total Revenues   | <u>1,753,540</u>   | <u>1,753,540</u>   | <u>1,753,540</u>    | <u>-</u>                      |
| <b>EXPENDITURES</b>  |                    |                    |                     |                               |
| Current:   |                    |                    |                     |                               |
| General Government   | 392,411            | 393,753            | 354,835             | 38,918                        |
| Conservation of Natural Resources                            | 224,135            | 224,135            | 80,193              | 143,942                       |
| Culture – Recreation   | 83,643             | 85,268             | 43,143              | 42,125                        |
| Economic Development and Assistance                          | 115,955            | 119,455            | 37,598              | 81,857                        |
| Education  | 937,271            | 935,632            | 504,139             | 431,493                       |
| Health and Social Services                                   | 241,627            | 241,627            | 128,065             | 113,562                       |
| Public Safety  | 137,691            | 137,737            | 47,908              | 89,829                        |
| Regulation of Business and Professions                       | 239,897            | 239,899            | 117,937             | 121,962                       |
| Transportation   | 1,062,697          | 1,123,147          | 1,016,538           | 106,609                       |
| Capital Projects   | 47,729             | 47,729             | 21,064              | 26,665                        |
| Total Expenditures   | <u>3,483,056</u>   | <u>3,548,382</u>   | <u>2,351,420</u>    | <u>1,196,962</u>              |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(1,729,516)</u> | <u>(1,794,842)</u> | <u>(597,880)</u>    | <u>1,196,962</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                    |                     |                               |
| Transfers In   | 1,599,106          | 1,599,106          | 1,599,106           | -                             |
| Transfers Out  | (751,781)          | (751,781)          | (751,781)           | -                             |
| Other  | 3,288              | 3,288              | 3,288               | -                             |
| Total Other Financing Sources (Uses)                         | <u>850,613</u>     | <u>850,613</u>     | <u>850,613</u>      | <u>-</u>                      |
| Net Change in Fund Balance                                   | (878,903)          | (944,229)          | 252,733             | 1,196,962                     |
| <b>FUND BALANCES, JULY 1</b>                                 | <u>1,429,795</u>   | <u>1,429,795</u>   | <u>1,429,795</u>    | <u>-</u>                      |
| <b>FUND BALANCES, JUNE 30</b>                                | <u>\$ 550,892</u>  | <u>\$ 485,566</u>  | <u>\$ 1,682,528</u> | <u>\$ 1,196,962</u>           |

A reconciliation of the budgetary basis versus GAAP fund balance for the Major Funds as of June 30, 2021, follows :

Actual Fund Balances, budgetary basis, June 30, 2021

|  |                     |
|--|---------------------|
| Cash   | \$ 1,682,528        |
| Construction                                       | 21,478              |
| Federal  | 814,514             |
| Revolving  | 363,146             |
| Budgetary fund balances                            | <u>2,881,666</u>    |
| Unbudgeted fund balances                           | 2,425,943           |
| Non-major fund balances                            | (1,514,226)         |
| Differences due to basis of accounting             | <u>(214,436)</u>    |
| GAAP fund balance, June 30, 2021                   | <u>\$ 3,578,947</u> |
| Actual Fund Balances of Major Funds, June 30, 2021 |                     |
| Highway  | \$ 306,529          |
| Federal  | 53,588              |
| Health and Social Services                         | 696,090             |
| Permanent School                                   | <u>2,522,740</u>    |
| GAAP fund balance, June 30, 2020                   | <u>\$ 3,578,947</u> |

State of Nebraska

**BUDGETARY COMPARISON SCHEDULE**

**CONSTRUCTION FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|   | CONSTRUCTION FUNDS |                    |                  |                            |
|---|--------------------|--------------------|------------------|----------------------------|
|   | ORIGINAL BUDGET    | FINAL BUDGET       | ACTUAL           | VARIANCE WITH FINAL BUDGET |
| <b>REVENUES</b>   |                    |                    |                  |                            |
| Taxes   | \$ -               | \$ -               | \$ -             | \$ -                       |
| Federal Grants and Contracts                              | -                  | -                  | -                | -                          |
| Sales and Charges   | -                  | -                  | -                | -                          |
| Other   | 822                | 822                | 822              | -                          |
| Total Revenues  | <u>822</u>         | <u>822</u>         | <u>822</u>       | <u>-</u>                   |
| <b>EXPENDITURES</b>                                       |                    |                    |                  |                            |
| Current:  |                    |                    |                  |                            |
| General Government  | -                  | -                  | -                | -                          |
| Conservation of Natural Resources                         | -                  | -                  | -                | -                          |
| Culture – Recreation                                      | -                  | -                  | -                | -                          |
| Economic Development and Assistance                       | -                  | -                  | -                | -                          |
| Education   | 96                 | 96                 | 13               | 83                         |
| Health and Social Services                                | -                  | -                  | -                | -                          |
| Public Safety   | -                  | -                  | -                | -                          |
| Regulation of Business and Professions                    | -                  | -                  | -                | -                          |
| Transportation  | -                  | -                  | -                | -                          |
| Capital Projects  | 111,523            | 111,523            | 51,958           | 59,565                     |
| Total Expenditures  | <u>111,619</u>     | <u>111,619</u>     | <u>51,971</u>    | <u>59,648</u>              |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(110,797)</u>   | <u>(110,797)</u>   | <u>(51,149)</u>  | <u>59,648</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                    |                    |                  |                            |
| Transfers Out   | -                  | -                  | -                | -                          |
| Other   | -                  | -                  | -                | -                          |
| Net Change in Fund Balance                                | (110,797)          | (110,797)          | (51,149)         | 59,648                     |
| <b>FUND BALANCES, JULY 1</b>                              | <u>72,627</u>      | <u>72,627</u>      | <u>72,627</u>    | <u>-</u>                   |
| <b>FUND BALANCES, JUNE 30</b>                             | <u>\$ (38,170)</u> | <u>\$ (38,170)</u> | <u>\$ 21,478</u> | <u>\$ 59,648</u>           |

## State of Nebraska

**BUDGETARY COMPARISON SCHEDULE****FEDERAL FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|  | FEDERAL FUNDS      |                    |                   |                               |
|--|--------------------|--------------------|-------------------|-------------------------------|
|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET    | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET |
| <b>REVENUES</b>  |                    |                    |                   |                               |
| Taxes  | \$ -               | \$ -               | \$ -              | -                             |
| Federal Grants and Contracts                                 | 4,727,686          | 4,727,686          | 4,727,686         | -                             |
| Sales and Charges  | 24,500             | 24,500             | 24,500            | -                             |
| Other  | 43,372             | 43,372             | 43,372            | -                             |
| Total Revenues   | <u>4,795,558</u>   | <u>4,795,558</u>   | <u>4,795,558</u>  | <u>-</u>                      |
| <b>EXPENDITURES</b>  |                    |                    |                   |                               |
| Current:   |                    |                    |                   |                               |
| General Government   | 10,012             | 10,367             | 5,141             | 5,226                         |
| Conservation of Natural Resources                            | 60,277             | 65,251             | 45,529            | 19,722                        |
| Culture – Recreation   | 6,007              | 6,405              | 1,683             | 4,722                         |
| Economic Development and Assistance                          | 101,601            | 111,106            | 83,685            | 27,421                        |
| Education  | 1,269,568          | 1,367,817          | 1,086,478         | 281,339                       |
| Health and Social Services                                   | 2,684,985          | 2,840,104          | 2,606,347         | 233,757                       |
| Public Safety  | 1,185,912          | 1,346,738          | 1,250,823         | 95,915                        |
| Regulation of Business and Professions                       | 5,192              | 5,192              | 1,956             | 3,236                         |
| Transportation   | -                  | -                  | -                 | -                             |
| Capital Projects   | 52,582             | 52,582             | -                 | 52,582                        |
| Total Expenditures   | <u>5,376,136</u>   | <u>5,805,562</u>   | <u>5,081,642</u>  | <u>723,920</u>                |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(580,578)</u>   | <u>(1,010,004)</u> | <u>(286,084)</u>  | <u>723,920</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                    |                   |                               |
| Transfers In   | 39,221             | 39,221             | 39,221            | -                             |
| Transfers Out  | (38,323)           | (38,323)           | (38,323)          | -                             |
| Other  | 663                | 663                | 663               | -                             |
| Total Other Financing Sources (Uses)                         | <u>1,561</u>       | <u>1,561</u>       | <u>1,561</u>      | <u>-</u>                      |
| Net Change in Fund Balance                                   | (579,017)          | (1,008,443)        | (284,523)         | 723,920                       |
| <b>FUND BALANCES, JULY 1</b>                                 | <u>1,099,037</u>   | <u>1,099,037</u>   | <u>1,099,037</u>  | <u>-</u>                      |
| <b>FUND BALANCES, JUNE 30</b>                                | <u>\$ 520,020</u>  | <u>\$ 90,594</u>   | <u>\$ 814,514</u> | <u>\$ 723,920</u>             |

State of Nebraska

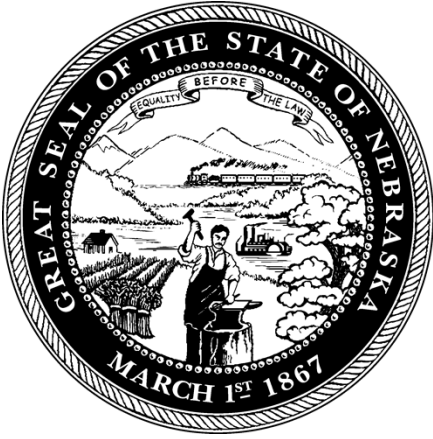
**BUDGETARY COMPARISON SCHEDULE**

**REVOLVING FUNDS**

For the Year Ended June 30, 2021

(Dollars in Thousands)

|   | REVOLVING FUNDS  |                  |                   |                            |
|---|------------------|------------------|-------------------|----------------------------|
|   | ORIGINAL BUDGET  | FINAL BUDGET     | ACTUAL            | VARIANCE WITH FINAL BUDGET |
| <b>REVENUES</b>   |                  |                  |                   |                            |
| Taxes   | \$ -             | \$ -             | \$ -              | \$ -                       |
| Federal Grants and Contracts                              | 19,334           | 19,334           | 19,334            | -                          |
| Sales and Charges   | 576,964          | 576,964          | 576,964           | -                          |
| Other   | 221,841          | 221,841          | 221,841           | -                          |
| Total Revenues  | <u>818,139</u>   | <u>818,139</u>   | <u>818,139</u>    | <u>-</u>                   |
| <b>EXPENDITURES</b>                                       |                  |                  |                   |                            |
| Current:  |                  |                  |                   |                            |
| General Government  | 281,073          | 281,454          | 236,964           | 44,490                     |
| Conservation of Natural Resources                         | -                | -                | -                 | -                          |
| Culture – Recreation                                      | -                | -                | -                 | -                          |
| Economic Development and Assistance                       | 703              | 703              | 252               | 451                        |
| Education   | 804,998          | 805,248          | 559,658           | 245,590                    |
| Health and Social Services                                | 436              | 436              | -                 | 436                        |
| Public Safety   | 27,020           | 27,020           | 16,835            | 10,185                     |
| Regulation of Business and Professions                    | -                | -                | -                 | -                          |
| Transportation  | -                | -                | -                 | -                          |
| Capital Projects  | 2,295            | 2,295            | -                 | 2,295                      |
| Total Expenditures  | <u>1,116,525</u> | <u>1,117,156</u> | <u>813,709</u>    | <u>303,447</u>             |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(298,386)</u> | <u>(299,017)</u> | <u>4,430</u>      | <u>303,447</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                  |                  |                   |                            |
| Transfers In  | 124,222          | 124,222          | 124,222           | -                          |
| Transfers Out   | (127,380)        | (127,380)        | (127,380)         | -                          |
| Other   | 1,964            | 1,964            | 1,964             | -                          |
| Total Other Financing Sources (Uses)                      | <u>(1,194)</u>   | <u>(1,194)</u>   | <u>(1,194)</u>    | <u>-</u>                   |
| Net Change in Fund Balance                                | (299,580)        | (300,211)        | 3,236             | 303,447                    |
| <b>FUND BALANCES, JULY 1</b>                              | <u>359,910</u>   | <u>359,910</u>   | <u>359,910</u>    | <u>-</u>                   |
| <b>FUND BALANCES, JUNE 30</b>                             | <u>\$ 60,330</u> | <u>\$ 59,699</u> | <u>\$ 363,146</u> | <u>\$ 303,447</u>          |



# STATISTICAL SECTION

---

# STATISTICAL SECTION TABLE OF CONTENTS

For the Year Ended June 30, 2021

---

This part of the State of Nebraska’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State’s overall financial health.

## FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how the State’s financial performance and well-being have changed over time.

|   | <b>Page</b> |
|---|-------------|
| Net Position by Component .....                     | 161         |
| Changes in Net Position .....                       | 162         |
| Fund Balances - Governmental Funds .....            | 167         |
| Changes in Fund Balances - Governmental Funds ..... | 168         |

## REVENUE CAPACITY INFORMATION

These schedules present revenue capacity information for the two largest own-source revenues – individual income tax and sales and use tax. Individual income tax and sales and use tax are the primary sources of general fund revenue.

|   |     |
|---|-----|
| Individual Income Tax Rates .....                     | 170 |
| Individual Income Tax Liability by Income Level ..... | 171 |
| Taxable Sales by Industry .....                       | 172 |

## DEBT CAPACITY INFORMATION

The State has no debt because the Nebraska State Constitution prohibits the State’s debt from exceeding, in the aggregate, one hundred thousand dollars. However, the State does have leasing arrangements; such information is provided in this section.

|  |     |
|--|-----|
| Schedule of Ratios of Outstanding Debt ..... | 173 |
|--|-----|

## DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State’s financial activities take place and to help make comparisons over time and with other governments.

|  |     |
|--|-----|
| Comparative Unemployment, Nebraska and United States .....                   | 174 |
| Population, Personal and Per Capita Income, Nebraska and United States ..... | 175 |
| Ten Largest Employers .....  | 175 |
| Public and State Operated School Enrollment, Prekindergarten-Grade 12 .....  | 176 |
| Public Higher Education Institutions Total Fall Headcount Enrollment .....   | 176 |

## OPERATING INFORMATION

These schedules contain information about the State’s operations and resources to help the reader understand how the State’s financial information relates to the activities it performs.

|  |     |
|--|-----|
| Full Time Equivalent Permanent Employees by Function ..... | 177 |
| Operating Indicators by Function .....                     | 178 |
| Capital Asset Statistics by Function .....                 | 179 |

|                          |     |
|--------------------------|-----|
| MISCELLANEOUS DATA ..... | 180 |
|--------------------------|-----|

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



State of Nebraska

**NET POSITION BY COMPONENT**

2012 - 2021

(Dollars in Thousands)

|   | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities</b>              |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 8,041,150         | \$ 8,468,618         | \$ 8,571,554         | \$ 8,673,916         | \$ 8,757,532         |
| Restricted                                  | 2,083,822            | 2,217,372            | 2,431,057            | 2,495,373            | 2,554,449            |
| Unrestricted                                | 905,503              | 1,193,571            | 1,401,782            | 1,156,733            | 968,515              |
| Total governmental activities net position  | <u>\$ 11,030,475</u> | <u>\$ 11,879,561</u> | <u>\$ 12,404,393</u> | <u>\$ 12,326,022</u> | <u>\$ 12,280,496</u> |
| <b>Business-type activities</b>             |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 6,379             | \$ 7,362             | \$ 7,255             | \$ 7,030             | \$ 6,870             |
| Restricted                                  | 405,135              | 440,849              | 462,064              | 466,735              | 490,408              |
| Unrestricted                                | 77,262               | 80,149               | 87,763               | 87,538               | 87,761               |
| Total business-type activities net position | <u>\$ 488,776</u>    | <u>\$ 528,360</u>    | <u>\$ 557,082</u>    | <u>\$ 561,303</u>    | <u>\$ 585,039</u>    |
| <b>Primary government</b>                   |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 8,047,529         | \$ 8,475,980         | \$ 8,578,809         | \$ 8,680,946         | \$ 8,764,402         |
| Restricted                                  | 2,488,957            | 2,658,221            | 2,893,121            | 2,962,108            | 3,044,857            |
| Unrestricted                                | 982,765              | 1,273,720            | 1,489,545            | 1,244,271            | 1,056,276            |
| Total primary government net position       | <u>\$ 11,519,251</u> | <u>\$ 12,407,921</u> | <u>\$ 12,961,475</u> | <u>\$ 12,887,325</u> | <u>\$ 12,865,535</u> |

(Dollars in Thousands)

|   | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities</b>              |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 8,888,705         | \$ 9,046,411         | \$ 9,148,273         | \$ 9,168,580         | \$ 9,556,057         |
| Restricted                                  | 2,708,755            | 4,063,574            | 4,180,690            | 4,362,140            | 4,924,031            |
| Unrestricted                                | 550,525              | 503,722              | 737,992              | 949,044              | 2,114,476            |
| Total governmental activities net position  | <u>\$ 12,147,985</u> | <u>\$ 13,613,707</u> | <u>\$ 14,066,955</u> | <u>\$ 14,479,764</u> | <u>\$ 16,594,564</u> |
| <b>Business-type activities</b>             |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 7,682             | \$ 7,769             | \$ 7,394             | \$ 7,224             | \$ 10,600            |
| Restricted                                  | 502,646              | 516,332              | 537,553              | 539,923              | 581,724              |
| Unrestricted                                | 78,185               | 79,943               | 72,769               | 68,657               | 71,475               |
| Total business-type activities net position | <u>\$ 588,513</u>    | <u>\$ 604,044</u>    | <u>\$ 617,716</u>    | <u>\$ 615,804</u>    | <u>\$ 663,799</u>    |
| <b>Primary government</b>                   |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 8,896,387         | \$ 9,054,180         | \$ 9,155,667         | \$ 9,175,804         | \$ 9,566,657         |
| Restricted                                  | 3,211,401            | 4,579,906            | 4,718,243            | 4,902,063            | 5,505,755            |
| Unrestricted                                | 628,710              | 583,665              | 810,761              | 1,017,701            | 2,185,951            |
| Total primary government net position       | <u>\$ 12,736,498</u> | <u>\$ 14,217,751</u> | <u>\$ 14,684,671</u> | <u>\$ 15,095,568</u> | <u>\$ 17,258,363</u> |

NOTE: Prior year amounts have not been adjusted for the restatements

State of Nebraska

**CHANGES IN NET POSITION (Continued)**

2012 - 2021

(Dollars in Thousands)

|   | 2012               | 2013               | 2014               | 2015               |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>Governmental Activities:</b>                           |                    |                    |                    |                    |
| <b>EXPENSES</b>   |                    |                    |                    |                    |
| General Government  | \$ 460,612         | \$ 458,483         | \$ 507,065         | \$ 548,000         |
| Conservation of Natural Resources                         | 151,318            | 143,437            | 143,324            | 149,492            |
| Culture - Recreation                                      | 24,752             | 31,114             | 30,532             | 31,410             |
| Economic Development and Assistance                       | 102,839            | 96,433             | 89,109             | 109,318            |
| Education   | 1,570,235          | 1,645,097          | 1,712,015          | 1,723,893          |
| Higher Education - Colleges and University                | 557,162            | 572,341            | 618,033            | 651,138            |
| Health and Social Services                                | 3,139,786          | 3,195,733          | 3,241,947          | 3,350,345          |
| Public Safety   | 366,084            | 384,081            | 376,449            | 408,096            |
| Regulation of Business and Professions                    | 122,211            | 134,172            | 123,879            | 125,207            |
| Transportation  | 905,498            | 859,289            | 919,679            | 981,999            |
| Interest on Long-term Debt                                | 1,204              | 784                | 627                | 1,289              |
| Net OPEB Expense  | -                  | -                  | -                  | -                  |
| Net Pension Expense                                       | -                  | -                  | -                  | 29,409             |
| Total expenses  | <u>7,401,701</u>   | <u>7,520,964</u>   | <u>7,762,659</u>   | <u>8,109,596</u>   |
| <b>PROGRAM REVENUES</b>                                   |                    |                    |                    |                    |
| Charges for Services:                                     |                    |                    |                    |                    |
| General Government  | 95,899             | 82,247             | 90,336             | 90,319             |
| Conservation of Natural Resources                         | 32,804             | 37,019             | 34,550             | 33,624             |
| Culture - Recreation                                      | 22,984             | 20,513             | 20,225             | 22,752             |
| Economic Development and Assistance                       | 4,126              | 1,245              | 2,529              | 1,758              |
| Education   | 36,831             | 47,751             | 46,522             | 49,350             |
| Health and Social Services                                | 120,745            | 128,012            | 125,285            | 130,645            |
| Public Safety   | 26,322             | 33,012             | 33,265             | 34,918             |
| Regulation of Business and Professions                    | 131,312            | 140,910            | 131,969            | 139,275            |
| Transportation  | 110,842            | 107,008            | 112,175            | 109,427            |
| Operating grants and contributions                        | 2,646,825          | 2,704,464          | 2,622,119          | 2,648,173          |
| Capital grants and contributions                          | 15,789             | 20,040             | 18,657             | 3,320              |
| Total program revenues                                    | <u>3,244,479</u>   | <u>3,322,221</u>   | <u>3,237,632</u>   | <u>3,263,561</u>   |
| Total Governmental Activities                             |                    |                    |                    |                    |
| Net Program Expense                                       | <u>(4,157,222)</u> | <u>(4,198,743)</u> | <u>(4,525,027)</u> | <u>(4,846,035)</u> |
| <b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b> |                    |                    |                    |                    |
| Taxes   |                    |                    |                    |                    |
| Income taxes  | 2,064,233          | 2,362,511          | 2,387,039          | 2,578,226          |
| Sales and use taxes                                       | 1,638,610          | 1,661,208          | 1,792,176          | 1,829,956          |
| Petroleum taxes   | 322,284            | 323,519            | 344,335            | 345,357            |
| Excise taxes  | 136,825            | 130,725            | 128,281            | 129,390            |
| Business and franchise taxes                              | 73,849             | 78,204             | 104,366            | 85,959             |
| Other taxes   | 9,818              | 7,849              | 7,579              | 7,117              |
| Total taxes   | <u>4,245,619</u>   | <u>4,564,016</u>   | <u>4,763,776</u>   | <u>4,976,005</u>   |
| Unrestricted investment earnings                          | 92,037             | 96,522             | 223,246            | 88,736             |
| Miscellaneous   | -                  | 1,518              | 3,322              | 1,548              |
| Contributions to permanent fund principal                 | 17,719             | 26,453             | 21,241             | 19,331             |
| Federal CARES   | -                  | -                  | -                  | -                  |
| Transfers   | 36,075             | 40,014             | 38,274             | 56,299             |
| Total general revenues and other changes in net position  | <u>4,391,450</u>   | <u>4,728,523</u>   | <u>5,049,859</u>   | <u>5,141,919</u>   |
| Total Governmental Activities                             |                    |                    |                    |                    |
| Change in Net Position                                    | <u>\$ 234,228</u>  | <u>\$ 529,780</u>  | <u>\$ 524,832</u>  | <u>\$ 295,884</u>  |

NOTE: Prior year amounts have not been adjusted for the restatements.

| 2016               | 2017                | 2018               | 2019               | 2020               | 2021                |
|--------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| \$ 631,739         | \$ 650,253          | \$ 656,287         | \$ 700,965         | \$ 931,855         | \$ 851,637          |
| 144,326            | 145,919             | 143,915            | 133,662            | 143,941            | 142,840             |
| 37,118             | 37,513              | 43,410             | 37,182             | 53,679             | 50,791              |
| 99,611             | 102,348             | 103,259            | 103,015            | 114,913            | 136,860             |
| 1,799,893          | 1,811,058           | 1,845,719          | 1,843,170          | 1,908,483          | 2,083,674           |
| 676,456            | 663,979             | 651,636            | 651,933            | 669,227            | 697,006             |
| 3,477,627          | 3,616,020           | 3,634,539          | 3,719,897          | 3,962,425          | 4,833,151           |
| 409,403            | 395,782             | 389,694            | 401,747            | 590,081            | 1,280,094           |
| 118,005            | 116,590             | 107,763            | 99,339             | 115,602            | 128,374             |
| 1,096,243          | 1,040,906           | 1,012,181          | 1,099,649          | 1,278,059          | 1,259,783           |
| 192                | 559                 | 645                | (3,476)            | 1,005              | 856                 |
| -                  | -                   | 1,381              | 898                | -                  | -                   |
| 79,670             | 81,603              | 97,889             | 148,150            | -                  | -                   |
| <u>8,570,283</u>   | <u>8,662,530</u>    | <u>8,688,318</u>   | <u>8,936,131</u>   | <u>9,769,270</u>   | <u>11,465,066</u>   |
| 95,871             | 99,001              | 107,412            | 117,859            | 119,665            | 125,341             |
| 39,476             | 39,880              | 38,672             | 43,147             | 39,947             | 42,430              |
| 25,725             | 28,569              | 36,163             | 26,171             | 35,022             | 32,533              |
| 1,065              | 1,234               | 1,479              | 1,403              | 1,901              | 1,364               |
| 51,790             | 50,208              | 50,671             | 49,826             | 48,888             | 56,128              |
| 124,134            | 127,310             | 123,593            | 93,202             | 131,482            | 144,205             |
| 37,731             | 38,369              | 42,021             | 38,486             | 38,363             | 54,166              |
| 129,750            | 128,818             | 122,817            | 126,820            | 135,722            | 153,199             |
| 110,984            | 125,831             | 130,688            | 124,377            | 125,584            | 162,386             |
| 2,719,366          | 2,765,857           | 2,755,954          | 2,844,493          | 3,271,794          | 4,620,913           |
| 946                | 1,067               | 1,133              | 5,203              | 3,220              | 5,663               |
| <u>3,336,838</u>   | <u>3,406,144</u>    | <u>3,410,603</u>   | <u>3,470,987</u>   | <u>3,951,588</u>   | <u>5,398,328</u>    |
| <u>(5,233,445)</u> | <u>(5,256,386)</u>  | <u>(5,277,715)</u> | <u>(5,465,144)</u> | <u>(5,817,682)</u> | <u>(6,066,738)</u>  |
| 2,520,240          | 2,507,059           | 2,686,510          | 2,992,575          | 2,907,528          | 3,660,558           |
| 1,827,206          | 1,834,043           | 1,925,312          | 1,980,173          | 2,189,486          | 2,528,753           |
| 363,824            | 371,744             | 388,349            | 407,169            | 410,940            | 431,765             |
| 133,620            | 132,308             | 131,355            | 129,161            | 131,786            | 142,573             |
| 109,649            | 100,595             | 117,590            | 112,248            | 135,558            | 142,394             |
| 6,404              | 8,271               | 2,002              | 7,238              | 6,696              | 6,287               |
| <u>4,960,943</u>   | <u>4,954,020</u>    | <u>5,251,118</u>   | <u>5,628,564</u>   | <u>5,781,994</u>   | <u>6,912,330</u>    |
| 144,734            | 108,912             | (2,670)            | 257,096            | 263,430            | 380,959             |
| 2,159              | 3,733               | 5,444              | 2,533              | 2,168              | 1,381               |
| 24,712             | (868)               | 10,273             | 17,158             | 20,385             | 30,421              |
| -                  | -                   | -                  | (22,008)           | 48,343             | 683,522             |
| 49,414             | 43,590              | 48,432             | 50,181             | 49,974             | 53,183              |
| <u>5,181,962</u>   | <u>5,109,387</u>    | <u>5,312,597</u>   | <u>5,933,524</u>   | <u>6,166,294</u>   | <u>8,061,796</u>    |
| <u>\$ (51,483)</u> | <u>\$ (146,999)</u> | <u>\$ 34,882</u>   | <u>\$ 468,380</u>  | <u>\$ 348,612</u>  | <u>\$ 1,995,058</u> |

## State of Nebraska

**CHANGES IN NET POSITION (Concluded)**

2012 - 2021

(Dollars in Thousands)

|                                      | 2012              | 2013            | 2014            | 2015            |
|--------------------------------------|-------------------|-----------------|-----------------|-----------------|
| <b>Business-type Activities:</b>     |                   |                 |                 |                 |
| <b>EXPENSES</b>                      |                   |                 |                 |                 |
| Unemployment Insurance               | \$ 261,750        | \$ 167,957      | \$ 122,351      | \$ 93,612       |
| Lottery                              | 113,935           | 120,515         | 121,046         | 123,278         |
| Excess Liability                     | 672               | 3,850           | 1,174           | 5,755           |
| Cornhusker State Industries          | 11,621            | 9,271           | 11,582          | 13,066          |
| Total expenses                       | <u>387,978</u>    | <u>301,593</u>  | <u>256,153</u>  | <u>235,711</u>  |
| <b>REVENUES</b>                      |                   |                 |                 |                 |
| Charges for services:                |                   |                 |                 |                 |
| Unemployment Insurance               | 310,188           | 194,996         | 133,665         | 107,613         |
| Lottery                              | 150,612           | 160,753         | 157,896         | 159,968         |
| Excess Liability                     | 5,509             | 4,946           | 5,478           | 4,519           |
| Cornhusker State Industries          | 12,053            | 10,299          | 11,336          | 12,099          |
| Operating grants and contributions   | -                 | -               | -               | -               |
| Total revenues                       | <u>478,362</u>    | <u>370,994</u>  | <u>308,375</u>  | <u>284,199</u>  |
| Total Business-type Activities       |                   |                 |                 |                 |
| Net Program Expense                  | <u>90,384</u>     | <u>69,401</u>   | <u>52,222</u>   | <u>48,488</u>   |
| <b>OTHER CHANGES IN NET POSITION</b> |                   |                 |                 |                 |
| Unrestricted investment earnings     | 16,237            | 10,197          | 14,772          | 12,018          |
| Miscellaneous                        | -                 | -               | 2               | 14              |
| Federal CARES                        | -                 | -               | -               | -               |
| Transfers                            | (36,075)          | (40,014)        | (38,274)        | (56,299)        |
| Total other changes in net position  | <u>(19,838)</u>   | <u>(29,817)</u> | <u>(23,500)</u> | <u>(44,267)</u> |
| Total Business-type Activities       |                   |                 |                 |                 |
| Change in Net Position               | <u>\$ 70,546</u>  | <u>39,584</u>   | <u>28,722</u>   | <u>4,221</u>    |
| <b>Total Primary Government</b>      |                   |                 |                 |                 |
| Change in Net Position               | <u>\$ 304,774</u> | <u>569,364</u>  | <u>553,554</u>  | <u>300,105</u>  |

**NOTE:** The decreases in taxes and fund balances in 2016 & 2017 were primarily due to the slow recovery of the agricultural sector related to the recession .

|    | 2016            | 2017             | 2018            | 2019            | 2020            | 2021                |
|----|-----------------|------------------|-----------------|-----------------|-----------------|---------------------|
| \$ | 78,747          | \$ 75,593        | \$ 73,003       | \$ 65,984       | \$ 820,754      | \$ 608,945          |
|    | 135,819         | 132,417          | 138,483         | 146,030         | 140,677         | 157,147             |
|    | 9,010           | 21,131           | 5,564           | 20,041          | 16,518          | 7,021               |
|    | 13,830          | 17,018           | 12,666          | 13,326          | 14,886          | 13,602              |
|    | <u>237,406</u>  | <u>246,159</u>   | <u>229,716</u>  | <u>245,381</u>  | <u>992,835</u>  | <u>786,715</u>      |
|    | 97,748          | 81,154           | 80,507          | 76,289          | 647,520         | 66,456              |
|    | 179,473         | 173,819          | 183,368         | 192,182         | 183,076         | 205,283             |
|    | 3,928           | 5,319            | 6,238           | 7,561           | 8,797           | 11,576              |
|    | 13,505          | 21,633           | 12,578          | 12,594          | 11,340          | 11,654              |
|    | -               | -                | -               | -               | -               | 444,091             |
|    | <u>294,654</u>  | <u>281,925</u>   | <u>282,691</u>  | <u>288,626</u>  | <u>850,733</u>  | <u>739,060</u>      |
|    | 57,248          | 35,766           | 52,975          | 43,245          | (142,102)       | (47,655)            |
|    | 15,882          | 11,254           | 10,974          | 21,029          | 21,376          | 11,524              |
|    | 20              | 44               | 14              | 9               | 12              | 21                  |
|    | -               | -                | -               | -               | 168,798         | 121,190             |
|    | <u>(49,414)</u> | <u>(43,590)</u>  | <u>(48,432)</u> | <u>(50,181)</u> | <u>(49,996)</u> | <u>(51,792)</u>     |
|    | <u>(33,512)</u> | <u>(32,292)</u>  | <u>(37,444)</u> | <u>(29,143)</u> | <u>140,190</u>  | <u>80,943</u>       |
| \$ | <u>23,736</u>   | <u>3,474</u>     | <u>15,531</u>   | <u>14,102</u>   | <u>(1,912)</u>  | <u>\$ 33,288</u>    |
| \$ | <u>(27,747)</u> | <u>(143,525)</u> | <u>50,413</u>   | <u>482,482</u>  | <u>346,700</u>  | <u>\$ 2,028,346</u> |



State of Nebraska

**FUND BALANCES**

**GOVERNMENTAL FUNDS**

2012 - 2021

(Dollars in Thousands)

|                                    | 2012                | 2013                | 2014                | 2015                | 2016                |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund                       |                     |                     |                     |                     |                     |
| Nonspendable                       | 953                 | 1,114               | 1,802               | 1,580               | 1,087               |
| Committed                          | 383,379             | 384,121             | 719,065             | 727,835             | 730,655             |
| Unassigned                         | 430,466             | 648,092             | 540,891             | 614,763             | 396,669             |
| Total general fund                 | <u>\$ 814,798</u>   | <u>\$ 1,033,327</u> | <u>\$ 1,261,758</u> | <u>\$ 1,344,178</u> | <u>\$ 1,128,411</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |                     |
| Unreserved                         |                     |                     |                     |                     |                     |
| Nonspendable                       | 490,928             | 514,985             | 536,087             | 550,082             | 555,720             |
| Restricted                         | 1,601,306           | 1,697,151           | 1,889,186           | 1,931,112           | 1,983,398           |
| Committed                          | 73,327              | 135,605             | 124,154             | 99,358              | 113,034             |
| Assigned                           | 37,032              | 45,708              | 46,813              | 50,094              | 46,237              |
| Total all other governmental funds | <u>\$ 2,202,593</u> | <u>\$ 2,393,449</u> | <u>\$ 2,596,240</u> | <u>\$ 2,630,646</u> | <u>\$ 2,698,389</u> |

(Dollars in Thousands)

|                                    | 2017                | 2018                | 2019                | 2020                | 2021                |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund                       |                     |                     |                     |                     |                     |
| Nonspendable                       | 2,239               | 1,898               | 2,456               | 3,621               | 3,696               |
| Committed                          | 680,655             | 339,990             | 333,549             | 426,308             | 466,964             |
| Unassigned                         | 67,443              | 314,760             | 617,381             | 750,768             | 1,892,956           |
| Total general fund                 | <u>\$ 750,337</u>   | <u>\$ 656,648</u>   | <u>\$ 953,386</u>   | <u>\$ 1,180,697</u> | <u>\$ 2,363,616</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |                     |
| Nonspendable                       | 575,587             | 586,636             | 603,586             | 624,592             | 654,946             |
| Restricted                         | 2,120,008           | 3,464,633           | 3,565,196           | 3,727,013           | 4,255,444           |
| Committed                          | 71,320              | 134,940             | 119,577             | 86,014              | 21,138              |
| Assigned                           | 43,057              | 37,635              | 29,827              | 25,620              | 32,507              |
| Total all other governmental funds | <u>\$ 2,809,972</u> | <u>\$ 4,223,844</u> | <u>\$ 4,318,186</u> | <u>\$ 4,463,239</u> | <u>\$ 4,964,035</u> |

State of Nebraska  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
2012 - 2021

(Dollars in Thousands)

|  | 2012         | 2013         | 2014         | 2015         |
|--|--------------|--------------|--------------|--------------|
| <b>REVENUES</b>  |              |              |              |              |
| Taxes:   |              |              |              |              |
| Income   | \$ 2,063,322 | \$ 2,362,392 | \$ 2,387,255 | \$ 2,576,621 |
| Sales and Use  | 1,634,346    | 1,659,029    | 1,784,367    | 1,833,701    |
| Petroleum  | 327,295      | 328,253      | 350,648      | 349,721      |
| Excise   | 136,825      | 130,725      | 128,281      | 129,390      |
| Business and Franchise   | 73,849       | 78,204       | 104,366      | 85,959       |
| Other  | 9,818        | 7,849        | 7,579        | 7,117        |
| Total Taxes  | 4,245,455    | 4,566,452    | 4,762,496    | 4,982,509    |
| Federal Grants and Contracts                                       | 2,662,605    | 2,724,454    | 2,639,975    | 2,651,355    |
| Licenses, Fees and Permits   | 295,286      | 333,431      | 312,889      | 318,198      |
| Charges for Services   | 102,633      | 85,517       | 94,454       | 109,207      |
| Investment Income  | 87,948       | 93,086       | 220,595      | 86,211       |
| Rental Income  | 57,838       | 67,487       | 65,471       | 70,910       |
| Other  | 124,973      | 122,788      | 110,879      | 116,072      |
| Total Revenues   | 7,576,738    | 7,993,215    | 8,206,759    | 8,334,462    |
| <b>EXPENDITURES</b>  |              |              |              |              |
| Current:   |              |              |              |              |
| General Government   | 420,143      | 422,689      | 465,818      | 551,297      |
| Conservation of Natural Resources                                  | 150,970      | 144,284      | 144,628      | 151,308      |
| Culture – Recreation   | 28,434       | 30,550       | 31,014       | 38,653       |
| Economic Development and Assistance                                | 102,902      | 96,759       | 89,382       | 109,976      |
| Education  | 1,581,956    | 1,641,158    | 1,708,712    | 1,774,095    |
| Higher Education - Colleges and University                         | 557,162      | 572,341      | 618,033      | 651,138      |
| Health and Social Services   | 3,139,042    | 3,194,565    | 3,217,372    | 3,355,065    |
| Public Safety  | 378,982      | 395,095      | 377,086      | 414,235      |
| Regulation of Business and Professions                             | 122,025      | 134,223      | 123,349      | 125,099      |
| Transportation   | 932,445      | 974,324      | 1,025,623    | 1,076,805    |
| Capital Projects   | 28,123       | 21,070       | 12,164       | 19,824       |
| Debt Service   |              |              |              |              |
| Principal  | 2,865        | 4,755        | 2,110        | 6,995        |
| Interest   | 684          | 344          | 260          | 1,090        |
| Total Expenditures   | 7,445,733    | 7,632,157    | 7,815,551    | 8,275,580    |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures       | 131,005      | 361,058      | 391,208      | 58,882       |
| <b>OTHER FINANCING SOURCES (USES)</b>                              |              |              |              |              |
| Transfers In   | 170,673      | 204,413      | 127,212      | 249,057      |
| Transfers Out  | (134,598)    | (164,399)    | (88,938)     | (192,758)    |
| Other  | 1,505        | 1,440        | 1,740        | 1,645        |
| Net Change in Fund Balances  | 168,585      | 402,512      | 431,222      | 116,826      |
| Restatements   | -            | 6,873        | 1,675        | -            |
| <b>BEGINNING FUND BALANCE</b>                                      | 2,847,131    | 3,015,716    | 3,425,101    | 3,857,998    |
| <b>ENDING FUND BALANCE</b>   | \$ 3,015,716 | \$ 3,425,101 | \$ 3,857,998 | \$ 3,974,824 |
| <b>DEBT SERVICE AS A PERCENTAGE OF<br/>NONCAPITAL EXPENDITURES</b> | <1%          | <1%          | <1%          | <1%          |

NOTE: The decreases in taxes and fund balances in 2016 & 2017 were primarily due to the slow recovery of the agricultural sector related to the recession .



|    | 2016      | 2017         | 2018         | 2019         | 2020         | 2021         |
|----|-----------|--------------|--------------|--------------|--------------|--------------|
| \$ | 2,517,537 | \$ 2,506,432 | \$ 2,683,270 | \$ 2,967,877 | \$ 2,880,793 | \$ 3,658,993 |
|    | 1,828,465 | 1,834,868    | 1,926,292    | 1,982,210    | 2,188,414    | 2,527,914    |
|    | 365,695   | 373,685      | 390,600      | 409,595      | 412,627      | 433,223      |
|    | 133,620   | 132,308      | 131,355      | 129,161      | 131,786      | 142,573      |
|    | 109,649   | 100,595      | 117,590      | 112,248      | 135,558      | 142,394      |
|    | 6,404     | 8,271        | 2,002        | 7,238        | 6,696        | 6,287        |
|    | 4,961,370 | 4,956,159    | 5,251,109    | 5,608,329    | 5,755,874    | 6,911,384    |
|    | 2,720,258 | 2,766,923    | 2,756,999    | 2,849,697    | 3,323,355    | 5,310,099    |
|    | 322,736   | 341,758      | 340,482      | 300,902      | 296,736      | 346,802      |
|    | 112,984   | 117,265      | 123,906      | 116,542      | 134,957      | 150,101      |
|    | 141,897   | 106,374      | (5,389)      | 253,684      | 260,563      | 378,729      |
|    | 74,941    | 72,672       | 74,223       | 70,965       | 68,860       | 79,473       |
|    | 111,279   | 88,774       | 102,114      | 122,316      | 165,711      | 179,517      |
|    | 8,445,465 | 8,449,925    | 8,643,444    | 9,322,435    | 10,006,056   | 13,356,105   |
|    | 623,393   | 628,342      | 668,578      | 686,699      | 781,697      | 798,428      |
|    | 145,218   | 146,814      | 144,509      | 134,630      | 140,475      | 139,069      |
|    | 44,313    | 42,613       | 49,941       | 46,270       | 43,299       | 52,183       |
|    | 100,007   | 102,623      | 103,713      | 103,214      | 112,094      | 134,263      |
|    | 1,842,774 | 1,853,583    | 1,877,539    | 1,896,643    | 1,954,727    | 2,133,706    |
|    | 676,456   | 663,979      | 651,636      | 651,933      | 669,227      | 697,006      |
|    | 3,477,074 | 3,655,813    | 3,630,632    | 3,713,711    | 3,934,180    | 4,817,200    |
|    | 417,785   | 398,090      | 407,059      | 418,722      | 576,050      | 1,312,037    |
|    | 117,894   | 116,982      | 107,957      | 101,125      | 111,441      | 123,464      |
|    | 1,175,832 | 1,114,119    | 1,114,902    | 1,161,938    | 1,330,631    | 1,507,409    |
|    | 28,174    | 37,527       | 46,340       | 56,512       | 51,944       | 72,544       |
|    | 1,425     | 2,025        | 2,560        | 3,300        | 3,860        | 2,000        |
|    | 7         | 6            | 6            | 56           | 55           | 9            |
|    | 8,650,352 | 8,762,516    | 8,805,372    | 8,974,753    | 9,709,680    | 11,789,318   |
|    | (204,887) | (312,591)    | (161,928)    | 347,682      | 296,376      | 1,566,787    |
|    | 249,761   | 205,177      | 320,590      | 219,855      | 250,160      | 240,508      |
|    | (200,347) | (161,587)    | (272,158)    | (169,674)    | (195,629)    | (187,325)    |
|    | 1,492     | 2,195        | 5,119        | 3,300        | 3,919        | 2,000        |
|    | (153,981) | (266,806)    | (108,377)    | 401,163      | 354,826      | 1,621,970    |
|    | 5,957     | 315          | 1,428,560    | (10,083)     | 17,538       | 61,745       |
|    | 3,974,824 | 3,826,800    | 3,560,309    | 4,880,492    | 5,271,572    | 5,643,936    |
| \$ | 3,826,800 | \$ 3,560,309 | \$ 4,880,492 | \$ 5,271,572 | \$ 5,643,936 | \$ 7,327,651 |
|    | <1%       | <1%          | <1%          | <1%          | <1%          | <1%          |

State of Nebraska

**INDIVIDUAL INCOME TAX RATES**

Tax Years 2012 - 2021

|                                | <b>Tax Brackets</b> |                  |                  |                  |
|--------------------------------|---------------------|------------------|------------------|------------------|
|                                | <b>Bracket 1</b>    | <b>Bracket 2</b> | <b>Bracket 3</b> | <b>Bracket 4</b> |
| <b>Single</b>                  |                     |                  |                  |                  |
| 2012-2013                      | \$0-2,400           | \$2,400-17,500   | \$17,500-27,000  | Over \$27,000    |
| 2014 Income Range              | \$0-3,000           | \$3,000-18,000   | \$18,000-29,000  | Over \$29,000    |
| 2015 Income Range              | \$0-3,050           | \$3,050-18,280   | \$18,280-29,460  | Over \$29,460    |
| 2016 Income Range              | \$0-3,060           | \$3,060-18,370   | \$18,370-29,590  | Over \$29,590    |
| 2017 Income Range              | \$0-3,090           | \$3,090-18,510   | \$18,510-29,830  | Over \$29,830    |
| 2018 Income Range              | \$0-3,150           | \$3,150-18,880   | \$18,880-30,420  | Over \$30,420    |
| 2019 Income Range              | \$0-3,230           | \$3,230-19,330   | \$19,330-31,160  | Over \$31,160    |
| 2020 Income Range              | \$0-3,290           | \$3,290-19,700   | \$19,700-31,750  | Over \$31,750    |
| 2021 Income Range              | \$0-3,340           | \$3,340-19,990   | \$19,990-32,210  | Over \$32,210    |
| 2012 Rates                     | 2.56%               | 3.57%            | 5.12%            | 6.84%            |
| 2013 - 2021 Rates              | 2.46%               | 3.51%            | 5.01%            | 6.84%            |
| <b>Heads of Household</b>      |                     |                  |                  |                  |
| 2012 - 2013 Income Range       | \$0-4,500           | \$4,500-28,000   | \$28,000-40,000  | Over \$40,000    |
| 2014 Income Range              | \$0-5,600           | \$5,600-28,800   | \$28,800-43,000  | Over \$43,000    |
| 2015 Income Range              | \$0-5,690           | \$5,690-29,260   | \$29,260-43,680  | Over \$43,680    |
| 2016 Income Range              | \$0-5,710           | \$5,710-29,390   | \$29,390-43,880  | Over \$43,880    |
| 2017 Income Range              | \$0-5,760           | \$5,760-29,620   | \$29,620-44,230  | Over \$44,230    |
| 2018 Income Range              | \$0-5,870           | \$5,870-30,210   | \$30,210-45,110  | Over \$45,110    |
| 2019 Income Range              | \$0-6,020           | \$6,020-30,940   | \$30,940-46,200  | Over \$46,200    |
| 2020 Income Range              | \$0-6,130           | \$6,130-31,530   | \$31,530-47,080  | Over \$47,080    |
| 2021 Income Range              | \$0-6,220           | \$6,220-31,990   | \$31,990-47,760  | Over \$47,760    |
| 2012 Rates                     | 2.56%               | 3.57%            | 5.12%            | 6.84%            |
| 2013 - 2021 Rates              | 2.46%               | 3.51%            | 5.01%            | 6.84%            |
| <b>Married Filing Joint</b>    |                     |                  |                  |                  |
| 2012 - 2013 Income Range       | \$0-4,800           | \$4,800-35,000   | \$35,000-54,000  | Over \$54,000    |
| 2014 Income Range              | \$0-6,000           | \$6,000-36,000   | \$36,000-58,000  | Over \$58,000    |
| 2015 Income Range              | \$0-6,090           | \$6,090-36,570   | \$36,570-58,920  | Over \$58,920    |
| 2016 Income Range              | \$0-6,120           | \$6,120-36,730   | \$36,730-59,180  | Over \$59,180    |
| 2017 Income Range              | \$0-6,170           | \$6,170-37,030   | \$37,030-59,660  | Over \$59,660    |
| 2018 Income Range              | \$0-6,290           | \$6,290-37,760   | \$37,760-60,840  | Over \$60,840    |
| 2019 Income Range              | \$0-6,440           | \$6,440-38,680   | \$38,680-62,320  | Over \$62,320    |
| 2020 Income Range              | \$0-6,570           | \$6,570-39,410   | \$39,410-63,500  | Over \$63,500    |
| 2021 Income Range              | \$0-6,660           | \$6,660-39,990   | \$39,990-64,430  | Over \$64,430    |
| 2012 Rates                     | 2.56%               | 3.57%            | 5.12%            | 6.84%            |
| 2014 - 2021 Rates              | 2.46%               | 3.51%            | 5.01%            | 6.84%            |
| <b>Married Filing Separate</b> |                     |                  |                  |                  |
| 2012 - 2013 Income Range       | \$0-2,400           | \$2,400-17,500   | \$17,500-27,000  | Over \$27,000    |
| 2014 Income Range              | \$0-3,000           | \$3,000-18,000   | \$18,000-29,000  | Over \$29,000    |
| 2015 Income Range              | \$0-3,050           | \$3,050-18,280   | \$18,280-29,460  | Over \$29,460    |
| 2016 Income Range              | \$0-3,060           | \$3,060-18,370   | \$18,370-29,590  | Over \$29,590    |
| 2017 Income Range              | \$0-3,090           | \$3,090-18,510   | \$18,510-29,830  | Over \$29,830    |
| 2018 Income Range              | \$0-3,150           | \$3,150-18,880   | \$18,880-30,420  | Over \$30,420    |
| 2019 Income Range              | \$0-3,230           | \$3,230-19,330   | \$19,330-31,160  | Over \$31,160    |
| 2020 Income Range              | \$0-3,290           | \$3,290-19,700   | \$19,700-31,750  | Over \$31,750    |
| 2021 Income Range              | \$0-3,340           | \$3,340-19,990   | \$19,990-32,210  | Over \$32,210    |
| 2012 Rates                     | 2.56%               | 3.57%            | 5.12%            | 6.84%            |
| 2014 - 2021 Rates              | 2.46%               | 3.51%            | 5.01%            | 6.84%            |

SOURCE: Nebraska Department of Revenue

State of Nebraska

**INDIVIDUAL INCOME TAX LIABILITY BY INCOME LEVEL**

Tax Years 2010 and 2019

| <b>2010</b>                               |                      |   |  |                          |
|---|----------------------|---|--|--------------------------|
| Federal Adjusted<br>Gross Income<br>Level | Number of<br>Returns | Net Liability After<br>Nonrefundable<br>Credits | Number of<br>Returns With<br>Liability | Net Liability<br>Percent |
| Less Than \$10,000                        | 144,292              | \$ 3,456,783                                    | 50,266                                 | 0.21%                    |
| \$10,000 - 24,999                         | 198,378              | \$ 31,203,820                                   | 183,564                                | 1.89%                    |
| \$25,000 - 49,999                         | 226,644              | \$ 166,671,068                                  | 221,663                                | 10.07%                   |
| \$50,000 - 99,999                         | 224,158              | \$ 470,874,013                                  | 221,085                                | 28.46%                   |
| \$100,000 and Over                        | 121,945              | \$ 982,269,847                                  | 117,872                                | 59.37%                   |
| State Total                               | 915,417              | \$ 1,654,475,531                                | 794,450                                | 100.00%                  |

| <b>2019</b>                               |                          |   |  |                          |
|---|--------------------------|---|--|--------------------------|
| Federal Adjusted<br>Gross Income<br>Level | Number of<br>Returns (1) | Net Liability After<br>Nonrefundable<br>Credits | Number of<br>Returns With<br>Liability (1) | Net Liability<br>Percent |
| Less Than \$10,000                        | 125,644                  | \$ 4,495,743                                    | 32,871                                     | 0.18%                    |
| \$10,000 - 24,999                         | 175,415                  | \$ 21,426,519                                   | 160,368                                    | 0.84%                    |
| \$25,000 - 49,999                         | 246,699                  | \$ 173,364,037                                  | 240,752                                    | 6.81%                    |
| \$50,000 - 99,999                         | 250,735                  | \$ 532,923,442                                  | 246,479                                    | 20.92%                   |
| \$100,000 and Over                        | 210,890                  | \$ 1,815,120,687                                | 203,891                                    | 71.25%                   |
| State Total                               | 1,009,383                | \$ 2,547,330,428                                | 884,361                                    | 100.00%                  |

SOURCE: Department of Revenue 2010 and 2019 Annual Reports; [www.revenue.nebraska.gov](http://www.revenue.nebraska.gov)

NOTE: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.

Tax year 2019 is the most recent year for which data is available.

(1) Returns for 2019 data not available. Latest data for returns are 2018

State of Nebraska

**TAXABLE SALES BY INDUSTRY**

Calendar Years 2011 and 2020

|  | 2011                     | 2020                     |
|--|--------------------------|--------------------------|
| Agriculture, Forestry, Fishing & Hunting                     | \$ 76,211,151            | \$ 75,864,217            |
| Mining   | 51,250,770               | 60,375,784               |
| Utilities  | 2,223,128,012            | 2,636,683,949            |
| Construction   | 518,678,399              | 784,002,908              |
| Manufacturing  | 501,826,765              | 574,853,747              |
| Wholesale Trade  | 1,635,203,615            | 1,672,341,639            |
| Retail Trade   | 9,446,715,571            | 11,752,873,532           |
| Transportation   | 91,161,436               | 678,664,562              |
| Warehousing Services   | 41,131,138               | 32,600,241               |
| Information  | 845,406,183              | 670,396,630              |
| Finance & Insurance  | 27,289,357               | 22,630,909               |
| Real Estate, Rental & Leasing Services                       | 217,679,895              | 266,004,709              |
| Professional, Scientific & Technical Services                | 313,763,339              | 371,242,794              |
| Management of Companies & Enterprises Services               | 4,961,437                | 8,056,440                |
| Administration, Support, Waste Management, Remedial Services | 490,073,874              | 560,280,434              |
| Educational Services   | 26,190,076               | 15,372,883               |
| Health Care & Social Assistance Services                     | 40,486,540               | 41,568,775               |
| Arts, Entertainment & Recreation Services                    | 316,715,014              | 275,660,488              |
| Accommodation & Food Services                                | 2,820,677,755            | 3,211,390,747            |
| Other Services   | 882,524,778              | 1,074,909,617            |
| Public Administration  | 219,179,228              | 246,699,904              |
| Unclassified   | 4,553,074                | 1,271,919                |
| Nebraska Total   | <u>20,794,807,407</u>    | <u>25,033,746,828</u>    |
| Non-Nebraska (1)   | <u>4,124,104,270</u>     | <u>10,200,461,539</u>    |
| Nebraska - Total Sales                                       | <u>\$ 24,918,911,677</u> | <u>\$ 35,234,208,367</u> |
| Direct sales tax rate  | Jan. 1 - Dec. 31<br>5.5% | Jan. 1 - Dec. 31<br>5.5% |

**SOURCE:** Nebraska Department of Revenue - Annual Report  
Sales Tax Statistics by Nebraska Business Classification

**NOTES:** (1) Sales made by non-Nebraska vendors, goods delivered to Nebraska, sales tax remitted to Nebraska.

State of Nebraska

**SCHEDULE OF RATIOS OF OUTSTANDING DEBT**

2012 - 2021

(Dollars in thousands)

|  | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             | 2021             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Governmental Activities</b>                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital leases under certificates of participation | 25,358           | 22,716           | 18,175           | 15,475           | 34,780           | 29,450           | 33,455           | 38,445           | 31,430           | 37,825           |
| Obligations under other financing arrangements     | 14,860           | 6,315            | 5,565            | -                | -                | -                | -                | -                | -                | -                |
| <b>Total Primary Government</b>                    | <b>\$ 40,218</b> | <b>\$ 29,031</b> | <b>\$ 23,740</b> | <b>\$ 15,475</b> | <b>\$ 34,780</b> | <b>\$ 29,450</b> | <b>\$ 33,455</b> | <b>\$ 38,445</b> | <b>\$ 31,430</b> | <b>\$ 37,825</b> |
| <b>Debt as a Percentage of Personal Income</b>     | 0.05%            | 0.03%            | 0.03%            | 0.02%            | 0.04%            | 0.03%            | 0.03%            | 0.04%            | 0.03%            | 0.03%            |
| <b>Amount of Debt per Capita</b>                   | <b>\$ 22</b>     | <b>\$ 16</b>     | <b>\$ 13</b>     | <b>\$ 8</b>      | <b>\$ 18</b>     | <b>\$ 15</b>     | <b>\$ 17</b>     | <b>\$ 20</b>     | <b>\$ 16</b>     | <b>\$ 19</b>     |

**NOTE:** Details regarding Lease Commitments, Obligations Under Other Financing Arrangements, and Bonds Payable can be found in ACFR Notes 8, 9 & 15 of the financial statements.  
Population figures from the Population, Personal and Per Capita Income schedule.

State of Nebraska

**COMPARATIVE UNEMPLOYMENT  
NEBRASKA AND UNITED STATES**

2011 - 2020

| YEAR | NEBRASKA             |                     |              | NEBRASKA<br>UNEMPLOYMENT<br>AS PERCENT OF<br>LABOR FORCE | UNITED STATES<br>UNEMPLOYMENT<br>AS PERCENT OF<br>LABOR FORCE |
|------|----------------------|---------------------|--------------|--|---|
|      | TOTAL<br>LABOR FORCE | TOTAL<br>EMPLOYMENT | UNEMPLOYMENT |  |   |
| 2011 | 1,003,452            | 958,813             | 44,639       | 4.4%   | 8.9%  |
| 2012 | 1,015,087            | 974,138             | 40,949       | 4.0  | 8.1   |
| 2013 | 1,018,436            | 979,379             | 39,057       | 3.8  | 7.4   |
| 2014 | 1,011,918            | 978,208             | 33,710       | 3.3  | 6.2   |
| 2015 | 1,008,616            | 977,465             | 31,151       | 3.1  | 5.3   |
| 2016 | 1,011,180            | 978,261             | 32,919       | 3.3  | 4.9   |
| 2017 | 1,007,011            | 977,444             | 29,567       | 2.9  | 4.4   |
| 2018 | 1,020,197            | 991,688             | 28,509       | 2.8  | 3.9   |
| 2019 | 1,035,240            | 1,003,680           | 31,560       | 3.0  | 3.7   |
| 2020 | 1,035,175            | 991,388             | 43,787       | 4.2  | 8.1   |

**SOURCE:** Nebraska Statistics - Nebraska Department of Labor, Labor Market Information  
United States Unemployment - U.S. Department of Labor, Bureau of Labor Statistics

State of Nebraska

**POPULATION, PERSONAL AND PER CAPITA INCOME  
NEBRASKA AND UNITED STATES**

Calendar Years 2011 – 2020

| YEAR | NEBRASKA   |                                  |                      | UNITED STATES |                                  |                      |
|------|------------|----------------------------------|----------------------|---------------|----------------------------------|----------------------|
|      | POPULATION | PERSONAL INCOME<br>(IN MILLIONS) | PER CAPITA<br>INCOME | POPULATION    | PERSONAL INCOME<br>(IN MILLIONS) | PER CAPITA<br>INCOME |
| 2011 | 1,842,641  | 78,220                           | 42,450               | 311,591,917   | 12,949,905                       | 41,560               |
| 2012 | 1,855,525  | 83,521                           | 45,012               | 313,914,040   | 13,729,063                       | 43,735               |
| 2013 | 1,868,516  | 86,013                           | 46,033               | 316,128,839   | 14,081,242                       | 44,543               |
| 2014 | 1,881,503  | 88,569                           | 47,073               | 318,857,056   | 14,708,582                       | 46,129               |
| 2015 | 1,896,190  | 92,048                           | 48,544               | 321,418,820   | 15,463,981                       | 48,112               |
| 2016 | 1,907,116  | 95,411                           | 50,029               | 323,127,513   | 15,912,777                       | 49,246               |
| 2017 | 1,920,076  | 97,557                           | 50,809               | 325,719,178   | 16,820,250                       | 51,640               |
| 2018 | 1,929,268  | 102,759                          | 53,263               | 327,167,434   | 17,813,035                       | 54,446               |
| 2019 | 1,934,408  | 105,454                          | 54,515               | 328,239,523   | 18,542,262                       | 56,490               |
| 2020 | 1,937,552  | 111,545                          | 57,570               | 329,484,123   | 19,607,447                       | 59,510               |

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

State of Nebraska

**TEN LARGEST EMPLOYERS**

2020 and 2011

| NAME OF COMPANY                                  | December 2020 |                        |                          | December 2011 |                        |                          |
|--|---------------|------------------------|--------------------------|---------------|------------------------|--------------------------|
|  | RANK          | NUMBER OF<br>EMPLOYEES | % OF TOTAL<br>EMPLOYMENT | RANK          | NUMBER OF<br>EMPLOYEES | % OF TOTAL<br>EMPLOYMENT |
| State of Nebraska (excluding University)         | 1             | 17,664                 | 1.862                    | 1             | 18,653                 | 1.965                    |
| US Government (excluding Department of Defense*) | 2             | 17,400                 | 1.835                    | 2             | 15,403                 | 1.623                    |
| University of Nebraska **                        | 3             | 14,992                 | 1.581                    | 5             | 10,547                 | 1.111                    |
| Creighton University                             | 4             | 11,268                 | 1.188                    |               |                        |                          |
| Nebraska Medical Center                          | 5             | 10,584                 | 1.116                    |               |                        |                          |
| Alegent Health/CHI                               | 6             | 10,426                 | 1.099                    | 9             | 6,675                  | 0.703                    |
| Hy-Vee Food Stores                               | 7             | 8,646                  | 0.912                    |               |                        |                          |
| Omaha Public Schools                             | 8             | 7,932                  | 0.836                    | 7             | 8,073                  | 0.851                    |
| Nebraska Medicine                                | 9             | 7,591                  | 0.800                    |               |                        |                          |
| Lincoln Public Schools Inc                       | 10            | 6,842                  | 0.721                    |               |                        |                          |
| Offutt Air Force Base                            |               |                        |                          | 3             | 11,137                 | 1.173                    |
| Tyson Foods, Inc.                                |               |                        |                          | 4             | 11,000                 | 1.159                    |
| Walmart  |               |                        |                          | 6             | 9,755                  | 1.028                    |
| Union Pacific Corporation                        |               |                        |                          | 8             | 7,200                  | 0.759                    |
| First Data Corp.                                 |               |                        |                          | 10            | 6,300                  | 0.664                    |

SOURCE: The Nebraska Department of Economic Development, Hoovers, a Dun and Bradstreet data base, and Employers

NOTES:

\* Sources did not track US Government employment in Nebraska

\*\* University of Nebraska - Medical Center, University of Nebraska - Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney

State of Nebraska

**PUBLIC AND STATE OPERATED SCHOOL ENROLLMENT  
PREKINDERGARTEN – GRADE 12**

2011/12 – 2020/21

| ACADEMIC YEAR | PRE KDG. AND KDG. | GRADES 1 – 3 | GRADES 4 – 6 | GRADES 7 – 9 | GRADES 10 – 12 | TOTAL ALL GRADES |
|---------------|-------------------|--------------|--------------|--------------|----------------|------------------|
| 2011 – 2012   | 36,682            | 68,470       | 65,974       | 64,341       | 65,850         | 301,317          |
| 2012 – 2013   | 35,926            | 69,224       | 66,951       | 65,127       | 66,277         | 303,505          |
| 2013 – 2014   | 38,482            | 68,140       | 68,182       | 66,369       | 66,504         | 307,677          |
| 2014 - 2015   | 39,204            | 69,398       | 68,988       | 67,843       | 67,202         | 312,635          |
| 2015 - 2016   | 39,039            | 69,979       | 69,688       | 68,560       | 68,749         | 316,015          |
| 2016 - 2017   | 38,750            | 71,445       | 69,071       | 70,133       | 69,795         | 319,194          |
| 2017 - 2018   | 40,745            | 70,624       | 70,383       | 70,911       | 71,103         | 323,766          |
| 2018 - 2019   | 41,582            | 69,814       | 71,122       | 71,747       | 71,899         | 326,164          |
| 2019 - 2020   | 42,984            | 69,552       | 72,540       | 71,272       | 72,942         | 329,290          |
| 2020 - 2021   | 40,447            | 68,679       | 70,488       | 71,232       | 73,330         | 324,176          |

SOURCE: Statistics and Facts About Nebraska Schools, Nebraska Department of Education.

State of Nebraska

**PUBLIC HIGHER EDUCATION INSTITUTIONS  
TOTAL FALL HEADCOUNT ENROLLMENT**

2011 - 2020

|                                   | 2011           | 2012           | 2013           | 2014          | 2015          | 2016           | 2017           | 2018          | 2019          | 2020          |
|-----------------------------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|
| <b>COLLEGES AND UNIVERSITIES:</b> |                |                |                |               |               |                |                |               |               |               |
| Chadron State College             | 2,851          | 2,994          | 3,056          | 3,033         | 2,993         | 2,977          | 2,737          | 2,448         | 2,407         | 2,330         |
| Peru State College                | 2,358          | 2,390          | 2,422          | 2,499         | 2,506         | 2,571          | 2,349          | 2,114         | 2,109         | 1,902         |
| Wayne State College               | 3,517          | 3,555          | 3,506          | 3,470         | 3,431         | 3,357          | 3,292          | 3,633         | 3,890         | 4,202         |
| University of Nebraska            |                |                |                |               |               |                |                |               |               |               |
| Lincoln (1)                       | 24,926         | 24,538         | 24,745         | 25,390        | 25,772        | 26,239         | 26,396         | 26,155        | 25,721        | 25,390        |
| Omaha                             | 14,712         | 14,786         | 15,227         | 15,227        | 15,526        | 15,627         | 15,731         | 15,431        | 15,153        | 15,892        |
| Kearney                           | 7,100          | 7,199          | 7,052          | 6,902         | 6,747         | 6,788          | 6,644          | 6,327         | 6,279         | 6,225         |
| Medical Center                    | 3,625          | 3,655          | 3,681          | 3,696         | 3,790         | 3,862          | 3,908          | 3,972         | 4,055         | 3,699         |
| TOTAL COLLEGES AND UNIVERSITIES   | <u>59,089</u>  | <u>59,117</u>  | <u>59,689</u>  | <u>60,217</u> | <u>60,765</u> | <u>61,421</u>  | <u>61,057</u>  | <u>60,080</u> | <u>59,614</u> | <u>59,640</u> |
| <b>COMMUNITY COLLEGES</b>         |                |                |                |               |               |                |                |               |               |               |
| Central CC                        | 7,521          | 7,283          | 6,906          | 6,377         | 6,227         | 6,316          | 6,082          | 6,354         | 6,368         | 5,974         |
| Metropolitan CC                   | 18,518         | 17,376         | 15,752         | 14,675        | 14,812        | 14,788         | 14,954         | 14,913        | 14,300        | 13,244        |
| Mid-Plains CC                     | 2,623          | 2,591          | 2,491          | 2,143         | 2,235         | 2,276          | 2,221          | 2,216         | 2,125         | 2,075         |
| Northeast CC                      | 5,161          | 5,251          | 5,145          | 5,061         | 5,051         | 5,075          | 5,086          | 5,016         | 5,258         | 5,105         |
| Southeast CC                      | 11,479         | 10,168         | 9,751          | 9,392         | 9,248         | 9,262          | 9,412          | 9,240         | 9,756         | 9,328         |
| Western CC                        | 2,240          | 2,230          | 1,960          | 1,836         | 1,534         | 1,719          | 1,905          | 1,825         | 1,722         | 1,625         |
| TOTAL COMMUNITY COLLEGES          | <u>47,542</u>  | <u>44,899</u>  | <u>42,005</u>  | <u>39,484</u> | <u>39,107</u> | <u>39,436</u>  | <u>39,660</u>  | <u>39,564</u> | <u>39,529</u> | <u>37,351</u> |
| TOTAL ALL INSTITUTIONS            | <u>106,631</u> | <u>104,016</u> | <u>101,694</u> | <u>99,701</u> | <u>99,872</u> | <u>100,857</u> | <u>100,717</u> | <u>99,644</u> | <u>99,143</u> | <u>96,991</u> |

NOTE: (1) University of Nebraska-Lincoln count includes Nebraska College of Technical Agriculture - Curtis for all years.

SOURCE: Nebraska Coordinating Commission for Postsecondary Education



State of Nebraska

**FULL TIME EQUIVALENT PERMANENT  
EMPLOYEES BY FUNCTION**  
2011 - 2020

| <b>FUNCTION</b>          | <b>2011</b>   | <b>2012</b>   | <b>2013</b>   | <b>2014</b>   | <b>2015</b>   | <b>2016</b>   | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   | <b>2020</b>   |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Conservation             | 323           | 328           | 321           | 316           | 313           | 318           | 309           | 314           | 300           | 302           |
| Regulation               | 350           | 355           | 358           | 353           | 360           | 355           | 348           | 351           | 353           | 351           |
| Economic Development     | 459           | 430           | 426           | 439           | 440           | 444           | 1,029         | 1,082         | 1,093         | 1,051         |
| Culture and Recreation   | 495           | 503           | 512           | 510           | 504           | 502           | 490           | 503           | 533           | 539           |
| Education                | 586           | 578           | 579           | 603           | 608           | 605           | 588           | 565           | 549           | 573           |
| Transportation           | 2,118         | 2,102         | 2,118         | 2,103         | 2,113         | 2,083         | 2,003         | 1,970         | 1,980         | 1,980         |
| General Government       | 2,706         | 2,687         | 2,840         | 2,919         | 2,975         | 3,057         | 3,055         | 3,070         | 3,319         | 3,312         |
| Public Safety            | 3,369         | 3,333         | 3,381         | 3,436         | 3,406         | 3,320         | 3,307         | 3,333         | 3,365         | 3,375         |
| Health & Social Services | 5,433         | 5,586         | 5,748         | 5,700         | 5,726         | 5,476         | 4,781         | 4,670         | 4,651         | 4,694         |
|                          | <u>15,839</u> | <u>15,902</u> | <u>16,283</u> | <u>16,379</u> | <u>16,445</u> | <u>16,160</u> | <u>15,910</u> | <u>15,858</u> | <u>16,143</u> | <u>16,177</u> |

SOURCE: Nebraska State Government - State Personnel Division - 2021 Almanac

State of Nebraska

**OPERATING INDICATORS BY FUNCTION**

2012 - 2021

|  | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019      | 2020      | 2021      |
|--|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|
| <b>General Government</b>                              |            |            |            |            |            |            |            |           |           |           |
| <b>Department of Revenue</b>                           |            |            |            |            |            |            |            |           |           |           |
| Percentage of returns filed electronically             | 88.0%      | 88.5%      | 89.9%      | 90.8%      | 90.8%      | 90.7%      | 91.6%      | 92.4%     | 93.1%     | 94.0%     |
| Percentage of direct deposit refunds                   | 80.5%      | 77.3%      | 78.9%      | 77.8%      | 78.2%      | 77.5%      | 80.0%      | 81.2%     | 81.1%     | 79.2%     |
| <b>Department of Transportation</b>                    |            |            |            |            |            |            |            |           |           |           |
| Percentage of Roads in very good or good condition (1) | 74%        | 74%        | 75%        | 82%        | 84%        | 84%        | 84%        | 82%       | 82%       | 90%       |
| <b>Conservation of Natural Resources</b>               |            |            |            |            |            |            |            |           |           |           |
| <b>Department of Environmental and Energy</b>          |            |            |            |            |            |            |            |           |           |           |
| Inspections by field office staff                      |            |            |            |            |            |            |            |           |           |           |
| Air Quality  | 139        | 90         | 82         | 216        | 184        | 139        | 141        | 164       | 132       | 145       |
| Water Quality  | 1,591      | 1,801      | 1,113      | 1,396      | 1,552      | 1,682      | 1,219      | 1,234     | 1,075     | 1,788     |
| Waste Management                                       | 153        | 172        | 145        | 135        | 130        | 126        | 156        | 138       | 107       | 228       |
| <b>Culture - Recreation</b>                            |            |            |            |            |            |            |            |           |           |           |
| <b>Game and Parks Commission</b>                       |            |            |            |            |            |            |            |           |           |           |
| Park visitors (1,2)                                    | 10,597,549 | 11,684,965 | 12,426,891 | 11,654,110 | 13,469,281 | 12,746,003 | 10,086,731 | 9,497,926 | 6,706,057 | N/A       |
| Hatchery fish raised (in millions) (1)                 | 40.4       | 39.4       | 48.6       | 49.7       | 48.0       | 47.0       | 50.2       | 41.3      | 10.5      | N/A       |
| <b>Education</b>                                       |            |            |            |            |            |            |            |           |           |           |
| <b>Department of Education</b>                         |            |            |            |            |            |            |            |           |           |           |
| Fall Enrollment  |            |            |            |            |            |            |            |           |           |           |
| Pre-K to 12th grade                                    | 303,505    | 307,677    | 312,635    | 316,015    | 319,194    | 323,766    | 326,164    | 329,290   | 324,176   | N/A       |
| State Colleges and Universities                        | 59,117     | 59,689     | 60,217     | 60,765     | 61,421     | 61,057     | 60,080     | 59,614    | 59,640    | N/A       |
| Public Community Colleges                              | 44,899     | 42,005     | 39,484     | 39,107     | 39,436     | 39,660     | 39,564     | 39,529    | 37,351    | N/A       |
| <b>Health and Social Services</b>                      |            |            |            |            |            |            |            |           |           |           |
| <b>Health and Human Services</b>                       |            |            |            |            |            |            |            |           |           |           |
| Child Support Payments                                 |            |            |            |            |            |            |            |           |           |           |
| Number of Payments Received                            | 1,517,767  | 1,505,288  | 1,381,831  | 1,513,974  | 1,537,522  | 1,501,372  | 1,472,013  | 1,490,642 | 1,502,975 | 1,488,749 |
| Number of Payments Disbursed                           | 1,387,684  | 1,379,810  | 1,400,860  | 1,414,213  | 1,415,392  | 1,400,110  | 1,380,588  | 1,378,498 | 1,401,680 | 1,383,168 |
| Medicaid (average monthly)                             |            |            |            |            |            |            |            |           |           |           |
| Medicaid recipients                                    | 237,543    | 240,639    | 235,496    | 235,355    | 232,795    | 237,309    | 241,966    | 242,316   | 244,010   | 304,655   |
| Percentage of Nebraska population                      | 12.8%      | 12.9%      | 12.5%      | 12.4%      | 12.2%      | 12.4%      | 12.5%      | 12.5%     | 12.6%     | N/A       |
| Supplemental Nutrition Assistance Program              |            |            |            |            |            |            |            |           |           |           |
| Number of households                                   | 76,776     | 78,743     | 78,051     | 76,989     | 78,370     | 78,788     | 77,122     | 74,031    | 72,425    | 72,476    |
| Percentage of Nebraska households                      | 9.6%       | 9.8%       | 9.6%       | 9.4%       | 9.5%       | 9.4%       | 9.1%       | 8.7%      | 8.5%      | N/A       |
| <b>Public Safety</b>                                   |            |            |            |            |            |            |            |           |           |           |
| <b>Department of Correctional Services</b>             |            |            |            |            |            |            |            |           |           |           |
| Inmate population (average daily) (3)                  | 5,975      | 6,224      | 6,544      | 6,659      | 6,641      | 6,588      | 6,611      | 5,434     | 5,629     | 5,364     |
| Percentage of Nebraska population                      | 0.32%      | 0.33%      | 0.35%      | 0.35%      | 0.35%      | 0.34%      | 0.34%      | 0.28%     | 0.29%     | N/A       |
| Total Admissions (3)                                   | 3,258      | 3,351      | 3,242      | 2,608      | 2,504      | 2,315      | 2,239      | 2,715     | 2,463     | 2,427     |
| Total Releases (3)                                     | 3,251      | 3,113      | 2,985      | 2,555      | 2,094      | 2,372      | 2,402      | 2,507     | 2,519     | 2,416     |
| <b>State Patrol</b>                                    |            |            |            |            |            |            |            |           |           |           |
| Traffic Stops  | N/A        | N/A        | N/A        | N/A        | N/A        | 182,935    | 149,232    | 115,210   | 96,325    | N/A       |
| <b>Transportation</b>                                  |            |            |            |            |            |            |            |           |           |           |
| <b>Department of Motor Vehicles</b>                    |            |            |            |            |            |            |            |           |           |           |
| Motor Vehicle Registrations (1)                        |            |            |            |            |            |            |            |           |           |           |
| Automobiles  |            |            |            |            |            |            |            |           |           |           |
|  | 1,161,629  | 1,174,669  | 1,188,368  | 1,205,595  | 1,220,465  | 1,239,329  | 1,242,548  | 1,203,304 | 1,190,940 | N/A       |
| Trucks   |            |            |            |            |            |            |            |           |           |           |
| Farm   | 173,649    | 176,910    | 177,796    | 180,150    | 180,697    | 182,312    | 182,481    | 164,281   | 164,363   | N/A       |
| Commercial / Other                                     | 403,846    | 411,037    | 417,049    | 428,617    | 439,291    | 448,501    | 454,098    | 406,225   | 414,177   | N/A       |
| Motorcycles  | 55,461     | 55,833     | 55,475     | 55,585     | 55,340     | 54,863     | 53,566     | 50,647    | 50,373    | N/A       |

**NOTES:** (1) Data is provided on a calendar basis.  
 (2) Park visitation is counted in daily visits.  
 (3) Prior to 2019. Data provided was on a calendar basis.  
 N/A - Not Available

**SOURCE:** State Agencies: Department of Revenue, Department of Transportation, Department of Environment and Energy, Game and Parks Commission, Department of Education, Health and Human Services, Department of Correctional Services, Nebraska State Patrol, Department of Motor Vehicles

State of Nebraska

**CAPITAL ASSET STATISTICS BY FUNCTION**

2012 - 2021

|  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>General Government</b>                            |       |       |       |       |       |       |       |       |       |       |
| <b>Department of Administrative Services</b>         |       |       |       |       |       |       |       |       |       |       |
| Buildings  | 277   | 271   | 266   | 267   | 263   | 270   | 269   | 267   | 255   | 235   |
| Vehicles   | 1,083 | 1,007 | 1,050 | 1,058 | 1,046 | 1,062 | 1,120 | 1,096 | 1,176 | 1,130 |
| <b>Conservation of Natural Resources</b>             |       |       |       |       |       |       |       |       |       |       |
| <b>Game and Parks Commission</b>                     |       |       |       |       |       |       |       |       |       |       |
| Acres of state park and wildlife land (in thousands) | 151   | 152   | 152   | 152   | 154   | 151   | 158   | 148   | 148   | 153   |
| <b>Culture - Recreation</b>                          |       |       |       |       |       |       |       |       |       |       |
| <b>Game and Parks Commission</b>                     |       |       |       |       |       |       |       |       |       |       |
| State Parks  | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     |
| Historical Parks                                     | 10    | 9     | 9     | 9     | 9     | 9     | 10    | 10    | 10    | 10    |
| Recreation and wildlife areas                        | 321   | 322   | 322   | 347   | 350   | 350   | 357   | 350   | 347   | 347   |
| Fish hatcheries                                      | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |
| <b>Education</b>                                     |       |       |       |       |       |       |       |       |       |       |
| <b>NETV Commission</b>                               |       |       |       |       |       |       |       |       |       |       |
| Towers, antennas and transmitters                    | 42    | 42    | 42    | 42    | 45    | 51    | 46    | 45    | 45    | 46    |
| <b>Public Safety</b>                                 |       |       |       |       |       |       |       |       |       |       |
| <b>State Patrol</b>                                  |       |       |       |       |       |       |       |       |       |       |
| Pursuit Vehicles                                     | 436   | 486   | 486   | 526   | 339   | 310   | 554   | 384   | 249   | 340   |
| <b>Department of Corrections</b>                     |       |       |       |       |       |       |       |       |       |       |
| Buildings  | 135   | 134   | 130   | 150   | 149   | 134   | 148   | 146   | 133   | 136   |
| <b>Transportation</b>                                |       |       |       |       |       |       |       |       |       |       |
| <b>Department of Transportation</b>                  |       |       |       |       |       |       |       |       |       |       |
| Highway miles (calendar year)                        | 9,946 | 9,946 | 9,945 | 9,942 | 9,944 | 9,945 | 9,945 | 9,944 | 9,942 | N/A   |
| Heavy trucks, plows and graders                      | 1,063 | 1,054 | 1,052 | 1,022 | 1,025 | 1,064 | 1,049 | 1,052 | 1,031 | 1,048 |

**NOTE:** Other agencies, including those in the Economic Development, Health and Social Services and Regulation functional areas are not capital asset intensive.

N/A - Not Available

**SOURCE:** State Agencies: Department of Administrative Services, Game and Parks Commission, NETV Commission, Nebraska State Patrol, Department of Correctional Services, and Department of Transportation

## State of Nebraska

# MISCELLANEOUS DATA

June 30, 2021

---

|                    |  |
|--------------------|--|
| Date Entered Union | March 1, 1867 (37th State)   |
| Form of Government | Legislative – Executive – Judicial                                     |
| Land Area          | 77,358 square miles (16th largest in U.S.)                             |
| Elevation          | 840 to 5,424 feet above sea level                                      |
| Capital            | Lincoln  |
| Largest City       | Omaha  |
| Origin of Name     | From Oto Indian word "Nebrathka" meaning "flat water"                  |
| Nickname           | Cornhusker State (from method of harvesting or "husking" corn by hand) |

**SOURCE:** Nebraska Blue Book, 2018-2019

## **Acknowledgments**

The State Accounting Division of Administrative Services prepared the Annual Comprehensive Financial Report. The following State Accounting Division staff were key members in the preparation of the report:

Sheryl Hesseltine  
Shannon Muffly  
Kevin Le  
Chad Pinger  
Patrick Trinh

Special acknowledgment goes to:

All fiscal and accounting staff throughout the State whose cooperation and efforts contributed to the compilation of the financial information.

Report produced by:

State Accounting Division  
1526 K Street, Suite 240  
Lincoln, NE 68508

Report located on our website: [www.das.nebraska.gov/accounting/](http://www.das.nebraska.gov/accounting/)