NEW ISSUE—FULL BOOK-ENTRY **Rating: S&P: "AA+"**
(See "RATING" herein)

In the opinion of Special Counsel, under existing laws, regulations, rulings and judicial decisions and assuming compliance by Lessee with certain covenants, the portion of the Rental Payments payable by Lessee which is designated and paid as interest, as provided in the Lease, and received by the owners of the Certificates is not includable in gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. See, however, "TAX EXEMPTION" herein regarding certain other federal tax considerations.

OFFERING CIRCULAR
$6,050,000
THE STATE OF NEBRASKA
CERTIFICATES OF PARTICIPATION
(Series 2023A)
Evidencing Proportionate
Interests in Assignments of Rights to Receive
Certain Revenues to be Paid Pursuant to a
Master Lease with Option to Purchase Agreement V
dated as of December 1, 2019
and Equipment Schedule dated April 13, 2023
(Subject to Annual Termination)
With Union Bank and Trust Company,
as Lessor

Dated: Date of Delivery Due: April 1, as described below

The above-described Certificates of Participation (the "Certificates") are being issued to finance the acquisition and installation of certain equipment (the "Equipment") being used or to be used for essential governmental purposes by government agencies of the State of Nebraska and to pay the costs related to the issuance of the Certificates. The Equipment will be leased to the State of Nebraska acting by and through the Department of Administrative Services ("Lessee") pursuant to a Master Lease with Option to Purchase Agreement V dated as of December 1, 2019 and related Equipment Schedule dated April 13, 2023 (collectively, the "Lease") by and between Lessee and Union Bank and Trust Company, Lincoln, Nebraska, as trustee for and on behalf of Piper Sandler & Co., as lessor (as successor by merger to Piper Jaffray & Co. and herein referred to as "Lessor").

The Certificates are being issued pursuant to a Master Trust Indenture V dated as of December 1, 2019 (the "Master Indenture") by and between Lessor and Union Bank and Trust Company, Lincoln, Nebraska, as trustee, and a Series 2023A Supplemental Indenture dated as of April 1, 2023 (collectively with the Master Indenture, the "Indenture") by and between Lessor and Union Bank and Trust Company, Lincoln, Nebraska, as trustee ("Trustee"), and are issuable in fully registered form and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Certificates. Purchases of beneficial ownership interests in the Certificates will be made in book-entry form only, in $5,000 principal amounts or integral multiples thereof. Beneficial Owners of the Certificates will not receive physical delivery of certificates evidencing their ownership interest in the Certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Certificates. Semiannual interest on the Certificates is payable each April 1 and October 1, commencing October 1, 2023, as more fully described herein. So long as DTC or its nominee is the registered owner of the Certificates, payments of the principal, premium, if any, and interest on the Certificates will be made directly to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. See "THE CERTIFICATES—Book-Entry-Only System" herein. Distributions representing principal are payable with respect to each Certificate on the following Maturity Dates:

Maturity (April 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP
2024	$1,200,000	5.000%	102.236%	2.640%	63968H H52
2025	$1,255,000	3.000%	100.780%	2.590%	63968H H60
2026	$1,295,000	5.000%	107.075%	2.510%	63968H H78
2027	$1,360,000	5.000%	109.344%	2.510%	63968H H86
2028	$940,000	5.000%	109.344%	2.510%*	63968H H94

The Certificates maturing on or after April 1, 2028 are subject to optional redemption prior to maturity at any time on or after April 1, 2027 in whole or in part, at a price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption. The Certificates are also subject to extraordinary mandatory redemption following the occurrence of a nonappropriation by the Legislature of the State of Nebraska (the "Legislature") or an event of default and to special mandatory redemption. See "THE CERTIFICATES—Redemption Provisions," "THE LEASE—Non-Appropriation" and "RISK FACTORS."

The Certificates are payable solely from amounts paid by Lessee under the Lease. The payments under the Lease are payable from moneys budgeted and appropriated by the Legislature. Lessee has covenanted to include when necessary in each of the budgets submitted to the Legislature for appropriation by the Legislature, amounts sufficient, together with existing appropriations and any other lawfully available moneys, to enable each Rental Payment and all other expenses and sums payable under the Lease by Lessee to be paid when due. See "APPROPRIATION OF ANNUAL RENTAL PAYMENTS."

THE OBLIGATIONS OF LESSEE UNDER THE LEASE DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF NEBRASKA OR ANY DEPARTMENT OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION AND DO NOT CONSTITUTE A LIABILITY OF OR A LIEN OR CHARGE UPON THE MONEYS OR PROPERTY OF THE STATE OF NEBRASKA OR ANY DEPARTMENT OR AGENCY THEREOF, EXCEPT THOSE LAWFULLY AVAILABLE MONEYS WHICH THE LEGISLATURE HAS BUDGETED AND APPROPRIATED THEREFOR DURING ANY FISCAL PERIOD. IF MONEYS ARE NOT SO BUDGETED AND APPROPRIATED BY THE LEGISLATURE FOR ANY FISCAL PERIOD, THE LEASE WILL BE TERMINATED AT THE END OF THE PRECEDING FISCAL PERIOD AND LESSEE WILL NOT BE REQUIRED TO MAKE RENTAL PAYMENTS COMING DUE AFTER SUCH TERMINATION. SEE "RISK FACTORS."

The Certificates are offered when, as and if issued and are subject to the receipt of the legal opinion of Kutak Rock LLP, Omaha, Nebraska, Special Counsel. It is expected that the Certificates will be available in definitive form for delivery at DTC in New York, New York on or about April 13, 2023.

PIPER | SANDLER

Dated: March 28, 2023

* Yield calculated to first optional call date @ 100%.

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No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Offering Circular and, if given or made, such other information or representations must not be relied upon as having been authorized by the Underwriter or the State of Nebraska. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Certificates, by any person in jurisdictions in which it is unlawful for such person to make any such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. This Offering Circular is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The Underwriter may offer and sell Certificates to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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$6,050,000
THE STATE OF NEBRASKA
CERTIFICATES OF PARTICIPATION
(Series 2023A)
Evidencing Proportionate
Interests in Assignments of Rights to Receive
Certain Revenues to be Paid Pursuant to a
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and Equipment Schedule dated
April 13, 2023
(Subject to Annual Termination)
With Union Bank and Trust Company,
as Lessor

INTRODUCTION

This Offering Circular, including the preceding pages and Appendices hereto, is provided to furnish information with respect to the offering, sale and delivery of the above-referenced Certificates of Participation (the "Certificates") representing direct and proportionate interests of the registered owners thereof (the "Owners") in rental payments (the "Rental Payments") to be made by the State of Nebraska acting by and through the Department of Administrative Services ("Lessee") pursuant to a Master Lease with Option to Purchase Agreement V dated as of December 1, 2019 (together with the Equipment Schedule dated April 13, 2023 relating to the hereinafter-defined Equipment, the "Lease") by and between Lessee and Union Bank and Trust Company, Lincoln, Nebraska, as trustee for and on behalf of Piper Sandler & Co., as lessor (as successor by merger to Piper Jaffray & Co. and herein referred to as "Lessor"), to finance the acquisition and installation of certain equipment (the "Equipment") by certain government agencies of the State of Nebraska, which Equipment is leased to Lessee by Lessor pursuant to the Lease. Under the Lease, Lessee is required to pay the Rental Payments in consideration of the lease of the Equipment, which Rental Payments comprise interest or principal and interest to be distributed to the Owners.

The Certificates are being issued pursuant to a Master Trust Indenture V dated as of December 1, 2019 (the "Master Indenture") by and between Lessor and Union Bank and Trust Company, as trustee, and a Series 2023A Supplemental Indenture dated as of April 1, 2023 (collectively with the Master Indenture, the "Indenture") by and between Lessor and Union Bank and Trust Company, Lincoln, Nebraska, as trustee ("Trustee"). The principal corporate trust office of Union Bank and Trust Company, as paying agent and registrar (the "Paying Agent") is Corporate Trust Department, 6801 South 27th Street, Lincoln, Nebraska 68512.

NEITHER THE LEASE, NOR THE OBLIGATION OF LESSEE TO MAKE PAYMENTS THEREUNDER, NOR THE CERTIFICATES ARE A GENERAL OBLIGATION OF THE STATE OF NEBRASKA OR ANY DEPARTMENT OR AGENCY THEREOF, AND THE FULL FAITH AND CREDIT OF THE STATE OF NEBRASKA IS NOT PLEDGED THERETO. AMOUNTS PAYABLE WITH RESPECT TO THE CERTIFICATES ARE PAYABLE SOLELY FROM THE PAYMENTS MADE UNDER THE LEASE AND FROM CERTAIN MONEYS HELD BY LESSOR UNDER THE LEASE.

The Rental Payments are payable from moneys to be budgeted and appropriated by the Legislature of the State of Nebraska (the "Legislature"). Lessee has covenanted to include in each budget submitted to the Legislature for appropriation by the Legislature amounts sufficient, together with existing appropriations and any other lawfully available money, to enable each Rental Payment and other expenses and sums payable under the Lease by Lessee to be paid when due. See "APPROPRIATION OF ANNUAL RENTAL PAYMENTS." If the Legislature specifically prohibits the State from paying all or any part of the amounts due under the Lease from amounts appropriated to Lessee for any fiscal year, the Lease will be terminated at the end of the preceding fiscal year, Lessee will not be required to pay the Rental Payments coming due after such termination and the Certificates will be subject to extraordinary mandatory redemption without premium. See "THE LEASE—Non-Appropriation," "THE CERTIFICATES—Redemption Provisions—*Extraordinary Mandatory Redemption*" and "RISK FACTORS."

The proceeds from the sale of the Certificates will be deposited into the Certificate Fund and the Projects Fund created by the Indenture and used, together with the interest earnings thereon, to pay for costs of acquiring and installing, or of reimbursing the costs of acquiring and installing, the Equipment, including costs of issuance of the Certificates. See "ESTIMATED SOURCES AND USES OF FUNDS."

There follow brief descriptions of the Certificates, the Lease, the Indenture, the participants in the transaction and related matters. Such descriptions do not purport to be comprehensive or definitive. References to such documents are qualified in their entirety by reference to the complete texts thereof, copies of such documents being available for inspection at the offices of Lessor. Capitalized terms used in this Offering Circular and not otherwise defined shall have the respective meanings given in the Lease or the Indenture.

THE EQUIPMENT

The Equipment consists of the Equipment Groups described by the Equipment Schedules submitted by Administrative Services, as follows:

Administrative Services

Administrative Services provides central services to all of State government through various divisions. These services include accounting, data processing, building operations, budgeting, communications, central services, personnel, risk management and transportation. The Office of the Chief Information Officer ("OCIO") will use equipment that is being lease-purchased with proceeds of the Certificates. See "ADMINISTRATIVE SERVICES."

The Office of the CIO. The Office of the CIO provides a comprehensive range of information technology services to state agencies and political subdivisions. Services of this division include:

- Voice and wireless communications services;
- Desktop and server leasing and support;
- Cabling;
- Local and wide area network management;
- Video conferencing;
- Statewide distance education network;
- Distributed mid-range computer system providing statewide applications used in county offices in each county courthouse;
- Email;
- Web application and website hosting;
- Application development;
- Mainframe computing support and large-scale data storage with 24-hour support.

The Office of the CIO depends on revenues from services to fund more than 99% of its total budget. The Office of the CIO must comply with federal accounting and audit standards governing cost recovery (2 C.F.R. §200). This means that cost recovery plans (and rates) must treat all agencies and programs equitably. The rate structure cannot allow one service to subsidize another service, and any excess revenue must be returned to the rate payers through a reduction of rates in the future. The Office of the CIO conducts a thorough review of cost recovery methods (budgets and rates) prior to the start of each fiscal year. Most rate changes are done in conjunction with the state's biennial budget process, but the Office of the CIO carefully monitors expenses and revenues throughout the year.

The equipment purchased for the Office of the CIO consists of the acquisition of desktop and laptop personal computers, printers, servers and storage hardware.

In fiscal year 2022, the Office of the CIO's operating expenditures were $115.895 million (net of depreciation) with a fund balance at June 30, 2022 of $22.1 million. The debt service payments of the Office of the CIO with regard to the Certificates will be approximately $1,500,000 in each of the first four years and approximately $1,010,000 in year five. The first full year's debt service payments represent approximately 1.29% of operating expenditures for the Office of the CIO in fiscal year 2022.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:	
Par Amount of Certificates	$6,050,000.00
Reoffering Premium	343,154.25
Total Sources	$6,393,154.25
Uses of Funds:	
Deposit To Projects Fund	$6,335,000.00
Underwriter's Discount	43,862.50
Costs of Issuance	14,291.75
Total Uses	$6,393,154.25

SECURITY FOR THE CERTIFICATES

Payments to the Owners are payable only from the Rental Payments and other moneys received and held by Lessor under the Lease and from amounts received by Lessor from the sale, lease or sublease of the Equipment after termination of the Lease following an Event of Default or Event of Non-Appropriation by Lessee. See "THE LEASE—Rental Payments" and "APPROPRIATION OF ANNUAL RENTAL PAYMENTS."

In order to secure its obligations under the Lease, Lessee has granted to Lessor a first and prior security interest in any and all right, title and interest of Lessee in the Equipment and in all additions, attachments, accessions and substitutions thereto and on any proceeds therefrom.

For a discussion of the risks associated with an Event of Default or an Event of Non-Appropriation, see "RISK FACTORS."

THE CERTIFICATES

Description of the Certificates

The aggregate principal amount of the Certificates shall be $6,050,000. The Certificates are the sixth series of certificates of participation issued under the Master Indenture. In addition, thirty-nine series of certificates of participation secured by equipment leases with the State were issued under four previous master trust indentures. The State does not expect that additional certificates of participation will be issued under the previous master trust indentures. The outstanding aggregate principal amount of such certificates of participation issued under the Master Indenture and the other master trust indentures on April 13, 2023, prior to the issuance of the Certificates, will be $28,110,000. The earlier series of certificates of participation under previous master trust indentures are, and all additional series of certificates of participation under the Master Indenture will be, secured by leases of equipment separate from the Lease.

The Certificates shall constitute proportionate interests in the assignment of the rights to receive payments under the Lease. The Certificates shall be executed and delivered in fully registered form in denominations of $5,000 or whole multiples thereof not exceeding the aggregate principal amount stated to mature on any given date. The Certificates shall be dated the date of delivery. The Owners of the Certificates shall be entitled to receive interest from the initial date of delivery of the Certificates. The first Interest Payment Date shall be October 1, 2023 and interest shall be payable semiannually thereafter on each April 1 and October 1. Interest on the Certificates is payable to the Owners, as shown on the registration books kept by the Paying Agent as of the close of business on the "regular record date," which is the fifteenth day of each calendar month next preceding a month in which occurs the interest payment date (or the Business Day immediately preceding such fifteenth day, if such fifteenth day is not a Business Day) or on a "special record date" established in accordance with the Indenture. The payment of principal, premium, if any, and interest represented by the Certificates shall be made in lawful money of the United States of America. The Depository Trust Company ("DTC") shall act as Depository for the Certificates. So long as DTC is acting as Depository, the principal, premium, if any, and interest on the Certificates shall be payable as directed by the Depository. The Certificates shall mature on the dates and in the amounts, with interest thereon at the rates, set forth below:

Maturity (April 1)	Principal Amount	Interest Rate	Price	Yield
2024	$1,200,000	5.000%	102.236%	2.640%
2025	$1,255,000	3.000%	100.780%	2.590%
2026	$1,295,000	5.000%	107.075%	2.510%
2027	$1,360,000	5.000%	109.344%	2.510%
2028	$940,000	5.000%	109.344%	2.510%

Book-Entry-Only System

The Certificates initially will be issued solely in book-entry form to be held in the book-entry only system maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such book entry-system is used, only DTC will receive or have the right to receive physical delivery of Certificates and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, each as hereinafter defined, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Certificates under the Resolution. The following information about the book-entry only system applicable to the Certificates has been supplied by DTC. Neither Lessor nor Paying Agent makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued in the aggregate principal amount of each serial maturity of the Certificates each in the aggregate principal amount of maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Lessor, as issuer of the Certificates, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of redemption proceeds and distributions, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Lessor or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent or the Lessor, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Lessor or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Lessor or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

Lessor may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

NEITHER THE LESSOR NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AS BEING A HOLDER WITH RESPECT TO: (1) THE CERTIFICATES; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE CERTIFICATES; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL

REDEMPTION OF THE CERTIFICATES; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Certificates, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Certificates or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Certificates.

The foregoing description of the practices and procedures of DTC relating to securities, such as the Certificates, that are delivered to investors through the DTC book-entry system has been provided by DTC and neither the Lessor, the Underwriter nor the Paying Agent is responsible for the accuracy or completeness thereof.

THE LESSOR AND PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE CERTIFICATES (i) PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE CERTIFICATES, (ii) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE CERTIFICATES OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE CERTIFICATES, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFERING CIRCULAR. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DIRECT PARTICIPANTS ARE ON FILE WITH DTC.

Transfers and Exchanges

Trustee shall not be required to transfer or exchange any Certificate during the period of 15 days next preceding any interest payment date of such Certificate nor to transfer or exchange any Certificate after the mailing of notice calling such Certificate for redemption has been made as herein provided, nor during the period of 15 days next preceding the mailing of such notice of redemption.

New Certificates delivered upon any transfer or exchange shall evidence the same obligations as the Certificates surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Certificates surrendered. The person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest on any Certificate shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

Trustee shall require the payment, by any Owner requesting exchange or transfer of Certificates, of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Mutilated, Lost, Stolen or Destroyed Certificates

In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed on behalf of Trustee, of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, provided that Trustee shall have received indemnity from the Owner of the Certificate satisfactory to it and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to Trustee, and in the case of any lost, stolen or destroyed Certificate, that there shall be first furnished to Trustee evidence of such loss, theft or destruction satisfactory to Trustee. In the event that any such Certificate shall have matured, instead of executing and delivering a duplicate Certificate, Trustee may pay the same without surrender thereof Trustee may charge the Owner of the Certificate with its reasonable fees and expenses in this connection.

Redemption Provisions

Optional Redemption. In the event that Lessee exercises its rights to purchase the Leased Property under the Lease, the Certificates maturing on or after April 1, 2028 are subject to redemption, at the option of Lessee, prior to maturity, in whole or in part, at any time on or after April 1, 2027 at the Optional Redemption Price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

Such optional redemption may be made from any moneys deposited therefor in the Certificate Fund. In the event that part, but not all, of the Certificates shall be so called for optional redemption, the Certificates to be redeemed are to be selected by Trustee on a reasonably proportionate basis from the remaining maturity dates, determined and effectuated as nearly as practicable by Trustee by multiplying the total principal amount of Certificates to be redeemed pursuant to such optional redemption by the ratio which the principal amount of all Certificates maturing on each remaining maturity date bears to the principal amount of all Certificates outstanding before such optional redemption. Certificates within each maturity date are to be selected for redemption by Trustee by lot.

Special Mandatory Redemption of Certificates Upon Leased Property Completion. The Certificates shall be subject to special mandatory redemption on the Interest Payment Date following the date of completion of the Leased Property at 100% of the principal amount of the Certificates, plus accrued interest to the date of redemption, in whole or in part, in the event there are Certificate proceeds in excess of the Cost of Leased Property at such Leased Property's completion. In the event that part, but not all, of the Certificates shall be so called for special mandatory redemption, the Certificates to be redeemed are to be selected by Trustee on a reasonably proportionate basis from the remaining maturity dates, determined and effectuated as nearly as practicable by Trustee by multiplying the total principal amount of Certificates to be redeemed pursuant to such special mandatory redemption by the ratio which the principal amount of all Certificates maturing on each remaining maturity date bears to the principal amount of all Certificates outstanding before such special mandatory redemption. Certificates within each maturity date are to be selected for redemption by Trustee by lot.

Recalculation of Rental Payments Affecting Maturities in the Event of Special Mandatory Redemption. In the event of special mandatory redemption, Trustee shall recalculate the Rental Payments due under the Lease in a manner consistent with the method of prepayment of the Certificates.

Extraordinary Mandatory Redemption. Upon the occurrence of an Event of Non-Appropriation or an Event of Default, Trustee is required under the Indenture to immediately notify the Owners of the Certificates of such nonrenewal and related redemption. If the Net Proceeds, as defined under the Indenture, including the Net Proceeds from the exercise of any Lease Remedy under the Lease, otherwise received and other moneys then available under the Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates, and upon indemnification as to costs and expenses as provided in the Indenture, is required to, without any further demand or notice, exercise all or any combination of Lease Remedies as provided in the Lease, and the Certificates are to be redeemed by Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by Trustee for the Owners of the Certificates (including any moneys in the related Account in the Projects Fund). In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are to be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys are to be paid to Lessee. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, Trustee is entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys. IF THE CERTIFICATES ARE REDEEMED FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT SHALL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH CERTIFICATES SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST LESSOR, TRUSTEE OR LESSEE.

Partial Redemption. If less than all of the Certificates are to be redeemed, the Certificates shall be redeemed only in integral multiples of $5,000. Trustee is to treat any Certificate of denomination greater than $5,000 as representing that number of separate Certificates each of the denomination of $5,000 as can be obtained by dividing the actual principal amount of such Certificate by $5,000. Upon surrender of any Certificate for redemption in part, Paying Agent is to execute and deliver to the Owner thereof, at no expense of the Owner, a new Certificate or Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed opinion of the Certificates so surrendered.

Notice of Redemption. Whenever Certificates are to be redeemed, except Extraordinary Mandatory Redemption (notice of which is required to be immediate) or when directed to do so by Lessor, Trustee is required to, not less than 30 and not more than 60 days prior to the redemption date, mail notice of redemption to all Owners of all Certificates to be redeemed at their registered addresses, by first-class mail, postage prepaid. Any notice of redemption is to (a) be given in the name of Lessor, (b) identify the Certificates to be redeemed, (c) specify the redemption date and the redemption price and (d) state that on the redemption date the Certificates called for redemption will be payable at the principal corporate trust office of Paying Agent and that from that date interest will cease to accrue. Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificate Owners, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

ADMINISTRATIVE SERVICES

Administrative Services is a department of the State that was created by the enactment of Legislative Bill 173, 1965 Nebraska Legislature, and began operations on October 1, 1965. Administrative Services comprises 10 divisions as follows:

1. State Accounting (including EIS)
2. State Budget
3. State Building
4. Office of the Chief Information Officer
5. Employee Relations
6. Materiel
7. State Personnel
8. Risk Management
9. Task Force for Building Renewal
10. Transportation Services Bureau

The primary functions of Administrative Services are to provide financial management and control of State funds and to provide centralized support services to other State agencies. Administrative Services is headed by a director who is appointed by and serves at the pleasure of the Governor.

Administrative Services, through its State Building Division, is authorized pursuant to Reissue Revised Statutes of Nebraska, 2014, §§ 81-1101 et seq., as amended (the "Act"), to enter into a lease-purchase agreement to finance the Project.

The State has employed long-term financing leases to acquire several buildings over the years. Some of these projects include:

(a) Nebraska State Office Building and related parking garages (Lincoln);
(b) Terry M. Carpenter Educational Television Building (Lincoln);
(c) Game & Parks Commission headquarters and laboratory buildings (Lincoln);
(d) Downtown Education Center/State Office Building (Omaha);
(e) Central Data Processing/Print Shop Building (Lincoln);
(f) Law Enforcement Training Center (Grand Island); and
(g) Grandstand at State Fair Park (Lincoln).

APPROPRIATION OF ANNUAL RENTAL PAYMENTS

State Fiscal Year

The fiscal year for Nebraska State government runs 12 consecutive months beginning on July 1 of each year and ending on June 30 of the following year.

Budget and Appropriations Process

Nebraska utilizes a consensus forecasting process known as the Nebraska Economic Forecasting Advisory Board to establish General Fund tax receipt forecasts that are used by both the Governor and the Legislature in the preparation of the state budget. The Board consists of nine members, five appointed by the Unicameral Legislature and four appointed by the Governor, all of whom must have demonstrated expertise in tax policy, economics, or economic forecasting. The Board reviews tax receipts, economic data, and forecasting models offered by separate offices of the executive and legislative branch before making their own independent forecast of General Fund tax receipts. The Board provides a forecast in October of even numbered years for use by the Governor in preparing his January biennial budget recommendations; these forecasts are also reviewed and revised by the Board in February and April of odd numbered years for use by the Legislature prior to enactment of biennial appropriations. The Board again meets in October of odd numbered years and the following February of even numbered years during the enacted budget biennium to review and revise General Fund tax receipt forecasts as necessary to support the Governor and Legislature in their efforts to maintain budget balance.

In its October 2022 forecast, the Board set revenue projections at $6.44 billion for fiscal year 2022-2023 and for the fiscal year 2023-2024 at $6.55 billion.

The Legislature of Nebraska makes fiscal appropriations to the various governmental agencies on a biennial basis through separate annual budgets and appropriations. Biennial budget requests are prepared by the agencies and submitted to Administrative Services Budget Division on or before September 15 of each even-numbered year. The Budget Division reviews and compiles the total State budget request and assists the Governor in preparation of the Governor's budget recommendation. The Legislature considers the Governor's budget recommendation, together with any budget recommendation which the Legislature's Appropriation Committee may make, during the 90-day First Session which begins on the first Wednesday after the first Monday in January of each odd-numbered year. During the First Session, the Legislature of Nebraska makes appropriations for the expenses of Nebraska State government for each of the next two fiscal years.

The Second Session of a Legislature is a 60-day session which begins on the first Wednesday after the first Monday in January of the even-numbered year following the First Session. Appropriations, or adjustments or modifications to appropriations, may be considered during the Second Session of a Legislature.

Appropriations

The First Session of the One Hundred Seventh Legislature of Nebraska made appropriations to agencies for the expenses of State government for the biennium ending June 30, 2023. These appropriations allow the agencies to expend funds up to specified amounts in each of the fiscal years ending June 30, 2022 and June 30, 2023. Any amounts not expended in the first year of the biennium may be carried over as authorized by the Legislature and added to the amount appropriated for the second year of the biennium. The Legislature appropriated $4,809 million and $5,125 million of general funds for the fiscal years ending June 30, 2022 and June 30, 2023, respectively. These appropriations were passed during the First Session of the One Hundred Seventh Legislature of Nebraska, which convened in January 2021.

Appropriations for the 2022-2023 fiscal year, as revised in the 2022 Legislative Session, total $14,699 million for the operation of State government, aid to individuals and political subdivisions and capital construction. Of the total appropriations, $5.125 million was appropriated from the State general fund, $3.327 million from cash funds, $5.209 million from federal funds and $1.030 million from revolving and other funds.

Appropriations for the 2021-2022 fiscal year, as revised in the 2021 Legislative Session, total $12,560 million for the operation of State government, aid to individuals and political subdivisions and capital construction. Of the total appropriations, $4,976 million was appropriated from the State general fund, $2,765 million from cash funds, $3,872 million from federal funds and $946 million from revolving and other funds.

See "RISK FACTORS—Revenue."

Fund Types

The Legislature of Nebraska appropriates to each agency specific dollar amounts by defined types of funds. The agencies may then make expenditures from these funds for the expenses of Nebraska state government in accordance with the accounting practices and procedures developed and administered by the DAS Accounting Division. Legislative appropriations for general operating expenses of agencies are typically made from one or more of four types of funds defined as general funds, cash funds, revolving funds or federal funds. See "FINANCIAL ANALYSIS OF THE STATE'S FUNDS—Governmental Funds—*General Fund*" in Appendix B.

General Fund. A Legislative appropriation from the general fund authorizes an agency to expend funds which the State has or will have on hand. An agency cannot spend from the general fund beyond its authorized fiscal year appropriation. General fund revenues are generated by the State through the various state taxing structures such as sales and use tax, corporate and individual income taxes and other miscellaneous taxes and receipts.

Cash Fund. A Legislative appropriation from a cash fund allows an agency to make expenditures from a cash fund for those purposes outlined in the creation of the agency cash fund authority. A cash fund allows an agency to receive cash from such sources as motor fuel taxes, hunting and fishing licenses, license and permit fees of regulatory boards, commodity checkoff collections and other miscellaneous fees and collections for services or products and to deposit receipts through the State Treasurer into a specified agency cash fund. Idle cash fund revenues are required to be invested by the agency through the State Investment Council with interest accruing to the specific agency cash fund. An agency may not make expenditures beyond the limit of the cash fund appropriation or in excess of actual funds available in the agency cash fund.

Federal Fund. A legislative appropriation from a federal fund allows an agency to make expenditures from a federal fund. A federal fund appropriation by the Legislature is appropriated as an estimate. An agency may not make expenditures beyond the limit of the federal fund appropriation. However, a federal fund appropriation may be increased at any time to accommodate the receipt and expenditure of additional federal funds which may become available. The authority to adjust federal fund appropriations is delegated by the Legislature to the expending agency designated by the federal government or, if none be designated, to such expending agency as may be designated by the Governor. A federal fund allows an agency to receive federal grants or funds from federal letters of credit or other federal sources.

Revolving Fund. A Legislative appropriation from a revolving fund allows an agency to make expenditures from a revolving fund for those purposes outlined in the creation of the agency revolving fund authority. Revolving fund receipts normally involve interagency fund transfers for goods or services rendered or provided by one agency to another. Revolving funds are normally receipted through the use of an Interagency Billing Transaction ("IBT"). The completed IBT creates an expenditure for the expending agency and a revenue entry in the revolving fund of the billing agency. Revolving fund revenue sources may come from any fund type or combination of fund types appropriated to or available to an expending agency. Typically, idle revolving fund revenues are required to be invested by the agency through the State Investment Council with interest accruing to the specific agency revolving fund. An agency may not make expenditures beyond the limit of the revolving fund appropriation or in excess of the actual funds available in the agency revolving fund.

Cash Reserve Fund

In addition, State law provides for a Cash Reserve Fund which was initially generated from a special one-half cent sales tax levy in effect for nine months ended March 1984. The fund exists to maintain positive General Fund balances over short periods of time where unanticipated fluctuations in expenditures or revenues may otherwise cause insufficient cash balances to pay current obligations. Short–term "borrowings" from the Cash Reserve Fund are to be repaid once General Fund balances become sufficient.

See "RISK FACTORS—Revenue" and "FINANCIAL ANALYSIS OF THE STATE'S FUNDS—Governmental Funds—*General Fund*" in Appendix B.

State Pension Trust Funds

The Public Employees Retirement Board (the "Board") was created in 1971 to administer Nebraska's public employee retirement plans. State law establishes the contribution and benefit provisions of the plans, and may only be amended by the Legislature. These plans now include the:

(i) State Employees' Retirement System (the "State System"), a single-employer hybrid (cash balance) defined-benefit and defined-contribution pension plan with 15,812 active members and 14,553 inactive members as of December 31, 2021;

(ii) County Employees' Retirement System (the "County System"), a cost-sharing multiple-employer hybrid (cash benefit) defined-benefit and defined-contribution pension plan with 7,797 active members and 5,882 inactive members as of December 31, 2021;

(iii) School Employee Retirement System (the "School System"), a cost-sharing multiple-employer defined-benefit pension plan that includes all regular public school employees in Nebraska as members (except those employed by the State's Class V school district, Omaha Public Schools);

(iv) Judges' Retirement System (the "Judges' System"), a single-employer defined-benefit pension plan that includes judges and associate judges employed by the State for its courts; and

(v) Nebraska State Patrol Retirement System (the "State Patrol System"), a single-employer defined-benefit pension plan for Nebraska's State Patrol officers.

The total assets of the Systems on a market value basis have increased year-over year for the State and County Systems. Such total assets were approximately $3,272,817; and $1,077,216; respectively as of December 31, 2021. The total assets of the Systems on a market value basis have decreased year-over year for the School, Judges, and Patrol Systems. Such total assets were approximately $15,563,160,000; $241,819,000; and $543,597,000 respectively as of June 30, 2022. The total assets of the State System consist of $848,646,000 in the defined-contribution plan and $2,424,171,000 in the cash balance defined-benefit plan. The total assets of the County System consist of $265,534,000 in the defined-contribution plan and $811,682,000 in the cash balance defined-benefit plan. The total assets of the Systems on a market value basis were approximately $2,961,349,000; $962,500,000; $16,816,818,000; $264,044,000 and $591,633,000 respectively as of December 31, 2020 in the cases of the State and County Systems, and as of June 30, 2021, in the cases of the School, Judges, and State Patrol Systems. The total assets of the State System consisted of $799,116,000 in the defined-contribution plan and $2,162,233,000 in the cash balance defined-benefit plan. The total assets of the County System consisted of $251,427,000 in the defined-contribution plan and $711,073,000 in the cash balance defined-benefit plan.

Actuarial certification of assets (based on a 5-year smoothed market valuation that recognizes the excess or shortfall of investment income over or under the actuarial investment assumption of 7.5%) for each System, each System's corresponding unfunded actuarial accrued liability, and certain other information about the respective Systems are obtained from Nebraska Public Employee Retirement System-Actuarial Valuation Results Reports. On September 29, 2022, the State Auditor of Public Accounts issued its Audit Report (the "Audit Report") of the Nebraska Public Employees Retirement Systems-State and County Employees retirement plans for the period of January 1 , 2021 through December 31, 2021. The entire Audit Report is available at www.auditors.nebraska.gov.

	(a) Total Pension Liability	(b) Fiduciary Net Position	(c) (a-b) Net Pension Liability/(Asset)	(b/a) Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)	(d) Covered Employee Payroll	(c/d) Employers Net Pension Liability/(Asset) as a Percentage of Covered Payroll
State	$1,938,226,070	$2,278,834,663	$(340,608,593)	117.57%	$703,979,207	-48.38%
County	$648,930,846	$762,477,183	$(113,546,337)	117.50%	$303,332,536	-37.43%

Other Postemployment Benefits (OPEB)

State employees who 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. 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 entire cost of the premium is charged to the retirees. An implicit rate subsidy exits for the plan.

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. Benefits are funded on a pay-as-you-go basis. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, then projected to the measurement date of June 30, 2022, using actuarial assumptions applied to all periods included in the measurement, resulting in a net OPEB liability of $24,606,000 reported as of June 30, 2022.

UNION BANK AND TRUST COMPANY

Union Bank and Trust Company serves in two separate legal capacities with respect to the Certificates: it is trustee acting for and on behalf of Piper Sandler & Co., as lessor (as successor by merger to Piper Jaffray & Co.), and it is Trustee under the Indenture. Union Bank and Trust Company has total assets as of December 31, 2022 at $7,608,489,000. The Trust Division has administrative responsibility for assets with a market value as of December 31, 2022 at $43,425,274,541.

THE LEASE

The following is a summary of certain provisions of the Master Lease with Option to Purchase Agreement V. Reference is hereby made to the actual Lease for a complete recital of its terms.

Lease Term

The Lease Term shall commence on April 13, 2023 and the Lease Term with respect to the Equipment Group will terminate upon the occurrence of the first of the following events: (a) the termination thereof by Lessee with respect to such Equipment Group by virtue of an Event of Non-Appropriation; (b) the exercise by Lessee of its option to purchase Lessor's interest in such Equipment Group; (c) a default by Lessee with respect to such Equipment Group and Lessor's election to terminate the Lease with respect to such Equipment Group; or (d) the payment by Lessee of all Rental Payments and all other amounts authorized or required to be paid by Lessee hereunder with respect to such Equipment Group.

Non-Appropriation

In the sole event of Non-Appropriation (as hereinafter defined) relating to any particular Equipment Group, Lessee shall have the right to terminate the Lease with respect to such Equipment Group at the end of any period for which Lessee has appropriated funds for the payment of the Rental Payments with respect to such Equipment Group. Lessee may effect such termination by giving Lessor a written notice of termination with respect to such Equipment Group and by paying to Lessor any Rental Payments and other amounts with respect to such Equipment Group which are due and for which funds have been appropriated. Lessee shall endeavor to give notice of such termination not less than 60 days prior to the end of such period for which funds have been appropriated, and shall notify Lessor of any anticipated termination. In the event of termination of the Lease with respect to any Equipment Group, Lessee shall deliver possession of such Equipment Group to Lessor and shall convey to Lessor or release its interest in such Equipment Group within 10 days after the termination of the Lease with respect to such Equipment Group.

"*Non-Appropriation*" is defined by the Lease to mean the failure of the State of Nebraska to appropriate funds in any regular or special session for any fiscal period of Lessee sufficient for the continued performance of the Lease by Lessee with respect to any Equipment Group as evidenced by the passage of an act specifically prohibiting Lessee from performing its obligations under the Lease with respect to such Equipment Group and from using any funds to pay the Rental Payments due under the Lease with respect to such Equipment Group for a designated fiscal period and all subsequent fiscal periods.

Lessee intends to continue the Lease for its entire Lease Term with respect to the Equipment Group and to pay all Rental Payments relating thereto. The person or entity in charge of preparing each agency's budget will include in the budget request for each fiscal period the Rental Payments to become due in such fiscal period with respect to each Equipment Group, and will use all reasonable and lawful means available to secure the appropriation of money for such fiscal period sufficient to pay all such Rental Payments coming due therein. Lessee reasonably believes that moneys in an amount sufficient to make all such Rental Payments can and will lawfully be appropriated and made available for this purpose.

Upon termination of the Lease with respect to the Equipment Group because of an Event of Non-Appropriation, Lessee shall not be responsible for the payment of any additional Rental Payments relating thereto coming due in succeeding periods for which funds have not been appropriated, but if Lessee has not delivered possession of such Equipment Group to Lessor and conveyed to Lessor or released its interest in such Equipment Group within 10 days after such termination of the Lease, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equal to the amount of the Rental Payments that would have thereafter come due (except for the termination because of an Event of Non-Appropriation) with respect to such Equipment Group which are attributable to the number of days after such 10-day period during which Lessee fails to take such actions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions as required.

Rental Payments

Lessee agrees to pay Rental Payments with respect to the Equipment Group during the Lease Term in the amounts and on the dates specified in the Equipment Schedule relating thereto. A portion of each Rental Payment is paid as and represents the payment of interest as set forth in of the Equipment Schedule. All Rental Payments shall be paid to Lessor or to such other assignee(s) to which Lessor has assigned such Rental Payments, at such place as Lessor or such assignee(s) may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments exclusively from moneys legally available therefor, in lawful money of the United States of America.

The obligations of Lessee under the Lease, including its obligation to pay the Rental Payments due with respect to the Equipment Group, in any fiscal period for which the Lease is in effect, shall constitute a current expense of Lessee for such fiscal period and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State. ***Nothing in the Lease shall constitute a pledge by Lessee of any taxes or other moneys, other than moneys lawfully appropriated from time to time by or for the benefit of Lessee for this purpose and the proceeds or Net Proceeds of the Equipment, to the payment of any Rental Payment or other amount coming due under the Lease. In no event shall any***

provision of the Lease obligate Lessee beyond the current fiscal period. For purposes of this paragraph, "fiscal period" means the twelve-month fiscal year of Lessee for which funds have been appropriated for the satisfaction of Lessee's obligations hereunder.

Except in the Event of Non-Appropriation, the obligation of Lessee to make Rental Payments or any other payments required under the Lease shall be absolute and unconditional in all events. Notwithstanding any dispute between Lessee and Lessor or any other person, Lessee shall make all Rental Payments and other required payments when due and shall not withhold any Rental Payment or other payment pending final resolution of such dispute nor shall Lessee assert any right of setoff or counterclaim against its obligation to make such Rental Payments or other payments required under the Lease. Lessee's obligation to make Rental Payments or other payments during the Lease Term shall not be abated through accident or unforeseen circumstances. However, without limiting the effect of the foregoing provisions of this paragraph, Lessee may institute such legal action against Lessor as Lessee may deem necessary or appropriate to compel the performance of such obligation or to recover damages therefor.

Option to Purchase

Lessee shall have the option to purchase Lessor's interest in an Equipment Group on any Payment Date relating thereto for the then applicable Purchase Option Price set forth in the Equipment Schedule, but only if Lessee is not in default under the Lease. Lessee shall give notice to Lessor of its intention to exercise its option with respect to the Equipment Group not less than 30 days prior to the Payment Date on which the option is to be exercised and shall deposit with Lessor on the date of exercise an amount equal to all Rental Payments and any other amounts relating to such Equipment Group then due or past due (including the Rental Payment relating thereto due on the Payment Date on which the option is to be exercised) and the applicable Purchase Option Price set forth in the Equipment Schedule. The closing shall be on the Payment Date on which the option is to be exercised at the office of Lessor. Upon exercise of the purchase option with respect to the Equipment Group by Lessee, Lessor shall convey or release to Lessee all of its right, title and/or interest in and to the Equipment Group by delivering to Lessee such documents as Lessee deems necessary for this purpose.

Assignments

Lessor shall not assign its obligations under the Lease, and no purported assignment thereof shall be effective. All of Lessor's right, title and/or interest in and to each Equipment Schedule, each Equipment Group, the Rental Payments and other amounts due with respect thereto, and the right to exercise all rights under the Lease relating to such Equipment Schedule and Group, may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor at any time with the written consent of Lessee, which consent shall not be unreasonably withheld; provided that if such assignment is to a trust or other securitization vehicle in connection with the issuance of beneficial certificates of participation in the Lease, Lessee's consent to such assignment shall be required. No such assignment shall be effective as against Lessee unless and until the assignor shall have filed with Lessee a copy or written notice thereof identifying the assignee. During the Lease Term, Lessee shall keep a complete and accurate record of all such assignments. In the event Lessor assigns participations in its right, title and/or interest in and to any Equipment Schedule, Equipment Group, the Rental Payments and other amounts due with respect thereto, and the rights granted under the Lease relating thereto, such participants shall be considered to be Lessor with respect to their participated shares thereof.

Neither the Lease nor Lessee's interest in an Equipment Group may be sold, assigned, subleased, transferred, pledged or mortgaged by Lessee without the written consent of Lessor.

Certain Representations,
Warranties and Covenants of Lessee

Lessee represents and warrants to and covenants with Lessor with respect to the Lease and each Equipment Schedule, as follows:

(a) Lessee is authorized under the Constitution and laws of the State, including the Act, to enter into the Lease and the transactions contemplated thereby, and to perform all of its obligations hereunder.

(b) The execution and delivery of the Lease has been duly authorized by appropriate official action, and such action has complied and/or will comply with all public bidding and other State and Federal Laws applicable to the Lease and the acquisition and financing of the Equipment by Lessee, and each Agency is authorized to execute Certificates of Acceptance under the Lease on behalf of Lessee.

(c) The leasing of the Equipment will serve a function which presently is, and is anticipated to continue to be, essential to the proper, efficient and economic operation of Lessee.

(d) Lessee will take no action that would cause the interest portion of the Rental Payments to become includable in gross income of the recipient for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations promulgated thereunder (the "Regulations"), and Lessee will take and will cause its officers, employees and agents to take all affirmative actions legally within its power necessary to ensure that the interest portion of the Rental Payments does not become includable in gross income of the recipient for federal income tax purposes under the Code and Regulations; all as amended from time to time (including, without limitation, the calculation and payment of any rebate required to preserve such exclusion).

The Equipment

Lease; Enjoyment; Inspection. Under the Lease, Lessor leases to Lessee the Equipment Group made subject to the Lease upon the terms and conditions set forth in the Lease. Lessor covenants to provide Lessee during the Lease Term with the quiet use and enjoyment of the Equipment, and Lessee shall during the Lease Term peaceably and quietly have and hold and enjoy the Equipment, without suit, trouble or hindrance from Lessor, except as expressly set forth in the Lease. Lessor will, at the request of Lessee and at Lessee's cost, join in any legal action in which Lessee asserts its right to such possession and enjoyment to the extent Lessor lawfully may do so. Subject to security regulations, Lessee agrees that Lessor shall have the right at all reasonable times during normal business hours to examine and inspect the Equipment. Lessee further agrees that Lessor shall have such rights of access to the Equipment as may be reasonably necessary to cause the proper maintenance of the Equipment in the event of failure by Lessee to perform its obligations hereunder.

Use of Equipment. Lessee shall exercise due care in the installation, use, operation and maintenance of the Equipment, and shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any State and federal Law or for a purpose or in a manner contrary to that contemplated by the Lease. Lessee shall obtain all permits and licenses necessary for the installation, operation, possession and use of the Equipment. Lessee shall comply with all State and federal Laws applicable to the installation, use, possession and operation of the Equipment, and if compliance with any such State and federal Law requires changes or additions to be made to the Equipment, such changes or additions shall be made by Lessee at its expense.

Maintenance of Equipment by Lessee. Lessee shall, at its own expense, maintain, preserve and keep the Equipment in good repair, working order and condition, and shall from time to time make all repairs and replacements necessary to keep the Equipment in such condition. Lessor shall have no responsibility for any of these repairs or replacements.

Modification of Equipment. Lessee shall, at its own expense, have the right to make repairs to the Equipment, and to make repairs, replacements, improvements, substitutions and modifications to all or any of the parts thereof. All such work and any part or component used or installed to make a repair or as a replacement, improvement, substitution or modification shall thereafter comprise part of the Equipment and be subject to the provisions of the Lease. Such work shall not in any way damage the Equipment or cause it to be used for purposes other than those authorized under the provisions of State and federal Law or those contemplated by the Lease, and the Equipment, upon completion of any such work shall be of a value which is not less than the value of the Equipment immediately prior to the commencement of such work.

Personal Property. The Equipment is and shall at all times be and remain personal property.

Taxes, Other Governmental Charges and Utility Charges. Lessee is exempt from taxation under State law, and it is the understanding and intent of Lessor and Lessee that the Equipment shall not be subject to taxation. Except as expressly limited as follows, Lessee shall pay any taxes and other charges of any kind which are at any time lawfully assessed or levied against or with respect to the Equipment, the Rental Payments or any part thereof, or which become due during the Lease Term, whether assessed against Lessee or Lessor. Lessee shall also pay when due all gas, water, steam, electricity, heat, power, telephone, and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment, and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Equipment; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term as and when the same become due. Lessee shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate or other similar tax payable by Lessor, its successors or assigns, unless such tax is made in lieu of or as a substitute for any tax, assessment or charge which is the obligation of Lessee. Lessee may, at the expense and in the name of Lessee, in good faith contest any such taxes, assessments and other charges in any reasonable manner which does not adversely affect the right, title and interest of Lessor.

Net Lease. The Lease shall be deemed and construed to be a "net lease," and Lessee shall pay absolutely net during the Lease Term the Rental Payments and all other amounts required hereunder free of any deductions and without abatement, deduction or setoff.

Title. During the Lease Term, and so long as Lessee is not in default, legal title to the Equipment Group and any and all repairs, replacements, substitutions and modifications to it shall be in Lessee.

Liens. During the Lease Term, Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided and Permitted Encumbrances.

Insurance

Lessee shall take such measures as may be necessary to ensure that any liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation of each Equipment Group or any part thereof is covered by a blanket or other general liability insurance policy maintained by Lessee, with a coverage limit per occurrence in an amount typically carried by Lessee. The Net Proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which any Net Proceeds may be paid.

Lessee shall procure and maintain continuously in effect during the Lease Term all-risk insurance subject only to the standard exclusions contained in the policy, in such amount as will be at least sufficient so that a claim may be made for the full replacement cost of any part of the Equipment damaged or destroyed and to pay the applicable Purchase Option Price of the Equipment. Such insurance may be written with customary deductible amounts acceptable to Lessor. The Net Proceeds of such insurance shall be applied to the prompt repair, restoration or replacement of the Equipment or to the purchase of the Equipment. Any Net Proceeds not needed for those purposes shall be paid to Lessee.

If required by State Law, Lessee shall carry workers' compensation insurance covering all employees on, in, near or about the Equipment, and upon request, shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

Notwithstanding the foregoing provisions, Lessee may elect to meet its insurance requirements through self-insurance in accordance with Reissue Revised Statutes of Nebraska, 2008, § 81-8,239.01, as amended.

Damage to or Destruction of Equipment

Upon receipt of possession of any Equipment Group, Lessee shall have and assume the risk of loss with respect thereto. If after delivery of any Equipment to Lessee all or any part of the Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall as soon as practicable after such event either (a) replace the same at Lessee's sole cost and expense with equipment of equal or greater value to the Equipment immediately prior to the time of the loss occurrence, such replacement equipment to be subject to Lessor's reasonable approval, whereupon such replacement equipment shall be substituted in the Lease and the other related documents by appropriate endorsement or amendment; or (b) pay the applicable Purchase Option Price of the Equipment Group. Lessee shall notify Lessor of which course of action it will take within 15 days after the loss occurrence. If Lessee fails or refuses to notify Lessor within the required period, Lessor may, at its option, declare the applicable Purchase Option Price of the Equipment Group immediately due and payable, and Lessee shall be obligated to pay the same. The Net Proceeds of all insurance payable with respect to the Equipment shall be available to Lessee and shall be used to discharge Lessee's obligation. On payment of the Purchase Option Price with respect to any Equipment Group, the Lease shall terminate with respect to such Equipment and Lessee thereupon shall become entitled to such Equipment as is, without warranties, express or implied, including warranties of merchantability or fitness for any particular purpose or fitness for the use contemplated by Lessee, except that such equipment shall not be subject to any lien or encumbrance created by or arising through Lessor.

Events of Default and Remedies

The following are "events of default of Lessee" under the Lease:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid under the Lease with respect to any Equipment Group at the time specified herein and the continuation of said failure for a period of 10 days.

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed with respect to any Equipment Group, other than as referred to in clause (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default of Lessee is corrected.

(c) The determination by Lessor that any representation or warranty made by Lessee in the Lease was untrue in any material respect upon execution of the Lease or the Equipment Schedule.

An event of default of Lessee with respect to one Equipment Group shall not constitute an event of default of Lessee with respect to any other Equipment Group.

Remedies

Whenever any event of default of Lessee shall have happened and be continuing with respect to an Equipment Group, Lessor shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Lessor, with or without terminating the Lease with respect to the Equipment Group, may declare all Rental Payments for which funds have been appropriated when such default occurs to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable.

(b) Lessor, with or without terminating the Lease with respect to the Equipment Group, may repossess the Equipment Group by giving Lessee written notice to deliver such Equipment Group to Lessor, whereupon Lessee shall return the Equipment Group to Lessor; or, in the event Lessee fails to do so within 10 days after receipt of such notice, Lessor may enter upon Lessee's premises where the Equipment Group is kept and take possession of the Equipment Group and charge Lessee for costs incurred in repossessing the Equipment Group, including reasonable attorneys' fees. Lessee expressly waives any damages occasioned by such repossession. If the Equipment Group or any portion of it has been destroyed or damaged beyond repair, Lessee shall pay the applicable Purchase Option Price of the Equipment Group as set forth in the Equipment Schedule relating thereto (less credit for Net Proceeds), to Lessor. Notwithstanding the fact that Lessor has taken possession of the Equipment Group, Lessee shall continue to be responsible for the Rental Payments due with respect thereto for which funds have been appropriated. If the Lease has not been terminated with respect to such Equipment Group, Lessor shall return the Equipment to Lessee at Lessee's expense when the event of default of Lessee is cured.

(c) If Lessor terminates the Lease with respect to such Equipment Group and, in its discretion, takes possession and disposes of such Equipment or any portion thereof, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs incurred in securing possession of the Equipment Group; (ii) all expenses incurred in completing the disposition; (iii) the applicable Purchase Option Price of the Equipment Group; and (iv) the balance of any Rental Payments with respect to such Equipment Group for which funds have been appropriated. Any disposition proceeds remaining after the requirements of clauses (i), (ii), (iii) and (iv) have been met shall be paid to Lessee.

(d) Lessor may take any other remedy available at law or in equity with respect to such event of default of Lessee, including those requiring Lessee to perform any of its obligations under the Lease or to pay any moneys due and payable to Lessor thereunder.

No remedy conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient by Lessor or its assignee.

Amendment of Lease

The Lease may be amended or any of its terms modified only by written document duly authorized, executed and delivered by Lessor and Lessee. See “THE INDENTURE—Amendment of Lease.”

THE INDENTURE

The following is a summary of certain provisions of the Master Trust Indenture V and Series 2023A Supplemental Indenture. Reference is hereby made to the actual documents for complete recitals of their respective terms.

Payment of Certificates

All obligations of Lessee under the Lease, including its obligation to pay Rental Payments, in any fiscal period for which the Lease is in effect, shall constitute a current expense of Lessee for such fiscal period and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State, subject to the limitations and as provided in the Lease.

Application of Revenues and Other Moneys

Pursuant to the Leases, the Rental Payments and other amounts payable thereunder shall be paid directly to Trustee. If, notwithstanding such requirements, Lessor receives any payments on account of any Lease, Lessor shall immediately pay over the same to Trustee.

Funds and Accounts

Certificate Fund. The Indenture establishes the Certificate Fund with Trustee, which shall be used to pay the principal of and interest on the Certificates. Within the Certificate Fund, there is established a separate Account for each series of Certificates.

There shall be deposited into the related Account of the Certificate Fund (i) all accrued interest received at the time of the execution, sale and delivery of the Certificates; (ii) the principal and interest portions of each payment of Rental Payments made by Lessee; and (iii) all other moneys received by Trustee under the Indenture accompanied by directions from Lessee that such moneys are to be deposited into such Account of the Certificate Fund.

Moneys in the related Account of the Certificate Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Certificates whether at maturity or upon prior redemption.

The Certificate Fund shall be in the custody of Trustee. Trustee shall withdraw sufficient funds from the Certificate Fund to pay the principal of, premium, if any, and interest on the Certificates as the same become due and payable whether at maturity or upon prior redemption. Trustee shall keep the Certificate Fund and each Account therein separate and distinct from all other Funds and Accounts held by it.

Projects Fund. The Indenture establishes the Projects Fund with Trustee and within the Projects Fund a separate account for each series of Certificates. The balance of the proceeds of the sale of the Certificates remaining after the deductions provided for accrued interest, if any, on the Certificates have been made shall be deposited in the Projects Fund. Any moneys held as part of the Projects Fund shall be invested and reinvested by Trustee in accordance with the Indenture, and the income therefrom shall be retained in the Projects Fund. Moneys held in the Projects Fund shall be disbursed in accordance with the Lease.

Moneys to be Held in Trust

The ownership of the Certificate Fund and the Projects Fund and any other fund or account created under the Indenture shall be in Trustee for the benefit of the Owners of the Certificates as specified in the Indenture.

Nonpresentment of Certificates

In the event any Certificate shall not be presented for payment when due, if funds sufficient to pay such Certificate shall have been made available to Trustee for the benefit of the Owner thereof, it shall be the duty of Trustee to hold such funds without liability for interest thereon for the benefit of the Owner of such Certificate, who shall be restricted exclusively to such funds for any claim of whatever nature on the Owner's part under the Lease or the Indenture or on or with respect to such Certificate.

Funds so deposited with Trustee which remain unclaimed two years after the date payment thereof becomes due whether at maturity or upon redemption shall, if, to the knowledge of Trustee, there has been no Event of Nonappropriation or Event of Default, be paid to Lessee, and the Owners of the Certificates for which the deposit was made shall thereafter be limited to a claim against Lessee.

Investment of Funds

Trustee shall, at the request and written direction of Lessee, invest moneys held in the Certificate Fund and Redemption Fund or other fund or account established under the Indenture in obligations which are authorized investments for Lessee under State law or deposit such moneys in time accounts (including accounts evidenced by time certificates of deposit) which may be maintained with the commercial department of Trustee, secured as provided in the Indenture and under the terms permitted by applicable law, provided that all investments shall mature or be subject to redemption by the owner at not less than the principal amount thereof or the cost of acquisition whichever is lower—and all deposits in time accounts shall be subject to withdrawal—not later than the date when the amounts will foreseeably be needed for purposes of the Indenture. Without limiting the generality of the foregoing, the investments permitted under the Indenture (so long as such investments are authorized investments for Lessee) shall include: (i) obligations issued or guaranteed by the United States of America; (ii) obligations issued or guaranteed by any agency or person controlled or supervised by and acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, except obligations of the Federal National Mortgage Association; (iii) obligations issued or guaranteed by any state of the United States of America, the District of Columbia or any political subdivision of any state rated within one of the two highest rating categories by Moody's and Standard & Poor's; (iv) time accounts (including accounts evidenced by time certificates of deposit) with commercial banks or savings and loan associations which are fully insured by the Federal Deposit Insurance Corporation; (v) repurchase agreements fully secured by investments under (i), (ii) or (iii) above; and (vi) money market mutual funds registered with the federal Securities and Exchange Commission, meeting the requirements of Rule 2a–7 under the Investment Company Act of 1940 and investing in the securities authorized under (i) though (v), inclusive, above. In connection with investment transactions hereunder, Trustee may use its own investment department.

Deposits or investments shall at all times be a part of the Account and Fund from which the moneys used to acquire such deposits or investments shall have come, and any profit or loss resulting from the sale of any investment shall be added or charged to such Account and Fund. Lessee shall restore to the appropriate Account and Fund all amounts necessary to cover all losses resulting from the sale of any investments. In the case of all other amounts representing moneys held in the Certificate Fund, such interest or income received or paid shall be held in such Account with a corresponding credit against Lessee's obligation to make payments under the Lease.

Defeasance

When principal or redemption price (as the case may be) of, and interest on, all of the Certificates have been paid or provision has been made for payment of the same, together with the compensation of Trustee and all other sums payable hereunder relating to the Certificates, the right, title and interest of Trustee shall thereupon cease in respect of the Certificates and Trustee, on demand of Lessor, shall release the Indenture in respect of the Certificates, shall release the Lease and related Security Documents and shall execute such documents to evidence such release as may be reasonably required by Lessor or Lessee and shall turn over to Lessee all balances then held by Trustee in the related Accounts hereunder. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by lot by Trustee, and thereupon Trustee shall take similar action for the release of the Indenture, the Lease and the Security Documents with respect to such Certificates.

Provision for the payment of any series of Certificates shall be deemed to have been made when Trustee holds in the Certificate Fund (a) cash in an amount sufficient to make all payments specified above with respect to the series of Certificates to be no longer entitled to the lien of the Indenture; (b) noncallable direct obligations issued by, or unconditionally guaranteed by, the United States of America, maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient without reinvestment to make all such payments; or (c) any combination of such cash and such obligations the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient without reinvestment to make all such payments.

Neither the obligations nor the moneys so deposited with Trustee shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal or redemption price of, and interest on, the Certificates or portions thereof.

Whenever moneys or obligations shall be deposited with Trustee for the payment or redemption of the Certificates more than 60 days prior to the date that the Certificates are to mature or be redeemed, Trustee shall mail a notice stating that such moneys or obligations have been deposited and identifying the Certificates for the payment of which such moneys or obligations are being held to all Owners of Certificates for the payment of which such moneys or obligations are being held.

Unclaimed Money to be Returned

Any moneys deposited with Trustee pursuant to the terms of the Indenture, for the payment of principal, premium, if any, or interest on the Certificates and remaining unclaimed by the Owners of such Certificates at maturity or the date fixed for redemption of the same, as the case may be, for a period of two years after the due date, shall upon the written request of Lessor and Lessee, and if Lessor or Lessee shall not at the time, to the knowledge of Trustee, be in default with respect to any of the terms and conditions contained in the Indenture, in the Certificates or under the Lease, be paid to Lessee, and such Owners shall thereafter look only to Lessee for payment and then only to the extent of the amounts so received without interest thereon. After payment by Trustee of all of the foregoing, if any moneys are then remaining under the Indenture, Trustee shall pay such moneys to Lessee.

Events of Default and Remedies

Each of the following shall be an "Event of Default" hereunder with respect to the Certificates:

(a) If Lessor shall fail or refuse to comply with its covenants under the Indenture and such failure or refusal shall continue for a period of 30 days after notice thereof has been given to Lessor by Trustee; or

(b) The occurrence of an Event of Non-Appropriation or an "event of default of Lessee" as defined under the Lease.

Upon the occurrence of any Event of Default, Trustee shall give notice thereof to the Owners of Affected Certificates, the Underwriter, Paying Agent and Lessor.

No Event of Non-Appropriation or event of default of Lessee under the Lease shall cause an Event of Default under the Indenture in respect of any other series of Certificates than the Certificates offered hereunder.

Remedies

If any Event of Default occurs and is continuing, Trustee may enforce for the benefit of the Affected Certificates each and every right granted to it as the assignee or grantee of the Leases and Security Documents. In exercising such rights and its rights under the Indenture, Trustee shall take such action as, in the judgment of Trustee, would best serve the interests of the Owners of the Affected Certificates, including calling the Affected Certificates for redemption prior to their maturity and exercising the Lease Remedies provided in the Lease.

If any Event of Default has occurred and is continuing, Trustee, in its discretion may, and, upon the written request of the Owners of a majority in aggregate principal amount of all Affected Certificates and receipt of indemnity to its satisfaction, shall, in its own name:

(a) By mandamus, or other suit action or proceeding at law or in equity, enforce all rights of the Owners of the Affected Certificates, including enforcing any rights under the Lease or the Security Documents and to enforce the provisions of the Indenture and any collateral rights hereunder for the benefit of the Owners of the Affected Certificates; or

(b) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Affected Certificates.

The Owners of a majority in aggregate principal amount of the Affected Certificates shall have the right, after furnishing indemnity satisfactory by Trustee, to direct the method and place of conducting all remedial proceedings by Trustee under the Indenture, provided that such direction shall not be in conflict with any rule of law or with the Indenture or unduly prejudice the rights of minority Owners of Affected Certificates.

No Owner of Affected Certificates shall have any right to pursue any remedy under the Indenture unless:

(a) Trustee shall have been given written notice of an Event of Default which affects such Owner;

(b) The Owners of Affected Certificates of at least a majority in aggregate principal amount of all Affected Certificates shall have requested Trustee, in writing, to exercise such powers or pursue such remedy in its or their name or names;

(c) Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities; and

(d) Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the foregoing provisions or any other provision of the Indenture, the obligation of Lessor shall be absolute and unconditional to pay under the Indenture, but solely from the sources pledged under the Indenture, the principal or redemption price of, and interest on, the Certificates to the respective Owners thereof on the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

Subject to any express limitations contained in the Indenture, no such remedy is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Any such moneys received by Trustee shall be applied in the following order:

(a) To the payment of the costs of Trustee, including Counsel fees, and disbursements of Trustee with interest thereon at the prime rate then in effect with Trustee, and by the payment of its reasonable compensation;

(b) To the payment of interest then owing on the Affected Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one over another or of any installment of interest over any other installment of interest;

(c) To the payment of principal or redemption price (as the case may be) then owing on the Affected Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Affected Certificate over another; and

(d) To the payment of costs and expenses of Lessor, including Counsel fees, incurred in connection with the Event of Default.

The surplus, if any, shall be paid to Lessee or the person lawfully entitled to receive the same as a court of competent jurisdiction may direct.

Obligations and Liabilities of Trustee

The Indenture contains provisions that set forth the express terms and conditions regarding the duties and liabilities of Trustee.

During the Lease Term, Trustee is entitled to receive payment or reimbursement of its reasonable fees and expenses.

The Indenture provides that Trustee may resign and become discharged from its duties under the Indenture, by notice in writing given to Lessee and Lessor not less than 60 days before the resignation is to take effect. The resignation will take effect only upon the appointment of a successor qualified to act under the Indenture. The Indenture provides for the removal of Trustee from its duties under the Indenture by Lessor, at the direction of Lessee, if Lessee reasonably determines that Trustee is not duly performing its obligations or if Lessee determines it is in the best interests of Lessee or the Owners, or otherwise by a written instrument executed by the owners of a majority in aggregate principal amount of the Certificates then Outstanding. Any successor Trustee must be a national bank with trust powers or a bank or trust company having a capital and surplus of not less than $25,000,000.

Supplemental Indentures

Trustee and Lessor may, with the written consent of Lessee, but without the consent of, or notice to, the Owners, enter into such indentures or agreements supplemental hereto, including Supplemental Indentures for the issuance of any series of Certificates, for any one or more or all of the following purposes:

(a) to add additional covenants of Lessor or surrendering right or power herein conferred upon Lessor or to grant additional powers or rights to Trustee;

(b) to make any amendments necessary or desirable to obtain or maintain a rating from Moody's and/or Standard & Poor's in respect of any series of Certificates;

(c) to make any amendment which relates exclusively to and/or sets forth the terms of one or more series of Certificates which are to be initially executed and delivered on or after the effective date of the Supplemental Indenture, and not to any Outstanding series of Certificates;

(d) in order to preserve or protect the exclusion from gross income for federal income tax purposes of interest evidenced and represented by the Certificates; or

(e) for any purpose not inconsistent with the terms of the Indenture to cure any ambiguity, or to correct or supplement any provision contained in the Master Indenture or in any Supplemental Indenture which may be defective or inconsistent with any other provisions contained in the Master Indenture or in any Supplemental Indenture, or to make any provisions with respect to matters arising under the Indenture which shall not be inconsistent with the provisions of the Indenture and which do not adversely affect the interests of the Owners of the Affected Certificates.

The Indenture may be amended from time to time, except with respect to (a) the principal or interest payable upon any Outstanding series of Certificates, (b) the Interest Payment Dates, the dates of maturity or the redemption provisions of any Outstanding series of Certificates and (c) these amendment provisions by a Supplemental Indenture approved by the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding which would be affected by the action proposed to be taken.

Amendment of Lease

Lessor and Lessee shall have the right to amend the Lease, without Certificate Owners' consent, for one or more of the following purposes:

(a) to add additional covenants of Lessor or Lessee or to surrender any right or power therein conferred upon Lessor or Lessee;

(b) to make any amendments necessary or desirable to obtain or maintain a rating from Moody's and/or Standard & Poor's in respect of any series of Certificates;

(c) to make any amendment which relates exclusively to and/or sets forth the terms of one or more series of Certificates which are to be initially executed and delivered on or after the effective date of such amendment, and not to any Outstanding series of Certificates;

(d) in order to more precisely identify the Leased Property (including sites), including any substitutions, additions or modifications to the Leased Property as may be authorized under the Lease;

(e) in order to preserve or protect the exclusion from gross income for federal income tax purposes of interest evidenced by the Certificates; or

(f) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in the Indenture or in any amendment thereto or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under any Lease which shall not be inconsistent with the existing provisions thereof and which shall not adversely affect the interests of the Owners of Affected Certificates.

If Lessor or Lessee proposes to amend a Lease in such a way as would adversely affect the interests of Owners of Affected Certificates, Trustee shall notify the Owners of the Affected Certificates of the proposed amendment and may consent thereto with the consent of the Owners of a majority in aggregate principal amount of the Affected Certificates, provided that Trustee shall not, without the unanimous consent of the Owners of all Affected Certificates, consent to any amendment which would (a) decrease the amounts payable in respect of the Lease or (b) change the payment dates of Rental Payments under the Lease or change any of the prepayment provisions of the Lease.

RISK FACTORS

Distributions with respect to the Certificates are payable solely from amounts paid by Lessee under the Lease. The payments under the Lease are payable from moneys appropriated by the Legislature. Lessee has covenanted to include, if necessary, in each budget submitted to the Legislature for appropriation by the Legislature, amounts sufficient, together with existing appropriations and any other lawfully available money, to enable each Rental Payment and all other expenses and sums payable under the Lease by Lessee to be paid when due.

THE OBLIGATIONS OF LESSEE UNDER THE LEASE DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF NEBRASKA OR ANY DEPARTMENT OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION AND DO NOT CONSTITUTE A LIABILITY OF OR A LIEN OR CHARGE UPON THE MONEYS OR PROPERTY OF THE STATE OF NEBRASKA OR ANY DEPARTMENT OR AGENCY THEREOF, EXCEPT THOSE MONEYS WHICH LESSEE HAS APPROPRIATED THEREFOR DURING ANY FISCAL PERIOD. LESSEE IS NOT REQUIRED TO APPROPRIATE OR PROVIDE FUNDS FOR THIS PURPOSE. IF MONEYS ARE NOT SO APPROPRIATED BY LESSEE FOR ANY FISCAL PERIOD, THE LEASE WILL BE TERMINATED AT THE END OF THE PRECEDING FISCAL PERIOD AND LESSEE WILL NOT BE REQUIRED TO MAKE RENTAL PAYMENTS COMING DUE AFTER SUCH TERMINATION.

Non-Appropriation

In the event that the Legislature specifically prohibits Lessee from paying all or any part of the amounts due under the Lease from amounts appropriated by the Legislature to Lessee, the obligation of Lessee to make further Rental Payments under the Lease shall cease and the Certificates shall be subject to extraordinary mandatory redemption without premium. (See “THE LEASE—Non-Appropriation” and “THE CERTIFICATES—Redemption Provisions—*Extraordinary Mandatory Redemption*.”)

Revenue

The State’s net General Fund receipts exceeded the Certified State General Fund revenue forecast by $1.287 billion for the fiscal year ended June 30, 2022. The State had a balance of $927 million in the Cash Reserve Fund as of June 30, 2022. The State General Fund had a balance of operating cash at June 30, 2022 of $2.494 billion. (See “FINANCIAL ANALYSIS OF THE STATE AS A WHOLE—Governmental Activities,” “ANALYSIS OF GENERAL FUND BUDGET VARIATIONS” and “FACTORS THAT WILL AFFECT THE FUTURE” in Appendix B.)

Employee Retirement System Funding Shortfalls

The State historically has maintained funding of its employee retirement plans at approximately 90% or better of actuarial accrued liability. Effective July 1, 2017, actuarial changes to assumptions for inflation, investment returns, covered payroll growth, mortality rates, and other changes decreased the funded ratio to approximately 85% or better of actuarial accrued liability. Reference is made to Note 13 to Financial Information Regarding the State of Nebraska in Appendix B for information about the State’s Pension Trust Funds relating to the State Employee Retirement System, the County Employee Retirement System, the School Employee Retirement System, the Judges Retirement System and the State Patrol Retirement System. The information provided reflects the most recent actuarial valuation dates of either January 1, 2021, July 1, 2021 or January 1, 2022, depending on the System.

Uncertainty of Remedies

In the event of a default by Lessee or a failure to budget and have available sufficient funds to make Rental Payments under the Lease, it is possible that Lessee would seek and obtain, on the grounds that Lessee could not properly function without the Equipment, injunctive relief restraining Lessor or the Owners from repossessing the Equipment or otherwise enforcing their rights under the Lease. There is little or no precedent in this area. Therefore, no prediction can be made as to the extent to which such equitable relief might be available to Lessee or the circumstances in which such equitable relief may be granted.

Disposition of Collateral

In the event that the Equipment is repossessed for any reason, there can be no assurance that the Equipment can be leased, sold or otherwise disposed of for a net amount equal to the cost of disposition, the then outstanding aggregate principal amount of the Certificates and accrued interest on the Certificates to the date of redemption.

Taxation of Interest Components Under Certain Circumstances

The opinion of Special Counsel as described under "TAX EXEMPTION" will state that, under the conditions stated therein, the interest component of the Rental Payments is excludable from gross income for federal income tax purposes. However, in the Event of Non-Appropriation or default by Lessee, if Lessor exercises its remedy to sell or lease the Equipment, interest components from the payments made from such sale or lease or from any other source other than Rental Payments made by Lessee may not be excludable from gross income for federal income tax purposes.

TAX EXEMPTION

General

In the opinion of Kutak Rock LLP, Special Counsel, to be delivered at the time of original issuance of the Certificates, under existing laws, regulations, rulings and judicial decisions, the portion of the Rental Payments payable by Lessee which is designated and paid as interest on the Certificates is (a) excluded from gross income for federal income tax purposes and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The opinions set forth above are subject to continuing compliance by Lessee with its covenants regarding federal tax laws in the Lease. Failure to comply with such covenants could cause such portion to be included in gross income retroactive to the date of issue of the Certificates.

The accrual or receipt of such portion may otherwise affect the federal income tax liability of certain recipients such as banks, thrift institutions, property and casualty insurance companies, corporations (including S corporations and foreign corporations operating branches in the United States, and applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022), Social Security or Railroad Retirement benefit recipients or taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, among others. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Special Counsel expresses no opinion regarding any such consequences and investors should consult their own tax advisors regarding the tax consequences of purchasing or holding the Certificates.

Special Counsel will express no opinion as to the validity and enforceability of the Lease or the other documents contemplated thereby, and will rely upon the legal opinion of the Office of the Attorney General as to the matters stated therein. Special Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Offering Circular.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to securities issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates or the market value thereof would be impacted thereby. Purchasers of the Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates, and Special Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Lease and the Certificates will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from gross income for federal income tax purposes interest expense that is allocable to carrying and acquiring tax-exempt obligations.

LITIGATION

In the opinion of the Office of the Attorney General, there is no litigation of any nature now pending or, to the knowledge of Lessee, threatened, restraining or enjoining the execution and delivery of the Lease, or the issuance, sale, execution or delivery of the Certificates, or in any way contesting or affecting the validity of such documents or the Certificates or any proceedings of Lessee taken with respect thereto.

Various other cases are pending against Lessee involving claims for money damages, some of which involve uninsured claims. In the opinion of the Office of the Attorney General, these pending cases are not unusual in number and amount. Based on past results in similar litigation, and representations made by the Office of the Attorney General, management of the State believes that these pending cases will not have a material adverse effect on the financial position of the State.

OTHER LEGAL MATTERS

On the date of the original delivery of the Certificates, the Office of the Attorney General will render a legal opinion that the Lease constitutes a valid and binding obligation of Lessee, enforceable in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency or other laws affecting creditors' rights, and subject to appropriation by the Legislature of sufficient amounts for payment of Rental Payments.

ONGOING DISCLOSURE

Lessee has entered into an undertaking (the "Undertaking") for the benefit of the holders and beneficial owners of the Certificates to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule"). See Appendix C.

Lessee's obligations under the Undertaking are subject to the lawful availability of moneys budgeted and appropriated by the Legislature for the preparation of the State's annual financial statements, audit and related expenses, and do not constitute a liability of or a lien or charge upon the moneys or property of the State or any of the its departments or agencies. A failure (whether by nonappropriation or for any other reason) by Lessee to comply with the Undertaking will not constitute an Event of Default under the Indenture, although, and subject to the preceding sentence, Certificateholders will have any available remedy at law or in equity. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

The State did not timely file a Notice of the Incurrence of a Financial Obligation, associated with certain obligations incurred by the Nebraska Department of Transportation, relating to the State's (i) $2,265,000 State of Nebraska Certificates of Participation (Series 2019A) and (ii) $3,000,000 State of Nebraska Certificates of Participation (Series 2019B). However, the State subsequently posted on EMMA the appropriate Notice of Material Event and related Notice of Failure to Timely File.

The State did not timely file its Annual Financial Information for the year ended June 30, 2021, including its Audited Financial Statements, associated with respect to the certificates previously issued and outstanding under the Master Indenture by January 30, 2022, as required by the letter agreements relating to such certificates between the State and the Union Bank and Trust Company, as trustee for the holders of the certificates, and Rule 15c2-12(d)(2) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. However, the State timely filed a related Notice of Failure to File Annual Financing Information and Audit, and subsequently filed its Annual Financial Information, including its Audited Financial Statements.

The State did not timely file (i) its Annual Financial Information for the year ended June 30, 2022, including its Audited Financial Statements, or (ii) a notice of failure to so timely file, in each case as associated with the Series 2022B Certificates as required by the letter agreement relating to such certificates between the State and the Union Bank and Trust Company, as trustee for the holders of the Series 2022B Certificates, and Rule 15c2 12(d)(2) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. The State has subsequently filed with respect to the Series 2022B Certificates (x) a Notice of Failure to File Annual Financing Information and Audit and (y) its Annual Financial Information for the year ended June 30, 2022, including its Audited Financial Statements.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFERING CIRCULAR

Certain statements included or incorporated by reference in this Offering Circular constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performances or achievements described to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. The State does not plan to issue any updates or revisions to those forward-looking statements if and when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur, unless such updates or revisions are made in the course of fulfilling its continuing disclosure obligation, as described under "ONGOING DISCLOSURE."

FINANCIAL STATEMENTS

The basic financial statements of the State as of and for the year ended June 30, 2022 included in Appendix B have been audited by the State Auditor, as stated in their report appearing therein, which includes reference to reports of other auditors who audited certain funds within the basic financial statements and their report also refers to the implementation of new accounting standards.

The basic financial statements of the State as of June 30, 2022 have been posted on the State's website and EMMA. The basic financial statements of the State for prior years, and the management letters of the State Auditor, have been posted on the State's website and can be found at the following web page: https://www.nebraska.gov/auditor/FileSearch/entityresults.cgi?id=ACFR%20-%Annual%20Comprehensive%20Financial%20Report%2C%Formerly%20CAFR.

CERTIFICATION

On the date of delivery of the Certificates, Lessee will furnish a written certification of an Authorized Officer thereof to the effect that the information and statements contained herein as of the date hereof and the date of delivery of the Certificates, are true and correct in all material respects and, to the best of the knowledge, information and belief of Lessee and its staff, after due investigation, this Offering Circular does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

RATING

S&P Global Ratings, a Standard and Poor's Financial Services LLC business ("S&P") has given the Certificates a rating of "AA+." Any desired explanation of the significance of such rating should be obtained from S&P. The State furnished the rating agency with certain information and materials relating to the Certificates and the State which have not been included in this Offering Circular. Generally, a rating agency bases its rating on the information and materials so furnished and on investigations, studies and assumptions made by such rating agency. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Neither the State nor the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Certificates any proposed revision or withdrawal of the rating of the Certificates or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Certificates. Any explanation of the significance of such rating should be obtained from the rating agency furnishing such rating.

UNDERWRITING

Piper Sandler & Co. has agreed to purchase the Certificates for reoffering to the public. The Certificates are being offered by the Underwriter at an aggregate purchase price of $6,349,291.75 equal to the aggregate principal amount of the Certificates ($6,050,000.00), less Underwriter's discount of 0.725% ($43,862.50) of such aggregate principal amount, plus net premium of $343,154.25, and plus accrued interest of $-0- to the date of delivery. The Underwriter will purchase all of the Certificates if any are purchased. The obligation of the Underwriter to accept delivery of the Certificates is subject to various conditions contained in a Certificate Purchase Agreement.

The Underwriter intends to offer the Certificates to the public initially at the offering prices set forth on the cover of this Offering Circular, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at prices lower than the offering prices set forth on the cover of this Offering Circular.

Union Bank and Trust Company, Lincoln, Nebraska, as trustee for and on behalf of Piper Sandler & Co., is Lessor (as successor by merger to Piper Jaffray & Co.).

MISCELLANEOUS

Any statements made in this Offering Circular involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Offering Circular is not to be construed as a contract or agreement between Lessee and the Owners and has not been authorized or executed by Lessee. This Offering Circular is submitted only in connection with the sale of the Certificates and may not be reproduced or used in whole or in part for any other purpose.

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APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF NEBRASKA

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State of Nebraska

COMPARATIVE UNEMPLOYMENT
NEBRASKA AND UNITED STATES

2012 - 2021

YEAR	NEBRASKA TOTAL LABOR FORCE	NEBRASKA TOTAL EMPLOYMENT	NEBRASKA UNEMPLOYMENT	NEBRASKA UNEMPLOYMENT AS PERCENT OF LABOR FORCE	UNITED STATES UNEMPLOYMENT AS PERCENT OF LABOR FORCE
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
2021	1,049,033	1,022,662	26,371	2.5	5.4

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 2012 – 2021

	NEBRASKA			UNITED STATES		
YEAR	POPULATION	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	POPULATION	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME
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
2021	1,963,692	120,189	61,205	331,893,745	21,288,709	64,143

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

State of Nebraska

TEN LARGEST EMPLOYERS

2021 and 2012

	December 2021			December 2012		
	Total Employment 965,748			Total Employment 980,668		
NAME OF COMPANY	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT
State of Nebraska (excluding University)	1	17,111	1.772	1	15,902	1.622
US Government (excluding Department of Defense*)	2	16,925	1.753	2	15,868	1.618
Nebraska Medicine	3	16,684	1.728			
University of Nebraska **	4	14,801	1.533			
Commonspirit Health	5	9,347	0.968			
Peter Kiewit Sons', Inc	6	8,405	0.870			
Hy-Vee Food Stores	7	8,332	0.863			
Walmart	8	8,203	0.849	4	8,724	0.890
Omaha Public Schools	9	7,467	0.773	6	7,202	0.734
Lincoln Public Schools Inc	10	6,852	0.710	8	5,933	0.605
Offutt Air Force Base				3	12,000	1.224
Alegent Health				5	8,600	0.877
Union Pacific Corporation				7	6,130	0.625
Tyson Foods, Inc				9	5,130	0.523
First Data Corp.				10	4,424	0.451

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

2012/13 – 2021/22

ACADEMIC YEAR	PRE KDG. AND KDG.	GRADES 1 – 3	GRADES 4 – 6	GRADES 7 – 9	GRADES 10 – 12	TOTAL ALL GRADES
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
2021 - 2022	42,232	69,123	69,756	72,283	73,661	327,055

SOURCE: Statistics and Facts About Nebraska Schools, Nebraska Department of Education.

State of Nebraska

PUBLIC HIGHER EDUCATION INSTITUTIONS
TOTAL FALL HEADCOUNT ENROLLMENT

2012 - 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
COLLEGES AND UNIVERSITIES:										
Chadron State College	2,994	3,056	3,033	2,993	2,977	2,737	2,448	2,407	2,330	2,250
Peru State College	2,390	2,422	2,499	2,506	2,571	2,349	2,114	2,109	1,902	2,067
Wayne State College	3,555	3,506	3,470	3,431	3,357	3,292	3,633	3,890	4,202	4,580
University of Nebraska										
Lincoln (1)	24,538	24,745	25,390	25,772	26,239	26,396	26,155	25,721	25,390	24,713
Omaha	14,786	15,227	15,227	15,526	15,627	15,731	15,431	15,153	15,892	15,328
Kearney	7,199	7,052	6,902	6,747	6,788	6,644	6,327	6,279	6,225	6,275
Medical Center	3,655	3,681	3,696	3,790	3,862	3,908	3,972	4,055	3,699	3,750
TOTAL COLLEGES AND UNIVERSITIES	59,117	59,689	60,217	60,765	61,421	61,057	60,080	59,614	59,640	58,963
COMMUNITY COLLEGES										
Central CC	7,283	6,906	6,377	6,227	6,316	6,082	6,354	6,368	5,974	6,309
Metropolitan CC	17,376	15,752	14,675	14,812	14,788	14,954	14,913	14,300	13,244	13,709
Mid-Plains CC	2,591	2,491	2,143	2,235	2,276	2,221	2,216	2,125	2,075	2,101
Northeast CC	5,251	5,145	5,061	5,051	5,075	5,086	5,016	5,258	5,105	5,345
Southeast CC	10,168	9,751	9,392	9,248	9,262	9,412	9,240	9,756	9,328	9,416
Western CC	2,230	1,960	1,836	1,534	1,719	1,905	1,825	1,722	1,625	1,306
TOTAL COMMUNITY COLLEGES	44,899	42,005	39,484	39,107	39,436	39,660	39,564	39,529	37,351	38,186
TOTAL ALL INSTITUTIONS	104,016	101,694	99,701	99,872	100,857	100,717	99,644	99,143	96,991	97,149

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

2012 - 2021

FUNCTION	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Conservation	328	321	316	313	318	309	314	300	302	345
Regulation	355	358	353	360	355	348	351	353	351	338
Economic Development	430	426	439	440	444	1,029	1,082	1,093	1,051	965
Culture and Recreation	503	512	510	504	502	490	503	533	539	541
Education	578	579	603	608	605	588	565	549	573	571
Transportation	2,102	2,118	2,103	2,113	2,083	2,003	1,970	1,980	1,980	1,941
General Government	2,687	2,840	2,919	2,975	3,057	3,055	3,070	3,319	3,312	3,247
Public Safety	3,333	3,381	3,436	3,406	3,320	3,307	3,333	3,365	3,375	3,131
Health & Social Services	5,586	5,748	5,700	5,726	5,476	4,781	4,670	4,651	4,694	4,448
	15,902	16,283	16,379	16,445	16,160	15,910	15,858	16,143	16,177	15,527

SOURCE: Nebraska State Government - State Personnel Division - 2021 Almanac

State of Nebraska

OPERATING INDICATORS BY FUNCTION

2013 - 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Department of Revenue										
Percentage of returns filed electronically	88.5%	89.9%	90.8%	90.8%	90.7%	91.6%	92.4%	93.1%	94.0%	94.8%
Percentage of direct deposit refunds	77.3%	78.9%	77.8%	78.2%	77.5%	80.0%	81.2%	81.1%	79.2%	83.9%
Department of Transportation										
Percentage of Roads in very good or good condition (1)	74%	75%	82%	84%	84%	84%	82%	82%	90%	90%
Conservation of Natural Resources										
Department of Environmental and Energy										
Inspections by field office staff										
Air Quality	90	82	216	184	139	141	164	132	145	188
Water Quality	1,801	1,113	1,396	1,552	1,682	1,219	1,234	1,075	1,788	2,656
Waste Management	172	145	135	130	126	156	138	107	228	284
Culture - Recreation										
Game and Parks Commission										
Park visitors (1,2)	11,684,965	12,426,891	11,654,110	13,469,281	12,746,003	10,086,731	9,497,926	6,706,057	9,058,025	N/A
Hatchery fish raised (in millions) (1)	39.4	48.6	49.7	48.0	47.0	50.2	41.3	10.5	49.0	N/A
Education										
Department of Education										
Fall Enrollment										
Pre-K to 12th grade	307,677	312,635	316,015	319,194	323,766	326,164	329,290	324,176	327,055	N/A
State Colleges and Universities	59,689	60,217	60,765	61,421	61,057	60,080	59,614	59,640	58,963	N/A
Public Community Colleges	42,005	39,484	39,107	39,436	39,660	39,564	39,529	37,351	38,186	N/A
Health and Social Services										
Health and Human Services										
Child Support Payments										
Number of Payments Received	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	1,375,197
Number of Payments Disbursed	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	1,304,172
Medicaid (average monthly)										
Medicaid recipients	240,639	235,496	235,355	232,795	237,309	241,966	242,316	244,010	304,655	351,694
Percentage of Nebraska population	12.9%	12.5%	12.4%	12.2%	12.4%	12.5%	12.5%	12.6%	15.5%	N/A
Supplemental Nutrition Assistance Program										
Number of households	78,743	78,051	76,989	78,370	78,788	77,122	74,031	72,425	72,476	74,592
Percentage of Nebraska households	9.8%	9.6%	9.4%	9.5%	9.4%	9.1%	8.7%	8.5%	8.5%	N/A
Public Safety										
Department of Correctional Services										
Inmate population (average daily) (3)	6,224	6,544	6,659	6,641	6,588	6,611	5,434	5,629	5,364	5,534
Percentage of Nebraska population	0.33%	0.35%	0.35%	0.35%	0.34%	0.34%	0.28%	0.29%	0.27%	N/A
Total Admissions (3)	3,351	3,242	2,608	2,504	2,315	2,239	2,715	2,463	2,427	2,441
Total Releases (3)	3,113	2,985	2,555	2,094	2,372	2,402	2,507	2,519	2,416	2,259
State Patrol										
Traffic Stops	N/A	N/A	N/A	N/A	182,935	149,232	115,210	96,325	110,616	N/A
Transportation										
Department of Motor Vehicles										
Motor Vehicle Registrations (1)										
Automobiles	1,174,669	1,188,368	1,205,595	1,220,465	1,239,329	1,242,548	1,203,304	1,190,940	1,206,477	N/A
Trucks										
Farm	176,910	177,796	180,150	180,697	182,312	182,481	164,281	164,363	162,966	N/A
Commercial / Other	411,037	417,049	428,617	439,291	448,501	454,098	406,225	414,177	423,963	N/A
Motorcycles	55,833	55,475	55,585	55,340	54,863	53,566	50,647	50,373	51,153	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

2013 - 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Department of Administrative Services										
Buildings	271	266	267	263	270	269	267	255	235	234
Vehicles	1,007	1,050	1,058	1,046	1,062	1,120	1,096	1,176	1,130	1,074
Conservation of Natural Resources										
Game and Parks Commission										
Acres of state park and wildlife land (in thousands)	152	152	152	154	151	158	148	148	153	142
Culture - Recreation										
Game and Parks Commission										
State Parks	8	8	8	8	8	8	8	8	8	8
Historical Parks	9	9	9	9	9	10	10	10	10	10
Recreation and wildlife areas	322	322	347	350	350	357	350	347	347	345
Fish hatcheries	5	5	5	5	5	5	5	5	5	5
Education										
NETV Commission										
Towers, antennas and transmitters	42	42	42	45	51	46	45	45	46	51
Public Safety										
State Patrol										
Pursuit Vehicles	486	486	526	339	310	554	384	249	340	373
Department of Corrections										
Buildings	134	130	150	149	134	148	146	133	136	134
Transportation										
Department of Transportation										
Highway miles (calendar year)	9,946	9,945	9,942	9,944	9,945	9,945	9,944	9,942	9,940	N/A
Heavy trucks, plows and graders	1,054	1,052	1,022	1,025	1,064	1,049	1,052	1,031	1,048	1,053

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, 2022

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, 2020-21

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APPENDIX B

FINANCIAL INFORMATION REGARDING THE STATE OF NEBRASKA

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TABLE OF CONTENTS

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NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Unmodified and Disclaimer Opinions
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund (except the Enterprise Fund – Unemployment Insurance), and the aggregate remaining fund information; and we were engaged to audit the business-type activities and the Enterprise Fund - Unemployment Insurance, of the State of Nebraska, as of and for the year ended June 30, 2022, 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Unmodified
Governmental Fund - General	Unmodified
Governmental Fund - Highway	Unmodified
Governmental Fund – Federal	Unmodified
Governmental Fund - Health and Social Services	Unmodified
Governmental Fund – Permanent School	Unmodified
Enterprise Fund – Unemployment Insurance	Disclaimer
Aggregate Remaining Fund Information	Unmodified

Disclaimer of Opinions on the Business-Type Activities and Enterprise Fund - Unemployment Insurance
We do not express an opinion on the accompanying financial statements of the Business-Type Activities or the Enterprise Fund - Unemployment Insurance of the State of Nebraska. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Business-Type Activities and Enterprise Fund - Unemployment Insurance section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Business-Type Activities and the Enterprise Fund – Unemployment Insurance.

Unmodified Opinions on the Governmental Activities, Aggregate Discretely Presented Component Units, Governmental Fund – General, Governmental Fund – Highway, Governmental Fund – Federal, Governmental Fund – Health and Social Services, Governmental Fund – Permanent School and the Aggregate Remaining Fund Information
In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the Governmental Fund – General, Governmental Fund – Highway, Governmental Fund – Federal, Governmental Fund – Health and Social

Services, Governmental Fund – Permanent School and the aggregate remaining fund information of the State of Nebraska, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of University of Nebraska Foundation, the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, the Nebraska Utility Corporation, the Nebraska State College System Foundations, the Nebraska State Colleges Facilities Corporation, and the activity of the Nebraska State College System Revenue and Refunding Bond Program, which represent 45%, 37%, and 16%, respectively, of the assets and deferred outflows of resources, net position or fund balances, and revenues of the aggregate discretely presented component units as of June 30, 2022. Lastly, we also did not audit the financial statements of the College Savings Plan and Enable Savings Plan which represent 22%, 24%, and 34% of the assets and deferred outflows of resources, net position or fund balances, and revenues of the aggregate remaining fund information as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units and aggregate remaining fund information for the College Savings Plan and Enable Savings Plan is based solely on the report of the other auditors.

The financial statements of the University of Nebraska Foundation, the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, the Nebraska Utility Corporation, the State Colleges Foundations, Nebraska State College System Revenue and Refunding Bond Program and the Nebraska State Colleges Facilities Corporation were not audited in accordance with *Government Auditing Standards*.

Basis for Disclaimer of Opinions on the Business-Type Activities and the Enterprise Fund – Unemployment Insurance

The State of Nebraska was unable to provide sufficient appropriate audit evidence that controls were in place to ensure the financial statements above were free from material misstatements. The Nebraska Department of Labor was unable to provide timely and accurate records of the Enterprise Fund - Unemployment Insurance including support of balances. 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 totaling over $80,000,000 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.

Basis for Unmodified Opinions

We conducted our audit of the financial statements of the governmental activities, each major fund (except the Enterprise Fund – Unemployment Insurance), and the aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Nebraska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in fiscal year 2022, the State of Nebraska adopted new accounting guidance for lease accounting in GASB Statement No. 87, *Leases*. Additionally, as discussed in Note 1 to the financial statements, the beginning balances have been adjusted. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Nebraska's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Business-Type Activities and the Enterprise Fund – Unemployment Insurance

Our responsibility is to conduct an audit of the State of Nebraska's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinions on the Business-Type Activities and the Enterprise Fund – Unemployment Insurance section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Business-Type Activities and the Enterprise Fund – Unemployment Insurance.

We are required to be independent of the State of Nebraska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of the Governmental Activities, Aggregate Discretely Presented Component Units, Governmental Fund – General, Governmental Fund – Highway, Governmental Fund – Federal, Governmental Fund – Health and Social Services, Governmental Fund – Permanent School and the Aggregate Remaining Fund Information

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Nebraska's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Nebraska's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 19 through 33, the Budgetary Comparison Schedule on page 95, the Information About Infrastructure Assets Reported Using the Modified Approach on page 97, the Information About Pension Plans on pages 98 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Nebraska's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information
Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section, budgetary comparison schedules – other than the General fund and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated January 30, 2023, 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

Lincoln, Nebraska
January 30, 2023

Kris Kucera, CPA, CFE
Assistant Deputy

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, 2022. 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 2022 required by the Governmental Accounting Standards Board (GASB) that had an impact on the June 30, 2022 financial statements. Statement No. 87, *Leases*, established a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset; thereby, increasing the usefulness of governments' financial statements. Since the State is both a lessee and lessor, the State is required to recognize a lease liability, an intangible right-to-use asset, a lease receivable, and a deferred inflow of resources.

The State also implemented the following new standards in 2022 that had no impact on the June 30, 2022 financial statements. Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* Statement No. 92, *Omnibus 2022.* 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)*. Statement No. 99, *Omnibus 2022*.

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, 2022 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, 2022 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, 2021, 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, 2022 by $18.9 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 $3.4 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 2022 resulting in an increase in net position of $1,576 million. This increase in net position follows an increase in 2021 of $2,146 million.

Fund Level

General Fund revenues for 2022 were $1,469 million above the original budgeted amount and above the final budget by $624 million. Expenditures were $338 million less than the original budgeted amount and below the final budget by $553 million. On a Generally Accepted Accounting Principles (GAAP) basis, the General Fund had $1,029 million excess in revenues prior to net other financing uses of $218 million causing an increase in fund balances of $811 million, and thereby increasing the fund balance on June 30, 2022 to $3,194 million. Other governmental funds expenditures exceeded revenues by $32 million, chiefly due to market changes. In addition to these operating changes, other governmental funds received $273 million in net other financing sources. This $241 million net increase resulted in raising such fund balances at June 30, 2022 to $5,209 million.

The $544 million of net position of the Unemployment Insurance Fund represents 88% of the enterprise funds. Such fund had a $33 million increase in net position for 2022 compared to a $29 million increase in 2021, an increase in growth of $4 million. Business assessment fees collected from employers and federal revenue in response to the COVID-19 pandemic exceeded the unemployment insurance claims in 2022. Business assessment fees from employers was up 29.8% from 2021. Federal operating and nonoperating revenue of $24 million represents a decrease of $541 million from 2021.

Long-term Liabilities

Long-term liabilities shown on the government-wide financial statements totaled $732 million at June 30, 2022, which is a $382 million decrease from the prior year, primarily due to a decrease in the State's pension liability. The remaining liabilities consist of Medicaid liability, claims payable for workers' compensation, medical excess liability, lease liability, certificates of participation, 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 36) 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 37 and 38) 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 97% 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 39) 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 40 and 42).

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 49.

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 51.

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 Information and Supplementary Information

Other information includes the budgetary comparison schedules for Cash Funds, Construction Funds, Federal Funds and Revolving Funds. Also presented is an introductory section and statistical section providing State data. Supplementary information 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.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

The State's assets and deferred outflows of resources totaled $24,536 million at June 30, 2022 as compared to $21,622 million at June 30, 2021. Total liabilities and deferred inflows of resources totaled $5,641 million, and net position amounted to $18,895 million as of June 30, 2022. As of June 30, 2021, these amounts were $4,303 million and $17,319 million, respectively. By far the largest portion of the State of Nebraska's net position (53 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.

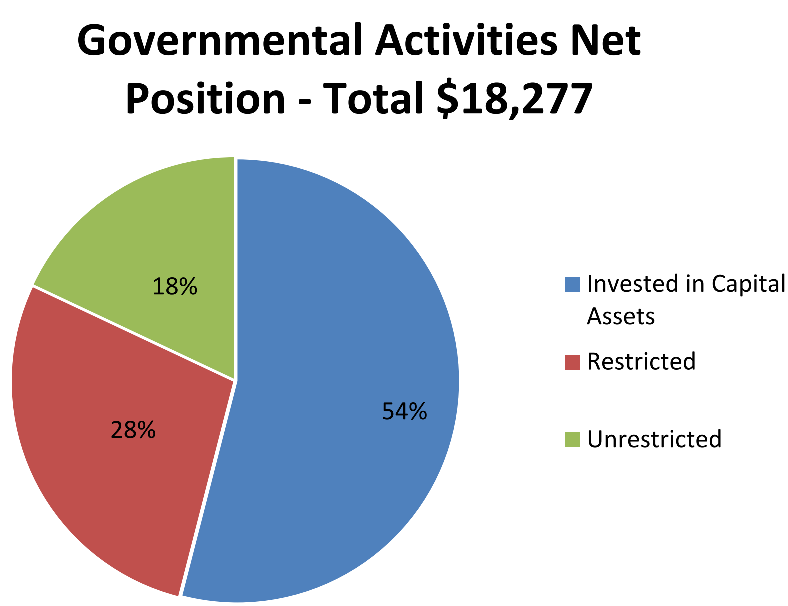
For Governmental Activities other than capital assets, the majority of the restricted net position consists of the Permanent School Trust, the Tobacco Settlement Trust, the Intergovernmental Trust, the Department of Transportation cash funds and the loans to political subdivisions for drinking water 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	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Current and Other Non-current Assets	$ 13,510	$ 10,843	$ 722	$ 713	$ 14,232	$ 11,556
Capital Assets	10,028	9,698	11	11	10,039	9,709
Total Assets	23,538	20,541	733	724	24,271	21,265
Deferred Outflows of Resources	265	357	-	-	265	357
Non-current Liabilities	681	1,057	51	57	732	1,114
Other Liabilities	3,863	2,765	64	71	3,927	2,836
Total Liabilities	4,544	3,822	115	128	4,659	3,950
Deferred Inflows of Resources	982	353	-	-	982	353
Net position:						
Net Investment in Capital Assets	9,950	9,660	10	11	9,960	9,671
Restricted	5,029	4,925	546	514	5,575	5,439
Unrestricted	3,298	2,138	62	71	3,360	2,209
Total Net Position (as restated)	$ 18,277	$ 16,723	$ 618	$ 596	$ 18,895	$ 17,319

* Prior year amounts were not restated for the impact of GASB Statement No. 87



Approximately 77% of the State's non-capital assets consist of cash and investments. It should be noted that $485 million in 2022 and $271 million in 2021 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 18% of the non-capital assets.

Liabilities largely reflect three groupings which represent 98% 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 $2,740 million in 2022 ($1,104 million in 2021), tax refunds payable of $603 million ($501 million in 2021) 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 $732 million in 2022 ($1,114 million in 2021). Such liabilities include claims payable for workers' compensation, medical excess liability, certificates of participation, unemployment insurance and employee health insurance totaling $157 million in 2022 ($169 million in 2021), Medicaid claims for $233 million in 2022 ($281 million in 2021), the State's liability for pension funds of $94 million in 2022 ($465 million in 2021), the State's liability for OPEB of $25 million in 2022 ($22 million in 2021) and the calculated amount for vested sick leave, comp time, and accrued vacation due to employees when they leave employment with the State of $144 million in 2022 ($140 million for 2021). Another minor amount of long-term liabilities consists of certificates of participation (See Note 7 to the Financial Statements), which totaled $33 million at June 30, 2022, compared to $38 million at June 30, 2021.

The $1,554 million increase in net position of Governmental Activities for 2022, was due to a $290 million increase in the net investment in capital assets, a $104 million increase in restricted net position, and a $1,160 million increase in unrestricted net position. Additionally, there was a $400 million increase in taxes collected.

At the end of June 30, 2022, 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 2022, 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 Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues						
Charges for Services	$ 756	$ 783	$ 311	$ 296	$ 1,067	$ 1,079
Operating Grants and Contributions	5,207	4,623	18	444	5,225	5,067
Capital Grants and Contributions	39	6	-	-	39	6
General Revenues						
Taxes	7,267	6,867	-	-	7,267	6,867
Unrestricted Investment Earnings	(342)	411	(5)	12	(347)	423
Miscellaneous	4	2	-	-	4	2
Total Revenues	12,931	12,692	324	752	13,255	13,444
EXPENSES						
General Government	830	799	-	-	830	799
Conservation of Natural Resources	139	142	-	-	139	142
Culture - Recreation	50	49	-	-	50	49
Economic Development and Assistance	130	124	-	-	130	124
Education	2,336	2,084	-	-	2,336	2,084
Higher Education - Colleges and Universities	718	697	-	-	718	697
Health and Social Services	5,172	4,721	-	-	5,172	4,721
Public Safety	663	1,346	-	-	663	1,346
Regulation of Business and Professions	135	128	-	-	135	128
Transportation	1,303	1,257	-	-	1,303	1,257
Interest on Long-term Debt	1	-	-	-	1	-
Unemployment Insurance	-	-	80	609	80	609
Lottery	-	-	153	157	153	157
Excess Liability	-	-	8	7	8	7
Cornhusker State Industries	-	-	17	14	17	14
Total Expenses	11,477	11,347	258	787	11,735	12,134
Excess/(Deficiency) Before Transfers and Contributions: Permanent Fund Principal	1,454	1,345	66	(35)	1,520	1,310
Net Transfers In (Out)	50	53	(50)	(52)	-	1
Federal CARES	28	684	6	121	34	805
Contributions: Permanent Fund Principal	22	30	-	-	22	30
Increase/(Decrease) in Net Position	1,554	2,112	22	34	1,576	2,146
Net Position - Beginning (as restated)	16,723	14,611	596	562	17,319	15,173
Net Position - Ending	$ 18,277	$ 16,723	$ 618	$ 596	$ 18,895	$ 17,319

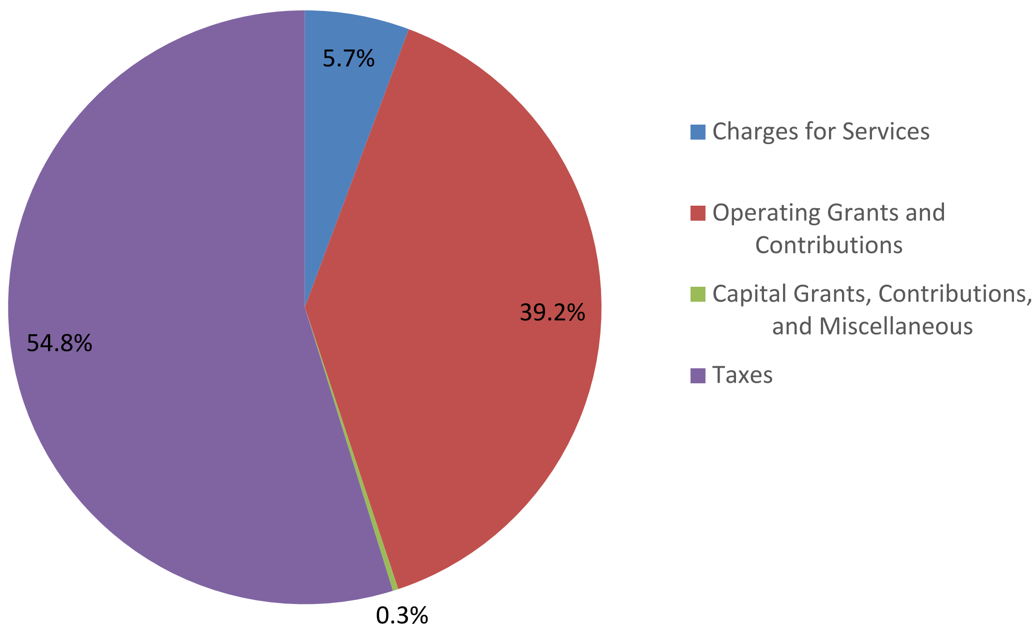
Governmental Activities

Governmental activities increased the State’s net position by $1,554 million in 2022 ($1,995 million increase in 2021) and represent 98% of all primary government revenues. Program revenues from governmental activities were $6,002 million and were used to partially offset program expenses of $11,477 million, leaving net expenses of $5,475 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 $7,029 million, were $1,554 million more than the remaining costs of the governmental activities’ programs as shown below.

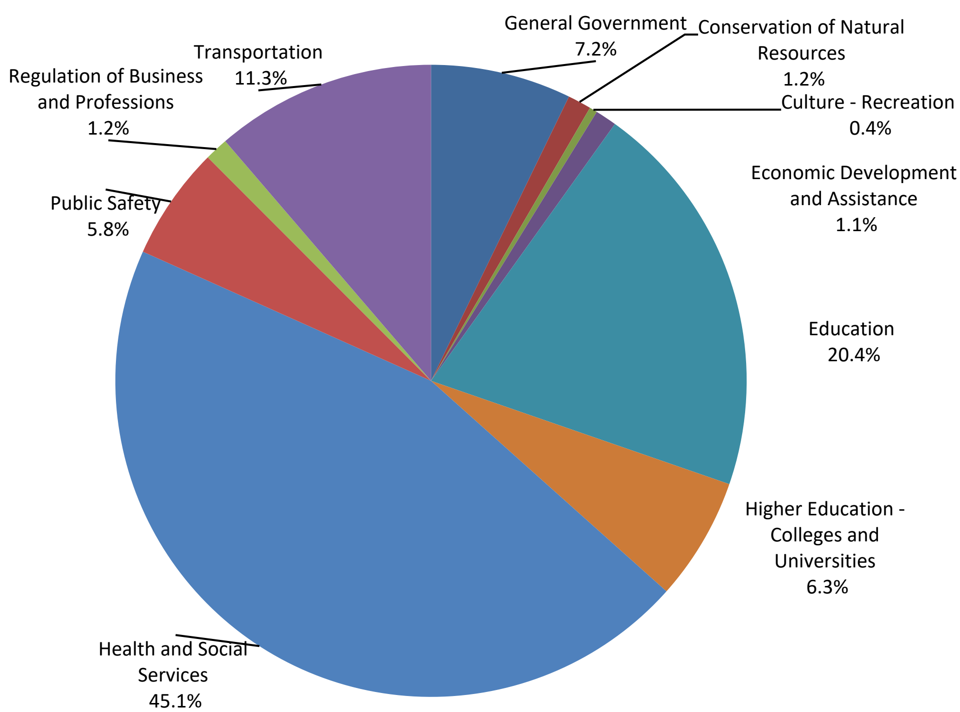
Tax revenues were up $400 million from 2021, compared to an increase of $1,130 million in 2021 over 2020. Program revenues increased 11% from 2021. Increases in education and health and social services contributed to the $130 million increase in program expenses. The change in Net Position decreased $558 million from 2021 to 2022 compared to the $1,572 million increase from 2020 to 2021. Although the General Fund holds more investments than other programs and maintains more conservative investments, it showed a decrease in investment income in 2022 from 2021 of $213 million due to the changes in the market value of the underlying investments.

STATE OF NEBRASKA
Governmental Activities
As of June 30, 2022

Revenues - Total $13,273 million



Expenses - Total $11,477 million



Four functional areas of the State comprise 83% of the expenses of all Governmental Activities: Education, Public Safety, Health and Social Services, and Transportation. Education expenses were up $252 million, Public Safety was down $683 million, Health and Social Services was up $451 million, and Transportation expenses were up $46 million. General Government expenses were up $31 million. All the other functional areas had small variances in net expenses.

Program expenses, net of revenue, decreased by $460 million in 2022, over 2021, as shown below:

GOVERNMENTAL ACTIVITIES

(in millions of dollars)

	2022	2021
Program Expenses, Net of Revenue		
General Government	$ (701)	$ (665)
Conservation of Natural Resources	(30)	(49)
Culture - Recreation	(12)	(14)
Economic Development and Assistance	(79)	(35)
Education	(1,466)	(1,480)
Higher Education - Colleges and University	(718)	(697)
Health and Social Services	(1,579)	(1,418)
Public Safety	(326)	(1,024)
Regulation of Business and Professions	25	24
Transportation	(588)	(576)
Interest on Long-Term Debt	(1)	(1)
Subtotal	(5,475)	(5,935)
General Revenues		
Taxes	7,267	6,867
Unrestricted Investment Earnings	(342)	411
Miscellaneous	4	2
Transfers	50	53
Federal CARES	28	684
Contributions: Permanent Fund Principal	22	30
Increase(Decrease) in Net Position (as restated)	$ 1,554	$ 2,112

Business-type Activities

The business-type activities increased the State's net position by $22 million for 2022, which was net of a $50 million transfer to governmental activities. Most of the $329 million of business-type activities' program revenues were related to business assessment fees in the Unemployment Insurance Fund and Lottery Fund revenues. The Unemployment Insurance Fund had an operating income of $25 million in 2022. This income, when combined with transfers, Federal CARES funds of $6 million, and $3 million in investment income, produced a $33 million increase in net position for the Unemployment Insurance Fund. Lottery revenues of $202 million generated operating income of $50 million, which was offset by a $50 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, 2022, the State's Governmental Funds reported combined ending fund balances of $8,403 million. Of this amount, $666 million is non-spendable, either due to its form or legal constraints, and $4,353 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 $1,064 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 $57 million of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $2,263 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 $584 million. However, such refunds payable are $109 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 $3,220 million.

On June 30, 2021, the General Fund had a positive fund balance of $2,383 million. For 2022, expenditures increased $213 million from 2021 and revenues increased by $145 million. The revenues were $1,029 million more than expenditures for 2022 while revenues were $1,098 million more than expenditures in 2021. The General Fund balance in 2022 increased by $811 million, after adjusting for transfers in and out of the General Fund, ending with a fund balance of $3,194 million on June 30, 2022.

Revenues increased during 2022 finishing $145 million up from 2021. This increased was primarily due to an increase in income tax revenue of $245 million (a 6.71% increase) from 2021, an increase in sales and use tax revenue of $105 million (a 5.12% increase) over 2021, an increase in business and franchise taxes of $13 million (a 11.91% increase) and a decrease in investment income of $213 million (a 1,005% decrease) from 2021. Expenditures increased during 2022 by $213 million over 2021 due to increases in General Government spending of $23 million, an increase for Higher Education – Colleges and University of $25 million, an increase in Health and Social Services of $93 million, and an increase from 2021 for Public Safety of $58 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 2022.

The Cash Reserve Fund balance was $426 million at the beginning of 2021. In 2021, there were net transfers in of $41 million leaving a Cash Reserve Fund balance at June 30, 2021 of $467 million. In 2022, there were statutory transfers to the Fund of $585 million and other statutory transfers out equaling $124 million leaving a Fund balance of $928 million at June 30, 2022. 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 $5,209 million at June 30, 2022. Of this amount, $663 million is nonspendable, either due to its form or legal constraints, and $4,353 million is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional $137 million of total fund balance has been committed to specific purposes. The remaining $56 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 $974 million. The non-major special revenue fund balances totaled $1,382 million.

Governmental funds other than the General Fund saw an increase in fund balances of $241 million. The fund balance of the following funds increased: Health and Social Service Fund ($49 million) the Permanent School Fund ($94 million), and the Other Nonmajor Funds ($200 million). The fund balances of the following funds decreased: Highway Fund ($48 million) and the Federal Fund ($54 million).

The Highway Fund had a $30 million decrease in Sales and Use Taxes, a $44 million decrease in Petroleum Taxes, a $1 million increase in Charges for Services, a $29 million increase in federal grants revenue, a $32 million decrease in investment income, a $1 million increase in Licenses, Fees and Permits, and a $23 million increase in operating expenses. These changes are mainly why the Highway Fund had a $48 million decrease in its fund balance in 2022 as opposed to a $49 million increase in 2021.

The activity in the Federal Fund represents federal funds received, and each year's spending should generally approximate grant funds received. In 2022, there was a decrease in federal grants and contracts revenue of $66 million. Expenditures in 2022 increased by $259 million for Education, increased $5 million for Conservation of Natural Resources, decreased $19 million for Economic Development and Assistance, increased $397 million for Health and Social Services, decreased $683 million for Public Safety, and decreased $3 million for Transportation. Revenues were less than expenditures by $34 million before transfers. Transfers out increased $12 million in 2022 compared to a decrease of $8 million in 2021. At the end of 2022 there was a $54 million decrease 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 $184 million decrease in investment income in 2022, mainly due to changes in the market value of investments compared to a $122 million increase in 2021. There was a $5 million decrease in Charges for Services, and a $9 million increase in Other revenue. There was a $49 million increase in fund balance in 2022, as opposed to a $135 million increase in 2021.

The Permanent School Fund had a $170 million decrease in revenue, mainly due to a $148 million decrease in investment income caused by changes in the market value of investments in 2022, compared to a $197 million investment income increase in 2021 (when compared to 2020). There was a $94 million increase in fund balance in 2022, compared to a $265 million increase in 2021, a change of $171 million.

The Nonmajor Funds revenues decreased $67 million compared to 2021. Business and Franchise tax revenue increased by $16 million, Other revenues decreased by $13 million, and Investment Income decreased by $89 million. Expenditures decreased by $3 million compared to 2021. General government increased by $8 million, Economic Development and Assistance increased by $8 million, Regulation of Business and Professions increased by $7 million, and Capital Projects decreased by $27 million. There were $300 million in net transfers in for the Nonmajor Funds in 2022 versus $13 million in net transfers out for 2021. As a result, the fund balances increased $200 million in 2022 as opposed to a $51 million decrease in 2021.

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 $544 million at the end of 2022. This fund's net position increased $33 million in 2022. Federal revenues decreased $541 due to reduced COVID-19 funding. Net position increased because business assessment fees and federal operating and nonoperating revenues exceeded unemployment claims paid out by $30 million, investment earnings of $3 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 $40 million prior to a $50 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 $3 million and lost $7 million in investment earnings for a net position decrease of $5 million.

Fiduciary Funds

The Pension Trust Funds represent the majority of the fiduciary funds. Such Pension Trust Fund's net position decreased $1,222 million to $19,252 million in 2022 mainly due to an decrease in the fair value of investments in 2022. Interest and dividend income in 2022 was $243 million versus $287 million in 2021. Benefits, refunds and related administrative expenses exceeded the contributions to the plans by $405 million. Investment Trust Funds report the $1,409 million net position of the Omaha School Employees' Retirement System. Private Purpose Trust Funds primarily report contributions from State participants received by the College Savings Plan which totaled $547 million. The total net position in the College Savings Plan now totals over seven billion dollars. Custodial Funds are not held in trust or an equivalent arrangement and are for the benefit of other governments or individuals. Activity includes $305 million in child support contributions and distributions, $56 million in county court contributions and distributions, and distributions of $14 million in Coronavirus Local Fiscal Recovery funds.

ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

During 2022, 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 decrease in 2022 by $1,075 million over 2021 net tax revenue of $5,830 million. As revenues continued to moderate during 2022, the State's Forecasting Board made two new forecasts during the year. At the end, the forecasted net tax revenues were $845 million above the original forecast. However, actual tax revenues, net of refunds for 2022 of $6,224 million exceeded the revised forecast by $624 million, leaving the State with actual tax revenues, net of refunds, of $1,469 million above the original budget on a budgetary basis. Agencies continued to watch their General Fund expenditures and spent $553 million less than the final appropriated amount. This reduction, when coupled with the increase in tax revenues, caused the State to finish 2022 with General Fund revenues of $1,327 million more than expenditures on a budgetary basis, prior to net transfers out. There was a net $222 million transferred out for specific purposes. The fund balance on a budgetary basis increased from $2,323 million at the beginning of the fiscal year to $3,428 million at June 30, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the State had invested $10.0 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 2022 totaled $94 million, compared to $70 million for 2021.

CAPITAL ASSETS AS OF JUNE 30

(net of depreciation in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Land	$ 659	$ 657	$ -	$ -	$ 659	$ 657
Buildings and Equipment (as restated)	760	652	10	8	770	660
Infrastructure (as restated)	7,818	7,818	-	-	7,818	7,818
Lease Asset	45	-	1	-	46	-
Construction in Progress (as restated)	746	571	-	3	746	574
Total	$ 10,028	$ 9,698	$ 11	$ 11	$ 10,039	$ 9,709

* Prior year amounts were not restated for the impact of GASB Statement No. 87

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 2021, indicated an overall system rating of 83, a rating that has been very consistent over the past six years.

For 2022, it was estimated that the State needed to spend $382 million to preserve and maintain the roads at the above-mentioned level. The State actually spent $450 million on roads in 2022, compared to $414 million in 2021. For 2023, it is estimated that the State needs to spend $365 million, a decrease from actual 2022 and a decrease from the average of the previous five years.

The State also spent $3 million on capitalized infrastructure and land purchases relating to roads in 2022 ($63 million in 2021), most notably land additions for Highway 275 Scribner to West Point, Highway 136 Naponee to Bloomington, Highway 138 West, 23rd Street in Columbus, and infrastructure projects for Highway 30 Rogers to North Bend, and the intersection of US-75 and Nebraska Highway 2, Southeast of Nebraska City. At June 30, 2022, the State had contractual commitments of $1,443 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 2022, the State added $208 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 7 and 15 to the financial statements.

CERTAIN LONG-TERM DEBT AS OF JUNE 30

(in millions of dollars)

	GOVERNMENTAL ACTIVITIES	
	2022	2021
Certificates of Participation:	$ 33	$ 38

There were new bonds issued in 2022 and 2021 with none outstanding at the end of each fiscal year. One new certificate of participation (COP) was added in 2022 (two COPs were added in 2021). Bonds and COPs 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 2022 General Fund tax revenues increased 6.8% from 2021 and exceeded projections. A reduction is forecasted for fiscal year 2023, with tax revenues projected to come in under actual 2022 revenues by $96 million, or 1.5%, 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, 2022, this Fund had a $928 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 $1,288 million was made in July 2022 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 $1,903 million at November 30, 2022. 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.

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BASIC FINANCIAL STATEMENTS

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State of Nebraska

STATEMENT OF NET POSITION

June 30, 2022

(Dollars in Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
ASSETS				
Cash and Cash Equivalents	$ 836,008	$ 573,279	$ 1,409,287	$ 1,030,929
Receivables, net of allowance:				
Taxes	766,264	-	766,264	-
Due from Federal Government	950,424	-	950,424	-
Other	448,803	46,507	495,310	567,840
Internal Balances	38,470	(38,470)	-	-
Investments	8,996,462	126,691	9,123,153	3,114,262
Loans Receivable	312,331	-	312,331	18,682
Investment in Joint Venture	-	-	-	613,461
Net Pension Asset	626,992	-	626,992	-
Other Assets	47,460	5,318	52,778	29,410
Restricted Assets:				
Cash and Cash Equivalents	6,908	-	6,908	896,652
Other	-	2,542	2,542	-
Securities Lending Collateral	478,820	5,731	484,551	-
Capital assets:				
Land	658,851	315	659,166	115,945
Infrastructure	7,818,840	-	7,818,840	42,113
Construction in Progress	746,586	-	746,586	283,518
Land Improvements	-	-	-	357,725
Buildings and Equipment	1,728,846	20,027	1,748,873	4,252,239
Lease Asset	48,372	1,154	49,526	133,535
Less Accumulated Depreciation	(973,024)	(10,283)	(983,307)	(1,781,492)
Total Capital Assets	10,028,471	11,213	10,039,684	3,403,583
Total Assets	$ 23,537,413	$ 732,811	$ 24,270,224	$ 9,674,819
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow related to OPEB and pensions	$ 265,379	$ -	$ 265,379	$ -
Deferred loss on bond refunding	-	-	-	30,150
Total Deferred Outflows of Resources	$ 265,379	$ -	$ 265,379	$ 30,150
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 2,685,527	$ 54,054	$ 2,739,581	$ 258,061
Tax Refunds Payable	603,329	-	603,329	-
Deposits	2,920	-	2,920	18,119
Unearned Revenue	93,178	4,184	97,362	112,810
Obligations under Securities Lending	478,820	5,731	484,551	-
Noncurrent Liabilities:				
Due within one year	269,506	13,704	283,210	156,800
Due in more than one year	292,768	36,960	329,728	1,447,547
Net Pension Liability	93,694	-	93,694	-
Net OPEB Liability	24,606	-	24,606	-
Total Liabilities	$ 4,544,348	$ 114,633	$ 4,658,981	$ 1,993,337
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow related to OPEB and pensions	$ 897,116	$ -	$ 897,116	$ -
Revenues not yet available	84,496	-	84,496	41,781
Deferred service concession arrangement receipts	-	-	-	11,451
Total Deferred Inflows of Resources	$ 981,612	$ -	$ 981,612	$ 53,232
NET POSITION				
Net Investment in Capital Assets	$ 9,950,483	$ 10,123	$ 9,960,606	$ 2,341,348
Restricted for:				
Education	35,132	-	35,132	2,924,180
Health and Social Services	776,780	-	776,780	-
Conservation of Natural Resources	799,467	-	799,467	-
Transportation	229,745	-	229,745	-
Licensing and Regulation	186,332	-	186,332	-
Other Purposes	284,183	2,541	286,724	328,842
Unemployment Insurance Benefits	-	543,501	543,501	-
Debt Service and Construction	-	-	-	180,948
Nonexpendable	655,417	-	655,417	-
Expendable	2,061,694	-	2,061,694	-
Unrestricted	3,297,599	62,013	3,359,612	1,883,082
Total Net Position	$ 18,276,832	$ 618,178	$ 18,895,010	$ 7,658,400

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

State of Nebraska

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

(Dollars in Thousands)

		PROGRAM REVENUES		
FUNCTIONS/PROGRAMS	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**CAPITAL GRANTS AND CONTRIBUTIONS**
PRIMARY GOVERNMENT:				
Governmental Activities:				
General Government	$ 830,145	$ 126,496	$ 2,549	$ -
Conservation of Natural Resources	138,574	40,427	66,807	1,031
Culture – Recreation	50,156	32,120	3,839	1,883
Economic Development and Assistance	130,174	2,406	48,935	-
Education	2,336,369	42,230	828,390	-
Higher Education - Colleges and University	717,690	-	-	-
Health and Social Services	5,172,386	142,282	3,450,759	221
Public Safety	662,755	43,687	272,164	21,339
Regulation of Business and Professions	134,492	153,211	5,795	-
Transportation	1,303,312	172,912	528,318	14,481
Interest on Long-term Debt	817	-	-	-
Total governmental activities	11,476,870	755,771	5,207,556	38,955
Business-type activities:				
Unemployment Insurance	79,442	85,594	18,528	-
Lottery	152,757	202,265	-	-
Excess Liability	8,236	10,922	-	-
Cornhusker State Industries	17,405	11,890	-	-
Total business-type activities	257,840	310,671	18,528	-
Total Primary Government	$ 11,734,710	$ 1,066,442	$ 5,226,084	$ 38,955
COMPONENT UNITS:				
University of Nebraska	2,371,241	882,109	568,185	25,160
State Colleges	150,761	55,757	2,822	2,412
Total Component Units	$ 2,522,002	$ 937,866	$ 571,007	$ 27,572

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

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
$ (701,100)	$ -	$ (701,100)	$ -
(30,309)	-	(30,309)	-
(12,314)	-	(12,314)	-
(78,833)	-	(78,833)	-
(1,465,749)	-	(1,465,749)	-
(717,690)	-	(717,690)	-
(1,579,124)	-	(1,579,124)	-
(325,565)	-	(325,565)	-
24,514	-	24,514	-
(587,601)	-	(587,601)	-
(817)	-	(817)	-
(5,474,588)	-	(5,474,588)	-
-	24,680	24,680	-
-	49,508	49,508	-
-	2,686	2,686	-
-	(5,515)	(5,515)	-
-	71,359	71,359	-
$ (5,474,588)	$ 71,359	$ (5,403,229)	$ -
$ -	$ -	$ -	$ (895,787)
-	-	-	(89,770)
$ -	$ -	$ -	$ (985,557)
3,936,754	-	3,936,754	-
2,616,640	-	2,616,640	-
389,799	-	389,799	-
145,412	-	145,412	-
171,640	-	171,640	-
6,769	-	6,769	-
(342,021)	(4,536)	(346,557)	120,541
3,923	26	3,949	68,881
-	-	-	717,690
21,698	-	21,698	-
27,818	5,616	33,434	-
50,053	(49,913)	140	-
7,028,485	(48,807)	6,979,678	907,112
1,553,897	22,552	1,576,449	(78,445)
16,722,935	595,626	17,318,561	7,736,845
$ 18,276,832	$ 618,178	$ 18,895,010	$ 7,658,400

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

State of Nebraska

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2022

(Dollars in Thousands)	GENERAL FUND	HIGHWAY FUND	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	PERMANENT SCHOOL FUND	NONMAJOR FUNDS	TOTALS
ASSETS							
Assets:							
Cash and Cash Equivalents	$ 330,668	$ 51,759	$ 131,810	$ 10,236	$ 7,305	$ 137,555	$ 669,333
Cash on Deposit with Fiscal Agents	-	-	-	-	-	6,908	6,908
Investments	2,940,817	458,535	1,082,926	624,035	2,639,855	1,250,294	8,996,462
Securities Lending Collateral	229,145	35,729	84,218	18,161	18,725	92,842	478,820
Receivables, net of allowance:							
Taxes	692,267	71,238	-	-	-	2,759	766,264
Due from Federal Government	6	50,137	898,100	-	-	2,181	950,424
Loans	-	-	12,760	105	-	299,466	312,331
Other	68,303	21,865	95,060	154,090	68,859	23,116	431,293
Due from Other Funds	276,987	61	106,044	102,625	-	11,813	497,530
Inventories	2,425	3,437	209	350	-	2,768	9,189
Prepaid Items	1,027	25	117	-	-	342	1,511
Other	254	-	-	-	31,661	4	31,919
Total Assets	$ 4,541,899	$ 692,786	$ 2,411,244	$ 909,602	$ 2,766,405	$ 1,830,048	$ 13,151,984
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts Payable and Accrued Liabilities	$ 196,047	$ 416,808	$ 1,832,489	$ 8,424	$ 88,040	$ 67,645	$ 2,609,453
Tax Refunds Payable	583,607	19,717	-	-	5	-	603,329
Deposits	257	529	730	38	6	1,360	2,920
Due to Other Funds	129,937	2,854	312,371	24,141	27	79,324	548,654
Obligations under Securities Lending	229,145	35,729	84,218	18,161	18,725	92,842	478,820
Claims Payable	71,626	-	101,836	-	-	-	173,462
Unearned Revenue	2,641	-	77,811	26	12,501	194	93,173
Total Liabilities	1,213,260	475,637	2,409,455	50,790	119,304	241,365	4,509,811
Deferred Inflows of Resources:							
Revenues not yet available	134,725	900	-	103,336	-	180	239,141
Fund Balances:							
Nonspendable:							
Inventories and Prepaid Items	3,452	3,462	326	350	-	3,110	10,700
Endowment Principal	-	-	-	-	635,902	19,515	655,417
Restricted	-	212,787	1,463	754,213	2,011,199	1,373,751	4,353,413
Committed	927,524	-	-	-	-	136,705	1,064,229
Assigned	-	-	-	913	-	55,540	56,453
Unassigned	2,262,938	-	-	-	-	(118)	2,262,820
Total Fund Balances	3,193,914	216,249	1,789	755,476	2,647,101	1,588,503	8,403,032
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,541,899	$ 692,786	$ 2,411,244	$ 909,602	$ 2,766,405	$ 1,830,048	$ 13,151,984

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, 2022

(Dollars in Thousands)

Total fund balances for governmental funds		$ 8,403,032
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	$ 658,851	
Infrastructure	7,818,840	
Construction in progress	746,586	
Other capital assets	1,600,498	
Lease assets	40,524	
Accumulated depreciation	(871,000)	9,994,299
Certain tax revenues and charges are earned but not available and therefore are unearned in the funds.		154,645
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.		80,999
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	(1,495)	
Deferred Outflows related to OPEB	8,296	
Deferred Inflows related to Pension	(895,621)	
Deferred Outflows related to Pension	257,083	(631,737)
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:		
Lease Liability	(37,770)	
Compensated absences	(136,270)	
Net pension liability/asset	533,298	
OPEB liability	(24,606)	
Claims and judgments	(59,058)	275,594
Net position of governmental activities		$ 18,276,832

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

State of Nebraska

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

For the Year Ended June 30, 2022

(Dollars in Thousands)	GENERAL FUND	HIGHWAY FUND	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	PERMANENT SCHOOL FUND	NONMAJOR FUNDS	TOTALS
REVENUES							
Income Taxes	$ 3,899,524	$ -	$ -	$ 4,125	$ -	$ -	$ 3,903,649
Sales and Use Taxes	2,146,768	434,013	-	-	-	28,862	2,609,643
Petroleum Taxes	-	375,285	-	-	2,869	14,514	392,668
Excise Taxes	60,588	-	-	14,633	-	70,191	145,412
Business and Franchise Taxes	120,301	(3)	-	-	-	51,342	171,640
Other Taxes	747	2,236	-	-	-	3,786	6,769
Federal Grants and Contracts	61	511,660	4,756,496	8	-	6,105	5,274,330
Licenses, Fees and Permits	17,580	115,640	898	21,740	12	190,536	346,406
Charges for Services	2,582	46,879	4,980	35,948	-	53,431	143,820
Investment Income	(191,405)	(31,898)	(87,474)	(48,722)	100,498	(85,452)	(344,453)
Rental Income	2	160	-	357	50,026	29,633	80,178
Surcharge	-	-	-	-	-	48,040	48,040
Other	4,095	3,513	6,577	68,521	5,464	22,204	110,374
Total Revenues	6,060,843	1,457,485	4,681,477	96,610	158,869	433,192	12,888,476
EXPENDITURES							
Current:							
General Government	724,765	-	2,796	-	-	97,169	824,730
Conservation of Natural Resources	29,384	-	43,762	-	-	67,748	140,894
Culture – Recreation	6,320	-	5,495	-	-	44,570	56,385
Economic Development and Assistance	19,429	-	61,760	-	-	50,666	131,855
Education	1,488,779	-	816,286	-	64,346	26,060	2,395,471
Higher Education - Colleges and University	715,200	-	-	-	-	2,490	717,690
Health and Social Services	1,693,382	-	3,472,539	47,659	-	3,188	5,216,768
Public Safety	343,899	-	279,330	-	-	67,319	690,548
Regulation of Business and Professions	8,825	-	1,853	-	-	124,841	135,519
Transportation	41	1,494,596	31,139	-	-	2,725	1,528,501
Capital Projects	-	-	-	-	-	45,633	45,633
Debt Service:							
Principal - Bonds	-	-	-	-	-	3,820	3,820
Interest - Bonds	-	-	-	-	-	15	15
Principal - Lease Financing	1,527	1	211	-	-	1,058	2,797
Interest - Lease Financing	315	-	22	-	-	113	450
Total Expenditures	5,031,866	1,494,597	4,715,193	47,659	64,346	537,415	11,891,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,028,977	(37,112)	(33,716)	48,951	94,523	(104,223)	997,400
OTHER FINANCING SOURCES (USES)							
Transfers In	51,711	8	32	1,843	-	356,630	410,224
Transfers Out	(269,997)	(11,002)	(20,733)	(2,062)	-	(56,377)	(360,171)
Proceeds from Other Financing Arrangements	143	-	-	-	-	3,820	3,963
Total Other Financing Sources (Uses)	(218,143)	(10,994)	(20,701)	(219)	-	304,073	54,016
Net Change in Fund Balances	810,834	(48,106)	(54,417)	48,732	94,523	199,850	1,051,416
FUND BALANCES, JULY 1 (as restated)	2,383,080	264,355	56,206	706,744	2,552,578	1,388,653	7,351,616
FUND BALANCES, JUNE 30	$ 3,193,914	$ 216,249	$ 1,789	$ 755,476	$ 2,647,101	$ 1,588,503	$ 8,403,032

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, 2022

(Dollars in Thousands)

Net change in fund balances–total governmental funds		$ 1,051,416
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	$ 367,081	
Capital assets sold	(452)	
Depreciation expense	(82,298)	
Lease expense	(419)	283,912
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	(3,820)	(3,820)
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	3,820	
Certificates of Participation	35	3,855
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.		18,251
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.		40,248
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:		
Decrease in accrued interest	(3,833)	
Increase in compensated absences	801,814	
Decrease in net pension liability/asset	(2,302)	
Decrease in net OPEB liability	424	
Increase in deferred inflows related to OPEB	144	
Increase in deferred outflows related to OPEB	(544,468)	
Increase in deferred inflows related to pension	(91,014)	
Decrease in deferred outflows related to pension	(730)	160,035
Change in net position of governmental activities		$ 1,553,897

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

State of Nebraska

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2022

(Dollars in Thousands)	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 530,053	$ 43,226	$ 573,279	$ 166,675
Receivables, net of allowance	30,709	15,798	46,507	16,984
Due from Other Funds	-	1,511	1,511	33,975
Inventories	-	4,751	4,751	2,670
Prepaid Items	-	162	162	2,171
Other	-	405	405	-
Total Current Assets	560,762	65,853	626,615	222,475
Noncurrent Assets:				
Restricted Long-Term Deposits	-	2,542	2,542	-
Long-Term Investments	62,280	64,411	126,691	-
Securities Lending Collateral	4,853	878	5,731	-
Capital Assets:				
Land	-	315	315	-
Buildings and Equipment	-	20,027	20,027	128,348
Lease Assets	-	1,154	1,154	7,848
Less Accumulated Depreciation	-	(10,283)	(10,283)	(102,024)
Total Capital Assets	-	11,213	11,213	34,172
Total Noncurrent Assets	67,133	79,044	146,177	34,172
Total Assets	$ 627,895	$ 144,897	$ 772,792	$ 256,647
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 31,433	$ 22,621	$ 54,054	$ 18,248
Due to Other Funds	39,900	81	39,981	1,681
Certificates of Participation	-	-	-	12,335
Lease Liability	-	67	67	559
Claims, Judgments and Compensated Absences	8,208	5,429	13,637	54,429
Unearned Revenue	-	4,184	4,184	5
Total Current Liabilities	79,541	32,382	111,923	87,257
Noncurrent Liabilities:				
Certificates of Participation	-	-	-	20,629
Lease Liability	-	1,023	1,023	6,695
Claims, Judgments and Compensated Absences	-	35,937	35,937	61,067
Obligations under Securities Lending	4,853	878	5,731	-
Total Noncurrent Liabilities	4,853	37,838	42,691	88,391
Total Liabilities	$ 84,394	$ 70,220	$ 154,614	$ 175,648
NET POSITION				
Net Investment in Capital Assets	-	10,123	10,123	(6,046)
Restricted for:				
Lottery Prizes	-	2,541	2,541	-
Unemployment Insurance Benefits	543,501	-	543,501	-
Unrestricted	-	62,013	62,013	87,045
Total Net Position	$ 543,501	$ 74,677	$ 618,178	$ 80,999

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, 2022

(Dollars in Thousands)	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	
OPERATING REVENUES				
Charges for Services	$ 85,593	$ 225,077	$ 310,670	$ 448,120
Federal	18,528	-	18,528	-
Other	1	-	1	962
Total Operating Revenues	104,122	225,077	329,199	449,082
OPERATING EXPENSES				
Personal Services	-	9,209	9,209	55,344
Services and Supplies	8	41,215	41,223	153,489
Lottery Prizes	-	119,567	119,567	-
Unemployment Claims	79,434	-	79,434	-
Insurance Claims	-	7,684	7,684	215,699
Depreciation	-	723	723	8,074
Total Operating Expenses	79,442	178,398	257,840	432,606
Operating Income (Loss)	24,680	46,679	71,359	16,476
NONOPERATING REVENUES (EXPENSES)				
Investment Income	2,507	(7,043)	(4,536)	2,432
Gain (Loss) on Sale of Capital Assets	-	26	26	144
Federal CARES	5,616	-	5,616	(801)
Total Nonoperating Revenues (Expenses)	8,123	(7,017)	1,106	1,775
Income (Loss) Before Transfers	32,803	39,662	72,465	18,251
Transfers Out	(169)	(49,744)	(49,913)	-
Change in Net Position	32,634	(10,082)	22,552	18,251
NET POSITION, JULY 1 (as restated)	510,867	84,759	595,626	62,748
NET POSITION, JUNE 30	$ 543,501	$ 74,677	$ 618,178	$ 80,999

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, 2022

(Dollars in Thousands)	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$ 101,491	$ 215,348	$ 316,839	$ 49,904
Cash Received from Interfund Charges	-	9,037	9,037	404,995
Cash Received from Federal Government	18,528	-	18,528	-
Cash Paid to Employees	-	(8,875)	(8,875)	(55,379)
Cash Paid to Suppliers	(12,529)	(40,800)	(53,329)	(138,313)
Cash Paid for Lottery Prizes	-	(119,114)	(119,114)	-
Cash Paid for Insurance Claims	(88,592)	(5,587)	(94,179)	(219,167)
Cash Paid for Interfund Services	36,254	(1,033)	35,221	(12,239)
Net Cash Flows from Operating Activities	55,152	48,976	104,128	29,801
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Federal CARES	45,959	-	45,959	-
Transfers Out	(169)	(49,744)	(49,913)	-
Net Cash Flows from Noncapital Financing Activities	45,790	(49,744)	(3,954)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	-	(6,537)	(6,537)	(2,746)
Proceeds from Sale of Capital Assets	-	6,383	6,383	573
Principal Paid on Certificates of Participation	-	(72)	(72)	(12,330)
Interest Paid on Certificates of Participation	-	-	-	(801)
Net Cash Flows from Capital and Related Financing Activities	-	(226)	(226)	(15,304)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investment Securities	-	(54,923)	(54,923)	-
Proceeds from Sale of Investment Securities	(2,378)	55,077	52,699	-
Interest and Dividend Income	2,848	2,147	4,995	2,289
Net Cash Flows from Investing Activities	470	2,301	2,771	2,289
Net Increase (Decrease) in Cash and Cash Equivalents	101,412	1,307	102,719	16,786
CASH AND CASH EQUIVALENTS, JULY 1	468,094	41,919	510,013	149,889
CASH AND CASH EQUIVALENTS, JUNE 30	$ 569,506	$ 43,226	$ 612,732	$ 166,675

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, 2022

(Dollars in Thousands)	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	ACTIVITIES - INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	$ 24,680	$ 46,678	$ 71,358	$ 16,476
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	-	723	723	8,074
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	15,832	(149)	15,683	(3,811)
(Increase) Decrease in Due from Other Funds	-	(966)	(966)	9,633
(Increase) Decrease in Inventories	-	(1,548)	(1,548)	(145)
(Increase) Decrease in Prepaid Items	-	(162)	(162)	43
(Increase) Decrease in Long-Term Deposits	-	52	52	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(11,611)	1,829	(9,782)	2,957
Increase (Decrease) in Due to Other Funds	36,254	(1)	36,253	59
Increase (Decrease) in Claims Payable	(10,003)	2,097	(7,906)	(3,468)
Increase (Decrease) in Unearned Revenue	-	423	423	(17)
Total Adjustments	30,472	2,298	32,770	13,325
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 55,152	$ 48,976	$ 104,128	$ 29,801
NONCASH TRANSACTIONS:				
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 Certificates of Participation	$ -	$ -	$ -	$ 6,810
New Lease Asset	-	-	-	6,390
Change in Fair Value of Investments	-	(9,275)	(9,275)	-
Total Noncash Transactions	$ -	$ (9,275)	$ (9,275)	$ 13,200

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

State of Nebraska

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2022

(Dollars in Thousands)	PENSION TRUST FUNDS	INVESTMENT TRUST FUND	PRIVATE PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ASSETS				
Cash and Cash Equivalents	$ 1,260	$ 5	$ 29,756	$ 30,022
Investments:				
U.S. Treasury Notes and Bonds	691,812	63,098	-	-
U.S. Treasury Bills	75,414	6,633	-	-
Government Agency Securities	6,038	371	-	-
Corporate Bonds	1,616,867	119,441	-	-
International Bonds	166,539	6,733	-	-
Equity Securities	3,283,739	222,052	-	-
Private Equity	1,304,049	178,865	-	-
Options	(1,126)	(117)	-	-
Mortgages	843,699	82,290	-	-
Private Real Estate	1,219,833	112,214	-	-
Asset Backed Securities	248,902	21,765	-	-
Bank Loans	272,742	12,510	-	-
Municipal Bonds	6,473	652	-	-
Opportunistic Credit	17,476	-	-	-
Commingled Funds	9,291,312	550,785	6,535,477	-
Short Term Investments	438,067	43,148	595,596	-
Total Investments	19,481,836	1,420,440	7,131,073	-
Securities Lending Collateral	469,328	30,201	-	-
Receivables:				
Contributions	35,940	7,584	-	-
Interest and Dividends	35,520	2,693	7,207	58
Other	863,650	79,304	-	81
Total Receivables	935,110	89,581	7,207	139
Due from Other Funds	50,292	7,534	-	-
Capital Assets:				
Buildings and Equipment	6,575	-	-	-
Less Accumulated Depreciation	(6,568)	-	-	-
Total Capital Assets	7	-	-	-
Other Assets	-	-	21,973	3,875
Total Assets	$ 20,937,833	$ 1,547,761	$ 7,190,009	$ 34,036
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 1,216,064	$ 108,602	$ 15,750	$ 16,744
Due to Other Governments	-	-	-	1,293
Deposits	-	-	-	5,439
Due to Other Funds	490	30	-	6
Obligations under Securities Lending	469,328	30,201	-	-
Accrued Compensated Absences	376	-	-	-
Total Liabilities	$ 1,686,258	$ 138,833	$ 15,750	$ 23,482
Restricted for:				
Pensions	$ 19,251,575	$ -	$ -	$ -
Omaha School Employer Retirement System	-	1,408,928	-	-
College Savings Plan	-	-	7,115,724	-
Individuals, Organizations, and Other Governments	-	-	58,535	10,554
Total Net Position	$ 19,251,575	$ 1,408,928	$ 7,174,259	$ 10,554

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, 2022

(Dollars in Thousands)

	PENSION TRUST FUNDS	INVESTMENT TRUST FUND	PRIVATE PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS				
Contributions:				
Participant Contributions	$ 293,452	$ -	$ 561,363	$ 5,631
Client Contributions	-	-	-	404,648
State Contributions	140,550	-	-	-
Political Subdivision Contributions	216,059	-	-	-
Court Fees	3,711	-	-	-
Total Contributions	653,772	-	561,363	410,279
Investment Income:				
Net Increase in Fair Value of Investments	(992,472)	(122,178)	632,506	-
Interest and Dividend Income	242,680	18,094	149,369	116
Securities Lending Income	3,160	206	-	-
Total Investment Income	(746,632)	(103,878)	781,875	116
Investment Expenses	67,642	6,143	16,432	-
Securities Lending Expenses	1,139	79	-	-
Total Investment Expense	68,781	6,222	16,432	-
Net Investment Income	(815,413)	(110,100)	765,443	116
Escheat Revenue	-	-	21,318	-
Settlements	-	-	-	3,684
Receipts From Depositors	-	112,028	-	-
Other Additions	266	-	-	-
Total Additions	(161,375)	1,928	1,348,124	414,079
DEDUCTIONS				
Benefits	1,031,064	-	616,940	5,454
Refunds	20,104	-	-	-
Amounts Distributed to Outside Parties	-	-	17,653	421,603
Administrative Expenses	7,376	29	504	-
Other Deductions	1,802	-	-	853
Payments to and for Depositors	-	146,170	-	-
Transfers to Other Funds	-	-	-	140
Total Deductions	1,060,346	146,199	635,097	428,050
Change in Net Position Restricted for:				
Pensions	(1,221,721)	-	-	-
Omaha School Employer Retirement System	-	(144,271)	-	-
College Savings Plan	-	-	700,920	-
Individuals, Organizations, and Other Governments	-	-	12,107	(13,971)
NET POSITION-BEGINNING OF YEAR (as restated)	20,473,296	1,553,199	6,461,232	24,525
NET POSITION-END OF YEAR	$ 19,251,575	$ 1,408,928	$ 7,174,259	$ 10,554

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

State of Nebraska

STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2022

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
ASSETS			
Cash and Cash Equivalents	$ 988,400	$ 42,529	$ 1,030,929
Receivables, net of allowance:			
Loans	18,682	-	18,682
Other	563,764	4,076	567,840
Investments	3,034,685	79,577	3,114,262
Investment in Joint Venture	613,461	-	613,461
Other Assets	27,340	2,070	29,410
Restricted Assets:			
Cash and Cash Equivalents	832,822	63,830	896,652
Capital assets:			
Land	114,617	1,328	115,945
Infrastructure	-	42,113	42,113
Land Improvements	357,725	-	357,725
Construction in Progress	275,584	7,934	283,518
Buildings and Equipment	3,886,060	366,179	4,252,239
Lease Asset	132,387	1,148	133,535
Less Accumulated Depreciation	(1,624,779)	(156,713)	(1,781,492)
Total Capital Assets	3,141,594	261,989	3,403,583
Total Assets	$ 9,220,748	$ 454,071	$ 9,674,819
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	$ 30,129	$ 21	$ 30,150
Total Deferred Outflows of Resources	$ 30,129	$ 21	$ 30,150
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 243,913	$ 14,148	$ 258,061
Deposits	18,002	117	18,119
Unearned Revenue	111,036	1,774	112,810
Noncurrent Liabilities:			
Due within one year	152,298	4,502	156,800
Due in more than one year	1,350,468	97,079	1,447,547
Total Liabilities	$ 1,875,717	$ 117,620	$ 1,993,337
DEFERRED INFLOWS OF RESOURCES			
Revenues not yet available	$ 41,781	$ -	$ 41,781
Deferred service concession arrangement receipts	10,486	965	11,451
Total Deferred Inflows of Resources	$ 52,267	$ 965	$ 53,232
NET POSITION			
Net Investment in Capital Assets	$ 2,157,052	$ 184,296	$ 2,341,348
Restricted for:			
Education	2,924,180	-	2,924,180
Other Purposes	224,842	104,000	328,842
Construction and Debt Service	171,122	9,826	180,948
Unrestricted	1,845,697	37,385	1,883,082
Total Net Position	$ 7,322,893	$ 335,507	$ 7,658,400

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, 2022

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
EXPENSES			
Compensation and benefits	$ 1,483,673	$ 76,843	$ 1,560,516
Supplies and materials	597,035	43,321	640,356
Utilities	1,859	-	1,859
Depreciation	162,904	10,150	173,054
Scholarships and fellowships	116,781	15,094	131,875
Other	8,989	5,353	14,342
Total Operating Expenses	2,371,241	150,761	2,522,002
PROGRAM REVENUES			
Charges for Services	882,109	55,757	937,866
Operating Grants and Contributions	568,185	2,822	571,007
Capital Grants and Contributions	25,160	2,412	27,572
Total Program Revenues	1,475,454	60,991	1,536,445
NET (EXPENSE) REVENUE	(895,787)	(89,770)	(985,557)
GENERAL REVENUES			
Interest and investment earnings	119,212	1,329	120,541
Miscellaneous	41,051	27,830	68,881
Payments from the State of Nebraska	652,752	64,938	717,690
Total General Revenues	813,015	94,097	907,112
Change in Net Position	(82,772)	4,327	(78,445)
NET POSITION -BEGINNING (as restated)	7,405,665	331,180	7,736,845
NET POSITION - ENDING	$ 7,322,893	$ 335,507	$ 7,658,400

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

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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; the UNeHealth, a nonprofit corporation to further the general health care purpose of the University of Nebraska Medical Center; 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 $5,574,792 of restricted net position, of which $2,297,179 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, 2022, 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 purchased with certificates of participation 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.

O. Effects of New Pronouncements. In 2022, the State adopted GASB Statement No. 87, *Leases* (GASB 87). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset (lease asset), and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For the transition, leases should be converted ("recognized and measured") using the facts and circumstances that exist at the beginning of the period of implementation, or the beginning of the earliest period restated. The implementation of GASB 87 resulted in an opening balance sheet adjustment, as of July 1, 2021, to recognize a lease liability and lease asset of $42,994 and a lease receivable and deferred inflow of resources of $1,171.

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, 2022 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, 2022, the carrying amounts of the State's deposits were $22,989 and the bank balances were $88,030. 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 $18,441 at June 30, 2022.

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, 2022. 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.

State of Nebraska (dollars expressed in thousands)

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, 2021. The underlying investments for these funds as of June 30, 2022 are included in the fair value measurement calculations and investment risk disclosures presented below for fiduciary funds.

PRIMARY GOVERNMENT INVESTMENTS AT JUNE 30, 2022 AT FAIR VALUE MEASUREMENTS USING:

	Fair Value	Level 1	Level 2	Level 3
Debt Securities:				
U.S. Treasury Notes and Bonds	$ 2,660,953	$ -	$ 2,660,953	$ -
U.S. Treasury Bills	138,803	-	138,803	-
Government Agency Securities	2,026,438	-	2,026,438	-
Corporate Bonds	5,097,921	-	5,097,921	-
International Bonds	131,703	-	131,703	-
Mortgages	999,636	-	999,636	-
Asset Backed Securities	296,081	-	294,219	1,862
Bank Loans	264,245	-	264,245	-
Commingled Debt	1,550,034	1,413,275	136,759	-
Municipal Bonds	7,715	-	7,715	-
Short Term Investments	716,757	34,522	682,235	-
	13,890,286	1,447,797	12,440,627	1,862
Other Investments:				
Equity Securities	3,470,340	3,465,982	4,358	-
Private Equity	155	155	-	-
Commingled Funds	8,595,343	4,113,293	4,482,050	-
Options	(1,517)	(311)	(1,206)	-
U.S. Treasury Investment Pool	521,761	-	521,761	-
State Owned Land	1,580,683	-	1,580,683	
Total Investments	$ 28,057,051	$ 9,026,916	$ 19,028,273	$ 1,862

Investments measured at the net asset value (NAV):		Unfunded Commitments	Redemption Frequency	Redemption Notice period
Real Estate Funds:				
Core	$ 1,009,010	$ -	Quarterly	90 Days
Non-Core	407,122	290,786		
Private Equity Funds	1,609,023	543,931		
Commingled Funds	827,060	-		
Opportunistic Credit Funds	16,137	25,000		
Hedge Funds	6,963			
Total investments measured at net asset value	$ 3,875,315	$ 859,717		
Total	31,932,366			
Other Investments not classified	1,017,296			
Component unit investment in State investment pool	(1,126,887)			
Other fair value measurements	7,772,056			
Total Investments at fair value	$ 39,594,831			

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, 2022 were not classified for fair value measurement purposes: Securities Lending Short-term Collateral Investment Pool Investments in the amount of $984,080 loaned to broker-dealers and banks under the securities lending program; Other Investments in the amount of $26,308 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 $6,908 presented as Short Term Investments held by a trustee representing the balance of unexpended funds received from the issuance of certificates of participation.

Other fair value measurements. The fair value of certain Other Investment amounts presented as Short Term Investments and Commingled Funds for the Nebraska Educational Savings Plan Trust (Trust) and the Nebraska Enable Savings Plan were measured on December 31, 2021. These investments were not re-valued on June 30, 2022. Following is a summary of the fair value measurement and related input level: Fair Value $7,131,073; Input Levels: 1 - $6,469,078; 2 - $661,995; 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.

The fair value of investments for the State and County Employees' Retirement Plans are reported for financial statement purposes as of December 31, 2021. The investment balances on June 30, 2022 were re-valued for fair value measurement purposes, resulting in a decrease in fair value of $640,983.

State of Nebraska (dollars expressed in thousands)

The primary government's investments at June 30, 2022 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, 2022 FOR FINANCIAL STATEMENT PURPOSES

	GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES		FIDUCIARY FUNDS	
	FAIR VALUE	EFFECTIVE DURATION	FAIR VALUE	EFFECTIVE DURATION
Debt Securities:				
U.S. Treasury Notes and Bonds	$ 1,861,791	3.90	$ 754,910	9.19
U.S. Treasury Bills	64,047	-	82,047	-
Government Agency Securities	2,021,416	3.78	6,409	9.42
Corporate Bonds	3,309,565	4.03	1,736,308	5.69
International Bonds	13,200	8.22	173,272	7.80
Mortgages	65,171	4.22	925,989	4.44
Asset Backed Securities	18,820	0.81	270,667	1.17
Bank Loans	95	0.03	285,252	-0.11
Commingled Debt	206,357	5.79	1,403,506	5.36
Municipal Bonds	454	13.82	7,125	12.56
Short Term Investments	209,838	-	1,076,811	-
	7,770,754		6,722,296	
Other Investments:				
Opportunistic Credit	-		17,476	
Equity Securities	92,676		3,505,791	
Private Equity	124,828		1,482,914	
Commingled Funds	1,547,181		14,974,068	
Options	(130)		(1,243)	
Private Real Estate	66,536		1,332,047	
U.S. Treasury Investment Pool	521,761		-	
State Owned Land	1,580,683		-	
Less: Component Unit Investment in State Investment Pool	(1,126,887)		-	
Total Investments	10,577,402		28,033,349	
Securities Lending Short-term Collateral Investment Pool	484,551		499,529	
Total	$ 11,061,953		$ 28,532,878	

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

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

State of Nebraska (dollars expressed in thousands)

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES INVESTMENTS AT JUNE 30, 2022

	FAIR VALUE	QUALITY RATINGS									
		AAA	AA	A	BBB	BB	B	CCC	CC	D	UNRATED
Govt Agency Securities	$ 2,021,416	$ -	$ 2,021,250	$ 166	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporate Bonds	3,309,565	302,397	814,351	1,825,953	339,411	19,532	6,161	473	-	-	1,287
International Bonds	13,200	-	1,213	1,158	3,531	4,461	1,998	595	125	119	-
Mortgages	65,171	11,289	274	78	40	-	19	193	345	-	52,933
Asset Backed Securities	18,820	14,558	-	29	314	-	77	2,509	584	749	-
Bank Loans	95	-	-	-	-	-	-	-	-	-	95
Commingled Debt	206,357	-	-	-	-	-	-	-	-	-	206,357
Short Term Investments	209,838	-	-	-	-	-	-	-	-	-	209,838
Municipal Bonds	454	-	454	-	-	-	-	-	-	-	-

FIDUCIARY FUND INVESTMENTS AT JUNE 30, 2022

	FAIR VALUE	QUALITY RATINGS										
		AAA	AA	A	BBB	BB	B	CCC	CC	C	D	UNRATED
Govt Agency Securities	$ 5,022	$ -	$ 2,778	$ 829	$ 607	$ -	$ -	$ -	$ -	$ -	$ -	$ 808
Corporate Bonds	1,788,357	3,132	12,145	276,758	929,103	338,209	168,950	31,152	-	2,595	-	26,313
International Bonds	118,503	-	8,324	11,028	41,480	35,944	14,222	4,823	925	96	749	912
Mortgages	934,465	197,347	4,917	2,713	1,132	1,053	1,599	763	2,721	25	2,647	719,548
Asset Backed Securities	277,261	176,478	9,065	5,315	7,429	36,663	910	4,189	6,734	5	6,659	23,814
Bank Loans	264,150	-	-	-	-	-	-	-	-	-	-	264,150
Commingled Debt	1,343,677	-	-	-	-	-	-	-	-	-	-	1,343,677
Short Term Investments	1,109,422	-	-	-	-	-	-	-	-	-	-	1,109,422
Municipal Bonds	7,260	486	6,050	646	78	-	-	-	-	-	-	-

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, 2022, the primary government, except fiduciary funds, had debt securities investments with more than 5 percent of total investments in Federal Farm Credit Bank (10 percent) and Federal Home Loan Bank (7 percent). At June 30, 2022, 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 one to four 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.

State of Nebraska (dollars expressed in thousands)

FOREIGN CURRENCY AT JUNE 30, 2022
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Currency	SHORT TERM INVESTMENTS	EQUITY SECURITIES	DEBT SECURITIES
Brazilian Real	$ (3)	$ -	$ -
Canadian Dollar	51	-	-
Danish Krone	-	500	267
Euro Currency	259	18,975	7,052
Japanese Yen	95	1,708	-
Mexican Peso	9	211	-
Pound Sterling	71	6,682	2,312
Peruvian Nuevo Sol	-	-	248
South African Rand	-	-	1,758
South Korean Won	-	753	-
Swedish Krona	-	1,499	-
Swiss Franc	1	8,268	-
Total	$ 483	$ 38,596	$ 11,637

FIDUCIARY FUND FOREIGN CURRENCY AT JUNE 30, 2022

Currency	SHORT TERM INVESTMENTS	EQUITY SECURITIES	DEBT SECURITIES
Argentine Peso	$ 150	$ -	$ 154
Australian Dollar	2	13,253	-
Brazilian Real	(409)	33,337	2,942
Canadian Dollar	6,094	28,310	-
Czech Koruna	-	121	-
Danish Krone	76	11,526	2,005
Euro Currency	12,226	543,396	189,787
Hong Kong Dollar	44	34,009	-
Hungarian Forint	-	1,964	-
Indonesian Rupiah	34	2,966	-
Japanese Yen	2,070	152,668	-
Kuwaiti Dinar	-	1,340	-
Mexican Peso	-	5,337	4,577
New Israeli Sheqel	94	6,287	-
New Zealand Dollar	11	-	-
Norwegian Krone	66	6,294	-
Philippine Peso	4	2,037	-
Polish Zloty	2	534	-
Pound Sterling	4,232	211,384	54,569
Russian Ruble	-	4,567	-
Singapore Dollar	12	2,744	-
Peruvian Nuevo Sol	-	-	3,118
South African Rand	(573)	4,044	11,637
South Korean Won	-	16,869	-
Swedish Krona	69	38,512	-
Swiss Franc	3	171,085	-
Thailand Baht	3	4,511	-
Turkish Lira	63	1,703	-
Yuan Renminbi	3,131	61,358	-
Yuan Renminbi Offshore	(2,873)	-	-
Total	$ 24,531	$ 1,360,156	$ 268,789

State of Nebraska (dollars expressed in thousands)

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, 2022 is reflected in Investments. The fair value balances and notional amounts of investment derivative instruments outstanding at June 30, 2022, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

DERIVATIVE INSTRUMENTS AT JUNE 30, 2022
GOVERNMENTAL ACTIVITIES

Derivative Instrument	Fair Value	Change in Fair Value	Notional
Credit Default Swap	$ (823)	$ (1,511)	$ 20,622
Fixed Income Futures	-	(2,948)	29,706
Fixed Income Options	(117)	(97)	(22,423)
Foreign Currency Options	(29)	29	(4,948)
Futures Options	-	17	-
FX Forwards	156	736	33,398
Interest Rate Swap	648	828	120,800
Rights	(50)	(50)	(1,343)

DERIVATIVE INSTRUMENTS AT JUNE 30, 2022
BUSINESS-TYPE ACTIVITIES

Derivative Instrument	Fair Value	Change in Fair Value	Notional
Credit Default Swap	$ (96)	$ (177)	$ 2,415
Fixed Income Futures	-	(345)	3,478
Fixed Income Options	(13)	(11)	(2,626)
Foreign Currency Options	(3)	3	(579)
Futures Options	-	2	-
FX Forwards	18	86	3,911
Interest Rate Swap	76	97	14,147
Return Swap	(6)	(6)	(157)

DERIVATIVE INSTRUMENTS AT JUNE 30, 2022
FIDUCIARY FUND

Derivative Instrument	Fair Value	Change in Fair Value	Notional
Credit Default Swap	$ (7,470)	$ (8,410)	$ 154,020
Fixed Income Futures	-	(11,837)	229,084
Fixed Income Options	(1,076)	(647)	(210,859)
Foreign Currency Options	(247)	235	(35,958)
Futures Options	(311)	92	(547)
FX Forwards	3,334	18,296	416,306
Interest Rate Swap	(454)	(1,209)	1,102,358
Return Swap	(393)	(393)	(10,500)
Warrants	6,660	5,641	118

State of Nebraska (dollars expressed in thousands)

The change in fair value denotes the net realized and unrealized gains and losses recognized during the period. The fair value of the derivative instruments at June 30, 2022, denotes the market value, with the exception of FX Forwards, which denotes the net realized and unrealized gains and losses recognized during the period. Furthermore, the notional amount for Futures and Options was calculated as contract size times the number of contracts. The 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, 2022, was $2,289 for Governmental and Business-Type Activities and $21,173 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 $23,462. Although the State executes derivative instruments with various counterparties, there is net exposure to credit risk of approximately 84 percent for the Governmental and Business-Type Activities and 91 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, 2022 are as follows:

DERIVATIVE INSTRUMENTS FOREIGN CURRENCY AT JUNE 30, 2022
GOVERNMENTAL ACTIVITIES

Currency	Swaps	Forward Contracts	Options
Australian Dollar	$ -	$ (30)	$ -
Brazilian Real	(41)	2	-
Chilean Peso	-	(1)	-
Yuan Renminbi	-	(1)	-
Danish Krone	-	14	-
Euro Currency	5	33	(1)
Pound Sterling	411	87	-
Japanese Yen	266	19	-
Norwegian Krone	-	(46)	-
Peruvian Nuevo Sol	-	(29)	-
South African Rand	-	107	-
Total	$ 641	$ 155	$ (1)

DERIVATIVE INSTRUMENTS FOREIGN CURRENCY AT JUNE 30, 2022
BUSINESS-TYPE ACTIVITIES

Currency	Swaps	Forward Contracts
Australian Dollar	$ -	$ (4)
Brazilian Real	(5)	-
Danish Krone	-	2
Euro Currency	1	4
Pound Sterling	48	10
Japanese Yen	31	2
Norwegian Krone	-	(5)
Peruvian Nuevo Sol	-	(3)
South African Rand	-	12
Total	$ 75	$ 18

State of Nebraska (dollars expressed in thousands)

DERIVATIVE INSTRUMENTS FOREIGN CURRENCY AT JUNE 30, 2022
FIDUCIARY FUND

Currency	Swaps	Forward Contracts	Options
Australian Dollar	$ -	$ (141)	$ (3)
Brazilian Real	(1,060)	(5)	-
Chilean Peso	-	3	-
Yuan Renminbi Offshore	-	(6)	-
Danish Krone	-	127	-
Euro Currency	(9,969)	1,608	(6)
Pound Sterling	5,429	1,410	-
Japanese Yen	2,053	139	-
Mexican Peso	-	(2)	-
Norwegian Krone	-	(358)	-
Peruvian Nuevo Sol	-	(230)	-
Polish Zloty	-	(2)	-
South African Rand	-	791	-
Total	$ (3,547)	$ 3,334	$ (9)

A reconciliation of deposits and investments for the State to the basic financial statements at June 30, 2022 is as follows:

Disclosure Regarding Deposits and Investments:	
Total Investments	$ 39,594,831
Carrying amount of Deposits	22,989
Total	$ 39,617,820
Statement of Net Position:	
Cash and Cash Equivalents	$ 1,409,287
Investments	9,123,153
Restricted Cash and Cash Equivalents	6,908
Securities Lending Collateral	484,551
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	61,043
Investments	28,033,349
Securities Lending Collateral	499,529
Total	$ 39,617,820

3. Receivables

Receivables are reflected net of allowances for doubtful accounts. The following are such related allowances listed by major fund at June 30, 2022:

Governmental Activities:	
General Fund	$ 228,165
Highway Fund	194
Federal Fund	78,158
Health and Social Services Fund	11,185
Other Special Revenue	790
Total Governmental Activities	$ 318,492
Business-type Activities:	
Unemployment Insurance	$ 37,728
Total Business-type Activities	$ 37,728

Of the taxes and other receivables, $134,725 and $19,920, 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.

State of Nebraska (dollars expressed in thousands)

4. Capital Assets

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

	BALANCE July 1, 2021	ADDITIONS	REDUCTIONS	BALANCE June 30, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 657,356	$ 2,561	$ 1,066	$ 658,851
Infrastructure	7,810,611	831	-	7,811,442
Construction in progress (as restated)	570,610	340,454	164,478	746,586
Total capital assets, not being depreciated	9,038,577	343,846	165,544	9,216,879
Capital assets, being depreciated / amortized:				
Buildings and improvements (as restated)	857,964	22,562	-	880,526
Equipment (as restated)	695,059	175,776	22,515	848,320
Infrastructure	7,398	-	-	7,398
Leased Land (as restated)	434	-	-	434
Leased Buildings (as restated)	39,156	6,110	-	45,266
Leased Equipment (as restated)	2,250	422	-	2,672
Total capital assets, being depreciated / amortized	1,602,261	204,870	22,515	1,784,616
Less accumulated depreciation / amortization for:				
Buildings and improvements (as restated)	382,683	18,013	-	400,696
Equipment (as restated)	517,864	71,102	21,732	567,234
Infrastructure	666	563	-	1,229
Leased Land	-	128	-	128
Leased Buildings	-	3,191	-	3,191
Leased Equipment	-	546	-	546
Total accumulated depreciation / amortization	901,213	93,543	21,732	973,024
Total capital assets, being depreciated, net	701,048	111,327	783	811,592
Governmental activities capital assets, net	$ 9,739,625	$ 455,173	$ 166,327	$ 10,028,471
Business-type activities:				
Nonmajor Enterprise Funds				
Capital assets, not being depreciated:				
Land	315	-	-	315
Construction in progress	3,076	9	3,085	-
Total capital assets, not being depreciated	3,391	9	3,085	315
Capital assets, being depreciated / amortized:				
Buildings and improvements	9,540	3,085	-	12,625
Equipment	7,369	196	163	7,402
Leased Buildings (as restated)	1,154	-	-	1,154
Total capital assets, being depreciated / amortized	18,063	3,281	163	21,181
Less accumulated depreciation / amortization for:				
Buildings and improvements	4,044	264	-	4,308
Equipment	5,663	387	147	5,903
Leased Buildings	-	72	-	72
Total accumulated depreciation / amortization	9,707	723	147	10,283
Total capital assets, being depreciated, net	8,356	2,558	16	10,898
Total Nonmajor Enterprise, net	11,747	2,567	3,101	11,213
Business-type activities capital assets, net	$ 11,747	$ 2,567	$ 3,101	$ 11,213

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

Governmental activities:	
General Government	$ 18,090
Conservation of Natural Resources	2,067
Culture – Recreation	3,967
Economic Development and Assistance	1,774
Education	1,540
Health and Social Services	26,092
Public Safety	11,808
Regulation of Business and Professions	1,490
Transportation	26,715
Total depreciation expense - Governmental activities	$ 93,543

Construction Commitments. At June 30, 2022, the State had contractual commitments of approximately $1,443,129 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows:

Federal funds	$ 339,413
State funds	1,055,560
Local funds	48,156
	$ 1,443,129

State of Nebraska (dollars expressed in thousands)

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.

5. Interfund Balances

Due To/From Other Funds at June 30, 2022 consists of the following:

	DUE TO:									
DUE FROM:	General Fund	Highway Fund	Federal Fund	Health and Social Services	Investment Trust Funds	Nonmajor Government Funds	Nonmajor Enterprise Funds	Internal Service Funds	Pension Trust	TOTALS
General Fund	$ -	$ 15	$ 59,306	$ 3	$ 7,534	$ 3,493	$ 469	$ 8,825	$ 50,292	$ 129,937
Highway Fund	-	-	230	14	-	564	560	1,486	-	2,854
Federal Fund	200,758	-	-	102,552	-	2,592	237	6,232	-	312,371
Health and Social Services	17,014	-	6,585	-	-	277	10	255	-	24,141
Permanent School Fund	-	-	-	-	-	-	-	27	-	27
Nonmajor Governmental Funds	59,044	5	141	12	-	3,711	196	16,215	-	79,324
Unemployment Insurance Fund	-	-	39,782	-	-	118	-	-	-	39,900
Nonmajor Enterprise	-	13	-	-	-	-	-	68	-	81
Internal Service Funds	171	28	-	44	-	1,052	39	347	-	1,681
Pension Trust	-	-	-	-	-	-	-	490	-	490
Custodial Funds	-	-	-	-	-	6	-	-	-	6
Investment Trust	-	-	-	-	-	-	-	30	-	30
TOTALS	$ 276,987	$ 61	$ 106,044	$ 102,625	$ 7,534	$ 11,813	$ 1,511	$ 33,975	$ 50,292	$ 590,842

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, 2022 consist of the following:

	TRANSFERRED TO:					
TRANSFERRED FROM:	General Fund	Highway Fund	Federal Fund	Health and Social Services	Nonmajor Governmental Funds	TOTALS
General Fund	$ -	$ -	$ -	$ -	$ 269,997	$ 269,997
Highway Fund	18	-	-	-	10,984	11,002
Federal Fund	-	-	-	-	20,733	20,733
Health & Social Services Fund	1,000	1	-	-	1,061	2,062
Nonmajor Governmental Funds	50,693	7	32	540	5,105	56,377
Unemployment Insurance Fund	-	-	-	-	169	169
Nonmajor Enterprise Funds	-	-	-	1,303	48,441	49,744
Fiduciary Funds	-	-	-	-	140	140
TOTALS	$ 51,711	$ 8	$ 32	$ 1,843	$ 356,630	$ 410,224

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.

State of Nebraska (dollars expressed in thousands)

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as presented in the financial statements at June 30, 2022 consist of the following:

	GENERAL FUND	HIGHWAY FUND	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	PERMANENT SCHOOL FUND	NONMAJOR GOVERNMENTAL FUNDS	OTHER FUNDS	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS
Payroll and Withholdings	$ 18,931	$ 4,444	$ 5,955	$ 419	$ 12	$ 3,566	$ 1,718	$ -	$ 297	$ 35,342
Payables to Vendors	122,249	322,597	179,145	6,780	78,959	46,163	16,224	1,983	14,537	788,637
Payables to Governments	54,867	89,767	1,647,365	1,225	9,069	17,912	306	-	24	1,820,535
Due to Fiduciary Funds *	-	-	-	-	-	-	57,826	-	-	57,826
Miscellaneous	-	-	24	-	-	4	-	29,450	7,763	37,241
TOTALS	$ 196,047	$ 416,808	$ 1,832,489	$ 8,424	$ 88,040	$ 67,645	$ 76,074	$ 31,433	$ 22,621	$ 2,739,581

* 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, 2022 are summarized as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities:					
Claims Payable	$ 393,878	$ 3,350,107	$ 3,402,520	$ 341,465	$ 227,104
Lease Liability (as restated)	41,840	7,099	3,915	45,024	3,284
Certificates of Participation	37,825	6,810	11,670	32,965	12,335
Obligations Under Other Financing Arrangements	-	3,820	3,820	-	-
Compensated Absences	139,231	28,615	25,026	142,820	26,783
Net Pension Liability	464,824	-	371,130	93,694	-
OPEB Liability	22,304	2,302	-	24,606	-
Totals	$ 1,099,902	$ 3,398,753	$ 3,818,081	$ 680,574	$ 269,506
Business-type Activities:					
Unemployment Insurance:					
Claims Payable	$ 18,211	$ 78,589	$ 88,592	$ 8,208	$ 8,208
Totals for Unemployment Insurance	18,211	78,589	88,592	8,208	8,208
Nonmajor Enterprise Funds:					
Claims Payable	38,071	7,684	5,587	40,168	5,286
Lease Liability (as restated)	1,155	14	79	1,090	67
Compensated Absences	970	344	116	1,198	143
Totals for Nonmajor Enterprise Funds	40,196	8,042	5,782	42,456	5,496
Totals for Business-type Activities	$ 58,407	$ 86,631	$ 94,374	$ 50,664	$ 13,704

The amount of claims payable reported in the fund financial statements are due and payable at fiscal year end. Claims payable, compensated absences and certificates of participation 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.

The State issued certificates of participation (COP) to provide funds for the acquisition of vehicles, mobile radios, and computer equipment. The COPs have been issued for internal service funds. Interest is payable monthly and ranges from 0.48% to 3.48% percent over the life of the COPs. The COP payments are due through 2027.

State of Nebraska (dollars expressed in thousands)

8. Leases

A. Lease Agreements

The State has entered into numerous lease agreements for buildings, equipment, and land. Several of these leases contain non-appropriation exculpatory clauses that allow lease cancellation if the Nebraska legislature does not make an appropriation for their continuation during any future fiscal period. Because legislative appropriation is reasonably assured, all leases contracted by the State that are reportable under GASB Standard 87 are included in the schedules below.

B. Lessee Positions

Governmental Activities

As a lessee, the State has entered into multiple lease agreements related to governmental activities for buildings, land, and equipment. The terms of the various lease agreements range from 2-44 years. As of June 30, 2022, the aggregate value of the lease liability was $45,024. The value of the right-of-use asset was $48,372 and had accumulated amortization of $3,865. The total amount of lease assets and related accumulated amortization by major asset class as of June 30, 2022, were as follows:

	Building	Equipment	Land
Lease asset	$ 45,266	$ 2,672	$ 434
Accumulated amortization	3,191	546	128

Business-type Activities

As a lessee, the State entered into one lease agreement related to business-type activities for a building with a lease term of 20 years. As of June 30, 2022, the value of the lease liability was $1,090. The value of the right-of-use asset was $1,154 and had accumulated amortization of $72.

Future Principal and Interest Payments

The future principal and interest payments aggregated for both governmental and business-type activities as of June 30, 2022, were as follows:

Year	Principal	Interest	Total
2023	$ 3,300	$ 562	$ 3,862
2024	2,981	523	3,504
2025	2,663	487	3,150
2026	2,650	454	3,104
2027	2,589	421	3,010
2028-2032	11,785	1,632	13,417
2033-2037	9,092	979	10,071
2038-2042	7,645	453	8,098
2043-2047	3,334	72	3,406
2048-2052	23	-	23
	$ 46,062	$ 5,583	$ 51,645

State of Nebraska (dollars expressed in thousands)

C. Lessor Positions

As a lessor, the State has entered into lease agreements related to governmental activities for land and equipment. In total, the State recognized $90 in lease revenue and $14 in interest revenue during fiscal year 2022 related to these leases. The terms of the various lease agreements range from 5 to 80 years. Information about lease revenues and interest revenues recognized during fiscal year 2022, as well as receivable and deferred inflows of resources amounts recognized as of June 30, 2022, is presented below:

	Lease Revenue	Interest Revenue	Lease Receivable	Deferred Inflow of Resources
Land	$ 25	$ 11	$ 909	$ 900
Equipment	65	3	184	180
Total	$ 90	$ 14	$ 1,093	$ 1,080

The future lease payments included in the measurement of the lease receivable related to governmental activities as of June 30, 2022, were as follows:

Year	Principal	Interest	Total
2023	$ 81	$ 12	$ 93
2024	84	11	95
2025	70	10	80
2026	18	10	28
2027	18	10	28
2028-2032	97	46	143
2033-2037	106	41	147
2038-2042	115	35	150
2043-2047	123	30	153
2048-2052	76	24	100
2053-2057	40	23	63
2058-2062	31	19	50
2063-2067	38	13	51
2068-2072	14	12	26
2073-2100 *	174	36	210
	$ 1,085	$ 332	$ 1,417

* The Years 2073-2100 consists of one lease that extends through 2100 for a highway overpass project.

The State also is a lessor of property, primarily farmland leased by the Board of Educational Lands and Funds to farmers and ranchers. At June 30, 2022, the State owned approximately 1.26 million acres of land valued at $1,580,683 that was under lease. Under the terms of the leases, the annual payments are subject to change based on annual market analysis. These leases are reported as investments at fair value in accordance with GASB Statement No. 72 and do not meet the definition of a lease in accordance with GASB Statement No. 87.

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, 2022 the State has no Obligations Under Other Financing Arrangements.

State of Nebraska (dollars expressed in thousands)

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, 2022, follows:

	Governmental Fund Balances					
	General Fund	Highway Fund	Federal Fund	Health and Social Services	Permanent School Fund	Nonmajor Funds
Restricted for:						
Education	$ -	$ -	$ -	$ -	$ 2,011,199	$ 39,514
Health and Social Services	-	-	-	754,213	-	48,583
Conservation of Natural Resources	-	-	-	-	-	799,467
Transportation	-	212,787	-	-	-	16,958
Licensing and Regulation	-	-	-	-	-	186,332
Economic Development	-	-	-	-	-	134,474
Public Safety	-	-	-	-	-	53,981
Culture – Recreation	-	-	-	-	-	50,147
Other Purposes	-	-	1,463	-	-	44,295
Total Restricted	$ -	$ 212,787	$ 1,463	$ 754,213	$ 2,011,199	$ 1,373,751
Committed to:						
Economic Stabilization	$ 927,524	$ -	$ -	$ -	$ -	$ -
Other Purposes	-	-	-	-	-	136,705
Total Committed	$ 927,524	$ -	$ -	$ -	$ -	$ 136,705
Assigned to:						
Education	$ -	$ -	$ -	$ -	$ -	$ 779
Health and Social Services	-	-	-	913	-	842
Conservation of Natural Resources	-	-	-	-	-	175
Licensing and Regulation	-	-	-	-	-	47,482
Economic Development	-	-	-	-	-	84
Public Safety	-	-	-	-	-	3,787
Culture – Recreation	-	-	-	-	-	97
Other Purposes	-	-	-	-	-	2,294
Total Assigned	$ -	$ -	$ -	$ 913	$ -	$ 55,540

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, 2022, 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 $43.7 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.

Settlements. The State is a party in several opioid litigation settlements that have not yet been finalized but are expected to yield up to $74,400 in proceeds over the course of several years. Of this amount, political subdivisions (cities and counties) are eligible for a percent of direct share. Once the settlements are finalized, the amount to be receipted directly by political subdivisions versus the State will be determined. A State Advisory Committee was established to provide recommendations for the use of the State's settlement funds, in compliance with the terms of each settlement agreement. Generally, the purpose of the proceeds are to provide opioid disorder related treatment and prevention within the State.

State of Nebraska (dollars expressed in thousands)

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 $73,116 at a discounted rate of 2.0 percent ($9,573).

Changes in the balances of claims liabilities of the Risk Management Internal Service Fund during the years ended June 30, 2022, and 2021, were as follows:

	Fiscal Year 2022	Fiscal Year 2021
Beginning Balance	$ 112,414	$ 87,093
Current Year Claims and Changes in Estimates	215,699	254,172
Claim Payments	(219,167)	(228,851)
Ending Balance	$ 108,946	$ 112,414

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. 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 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, 2021.

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, 2021, there were 30,365 members in the plan. Of these members, 15,812 were active, 12,062 were inactive, and 2,491 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of $39,250 and State contributions of $61,167 for the plan year ended December 31, 2021.

School Employees' Retirement. The State is the plan sponsor for the School Retirement System, a cost-sharing multiple-employer defined benefit pension plan, with 263 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 exceeds 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 $216,126, employer contributions of $216,059, and State contributions of $46,307 for the plan year ended June 30, 2022.

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, 2022, there were 8,435 members in the plan. Of these members, 7,085 were active and 1,350 were inactive. For the fiscal year ending June 30, 2022, the Service Annuity received $1,603 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 $7,534 for the plan year ended June 30, 2022.

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, 2022, there were 351 members in the plan. Of these members, 143 were active, 4 were inactive, 3 were disabled and 201 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of $2,127, court fees of $3,711 and State contributions of $231 for the plan year ended June 30, 2022.

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, 2022, there were 967 members in the plan. Of these members, 388 were active, 42 were inactive, 15 were disabled, 35 were participating in the DROP program, and 487 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of $5,122, and State contributions of $8,874 for the plan year ended June 30, 2022.

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, 2021, there were 13,679 members in the plan. Of these members, 7,797 were active, 5,002 were inactive, and 880 were retirees or beneficiaries receiving benefits. Members contributed $16,216 and counties contributed $23,971 during the year ended December 31, 2021, 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, 2021. The total pension liability for the Judges, Patrol, Service Annuity and School plans as of June 30, 2021 were determined based on the annual actuarial funding valuation report prepared as of July 1, 2021.

The net pension asset calculation for the State Employees' Retirement plan was performed with a measurement date of December 31, 2021. The total pension asset as of December 31, 2021 was determined based on the annual actuarial funding valuation report prepared as of January 1, 2022.

The net pension liability calculation for the Omaha School Employees' Retirement System was performed with a measurement date of August 31, 2021. The total pension liability as of August 31, 2021 was determined based on the annual actuarial funding valuation report prepared as of January 1, 2021.

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 $151,668 total pension asset for its proportionate share of the collective net pension asset for the school retirement plans. The State's share is a combination of a pension asset for $245,362 from the Nebraska Public Employees Retirement System's School plan, and pension liabilities for $3,240 from the Service Annuity plan and $90,454 from the Omaha School Employees' Retirement System. The State's proportionate share of the collective net pension asset for the school retirement plans represents an increase of $529,583 from the pension liability for $377,915 reported at June 30, 2021. The State's percentage of its proportionate share of the net pension liability for the Nebraska Public Employees Retirement System's School plan is 17.32 percent, the Service Annuity plan is 100 percent, and the Omaha School Employees' Retirement System is 11.31 percent. In the School plan and the Omaha School Employees Retirement System, the determination of proportionate share is based on individual employer contribution information.

State of Nebraska (dollars expressed in thousands)

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

	STATE CASH BALANCE	STATE PATROL RETIREMENT	JUDGES' RETIREMENT	SCHOOL RETIREMENT	SCHOOL SERVICE ANNUITY	OMAHA SCHOOL EMPLOYEES' RETIREMENT
Measurement Date	12/31/2021	6/30/2021	6/30/2021	6/30/2021	6/30/2022	8/31/2021
Actuarial Valuation Date	1/1/2022	7/1/2021	7/1/2021	7/1/2021	7/1/2021	1/1/2021
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level dollar amount, closed	Level percent of payroll, closed	Level percent of payroll, closed	Level percent of payroll, closed	Level percent of payroll, closed	Level percent of payroll, closed
Single Amortization Period	25 years	17 years	25 years	25 years	8 years	30 years
Asset Valuation Method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	market related smoothed value
Actuarial Assumptions:						
Investment Rate of Return **	7.3%	7.3%	7.3%	7.3%	7.3%	7.5%
Projected Salary Increases **	3.15% to 9.50%	3.15% to 8.65%	3.4%	3.15% to 13.15%	3.15% to 13.15%	3.75% to 6.25%

** Includes assumed inflation of 2.65% per year for State, Judges, Patrol, School, Service Annuity plans, and 2.75% for Omaha School Employees Retirement System

Mortality Rates. The State, Judges, Patrol, School, and Service Annuity plans' 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 State, Judges, Patrol, School, and Service Annuity plans' 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 Pub-2010 Non-Safety Disabled Retiree Mortality 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 valuation for the State, School, Judges, Patrol, and Service Annuity plans' are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2019. The experience study report is dated December 21, 2020.

The actuarial assumptions used in the January 1, 2021 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.

State of Nebraska (dollars expressed in thousands)

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, School, Service Annuity, Judges, and Patrol plans' target asset allocations are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
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 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 7.20 percent for State and 7.30 percent for the Judges, Patrol and Schools. The State Discount rate represents a decrease from 7.30 percent used for the December 31, 2020 measurement date and the Judges, Patrol and Schools Discount rate represents a decrease from 7.50 percent used for the June 30, 2020. 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.

State of Nebraska (dollars expressed in thousands)

The change in the net pension liability/(asset) is presented in the following schedules:

Judges Retirement Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance at 6/30/2020	$ 206,455	$ 194,521	$ 11,934
Changes for the year:			
Service Cost	5,725	-	5,725
Interest on Total Pension Liability	15,077	-	15,077
Differences between expected and actual experience	(1,806)	-	(1,806)
Assumption changes	3,554	-	3,554
Court fees	-	3,319	(3,319)
State Appropriations	-	1,428	(1,428)
Benefit payments, including member refunds	(12,066)	(12,066)	-
Employee contributions	-	2,029	(2,029)
Net investment income	-	57,339	(57,339)
Administrative expenses	-	(117)	117
Net changes	10,484	51,932	(41,448)
Balance at 6/30/2021	$ 216,939	$ 246,453	$ (29,514)

State Retirement Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance at 12/31/2020	$ 1,795,412	$ 1,991,720	$ (196,308)
Changes for the year:			
Service Cost	77,800	-	77,800
Interest on Total Pension Liability	126,535	-	126,535
Benefit term Changes	68,135	-	68,135
Differences between expected and actual experience	(15,112)	-	(15,112)
Assumption changes	11,781	-	11,781
Benefit payments, including member refunds	(132,839)	(132,839)	-
Employer contributions	-	52,714	(52,714)
Employee contributions	-	33,833	(33,833)
Net investment income	-	328,390	(328,390)
Administrative expenses	-	(1,497)	1,497
Transfers	6,513	6,513	-
Net changes	142,813	287,114	(144,301)
Balance at 12/31/2021	$ 1,938,225	$ 2,278,834	$ (340,609)

State Patrol Retirement Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance at 6/30/2020	$ 510,757	$ 435,783	$ 74,974
Changes for the year:			
Service Cost	9,175	-	9,175
Interest on Total Pension Liability	37,422	-	37,422
Differences between expected and actual experience	2,542	-	2,542
Assumption changes	6,936	-	6,936
Benefit payments, including member refunds	(26,256)	(26,256)	-
Employer contributions	-	9,164	(9,164)
Employee contributions	-	5,082	(5,082)
Net investment income	-	128,452	(128,452)
Administrative expenses	-	(158)	158
Other changes	-	15	(15)
Net changes	29,819	116,299	(86,480)
Balance at 6/30/2021	$ 540,576	$ 552,082	$ (11,506)

State of Nebraska (dollars expressed in thousands)

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 7.20 percent for State and a discount rate of 7.30 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.

Net Pension Liability / (Asset)

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
School *	$ 231,426	$ (151,668)	$ (466,667)
Judges	(6,747)	(29,514)	(48,972)
Patrol	63,453	(11,505)	(72,320)
	1% Decrease (6.20%)	**Current Discount Rate (7.20%)**	**1% Increase (8.20%)**
State	$ (162,611)	$ (340,609)	$ (489,055)

* Omaha School Employees' Retirement System current discount rate is 7.50%, for a 1% decrease of 6.50% and 1% increase of 8.50%.

Changes to Actuarial Assumptions Subsequent Event to June 30, 2022. 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.

State of Nebraska (dollars expressed in thousands)

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 net pension expense of ($46,635) for the year ended June 30, 2022. Of this amount, ($58,406) pension expense was recognized for the Nebraska Public Employees Retirement System's School plan, $18,256 pension expense was recognized for the State plan, $4,964 pension expense was recognized for the Omaha School Plan, ($7,498) pension expense was recognized for the State Patrol Plan, ($4,819) pension expense was recognized for the Judges Plan, and $868 in pension expense was recognized for the Service Annuity. In the accompanying financial statements, presented as of June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Actuarial Calculations:		
Judges Retirement		
Differences between expected and actual experience	$ -	$ 2,898
Changes of assumptions	2,716	-
Net difference between projected and actual earnings on pension plan investments	6,568	34,763
Patrol Retirement		
Differences between expected and actual experience	1,940	4,510
Changes of assumptions	5,292	-
Net difference between projected and actual earnings on pension plan investments	14,780	77,921
School Retirement		
Differences between expected and actual experience	6,909	42,255
Changes of assumptions	10,592	22,099
Net difference between projected and actual earnings on pension plan investments	74,851	402,154
Changes in proportion	6,500	8,684
State Retirement		
Differences between expected and actual experience	-	30,730
Changes of assumptions	30,845	-
Net difference between projected and actual earnings on pension plan investments	36,968	269,606
Total Actuarial Calculations	197,961	895,620
Employer Contributions Paid Subsequent to Actuarial Measurement Date:		
Judges Retirement	3,942	-
Patrol Retirement	8,874	-
School Retirement	46,307	-
TOTAL	$ 257,084	$ 895,620

State of Nebraska (dollars expressed in thousands)

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 June 30:	Judges Outflow	Judges Inflow	Patrol Outflow	Patrol Inflow	School Outflow	School Inflow	State Outflow	State Inflow
2023	$ 3,127	$ 10,672	$ 7,412	$ 22,628	$ 39,641	$ 129,860	$ 50,285	$ 100,953
2024	3,127	9,259	7,412	20,927	29,522	118,871	7,319	97,415
2025	2,829	9,034	6,694	19,620	24,525	115,189	6,343	60,881
2026	201	8,695	494	19,257	2,632	107,784	3,501	40,617
2027	-	-	-	-	1,523	2,290	365	469
Thereafter	-	-	-	-	543	414	-	-
Total	$ 9,284	$ 37,660	$ 22,012	$ 82,432	$ 98,386	$ 474,408	$ 67,813	$ 300,335

Payable to the Pension Plans

The State reported a payable of $57,826 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2022.

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.

State of Nebraska (dollars expressed in thousands)

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, 2021, resulting in a Net OPEB Liability of $24,606 reported as of June 30, 2022. Below is the schedule of changes in net OPEB liability:

Total OPEB Liability		
Service Cost	$	1,484
Interest		508
Change of benefit terms		321
Changes of assumptions		1,595
Estimated benefit payments, including refunds of member contributions		(1,606)
Net change in Total OPEB Liability		2,302
Total OPEB Liability – beginning		22,304
Total OPEB Liability – ending (a)	$	24,606
Plan Fiduciary Net Position (Assets)		
Estimated contributions	$	1,606
Estimated benefit payments, including refunds of member contributions		(1,606)
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)	$	24,606
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	2.16% as of June 30, 2021 and 2.21% as of June 30, 2020
Inflation	3.15%
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	5.75% decreasing by 0.25% for 5 years to an ultimate of 4.50%
Prescription drug	7.25% decreasing by 0.25% for 11 years to an ultimate of 4.50%
Administrative costs	2.00% each year

Changes to benefit and funding terms:

Effective with the June 30, 2021 measurement:

- There was a one-month premium holiday for December 2021.
- During fiscal year 2023, the State will make a deposit of $500 to the HSA/FSA account of every retiree.

Changes to assumptions:

Effective with the June 30, 2021 measurement:

- Trend rates were updated to reflect recent experience and future expectations.
- The discount rate was updated from 2.21% to 2.16%.

State of Nebraska (dollars expressed in thousands)

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.

	1% Decrease in Discount Rate (1.16%)	Current Discount Rate (2.16%)	1% Increase in Discount Rate (3.16%)
Net OPEB Liability	$26,396	$24,606	$22,938

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Net OPEB Liability	$22,092	$24,606	$27,587

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

The State recognized OPEB expense of $3,341 for the year ended June 30, 2022. The State also reported the following deferred outflows and inflows of resources for financial statement purposes:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	6,272	1,495
Difference between expected and actual experience in the Total OPEB Liability	2,024	0
Net difference between projected and actual earnings on investments	0	0
Total Deferred Outflows/Inflows of Resources	8,296	1,495

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

Year Ended June 30:		
2023	$	1,029
2024	$	1,029
2025	$	1,128
2026	$	1,128
2027	$	1,184
Thereafter	$	1,302

State of Nebraska (dollars expressed in thousands)

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, 2022, 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.

BONDS PAYABLE	INTEREST RATES	BALANCE June 30, 2022
COMPONENT UNITS		
University of Nebraska	1.83%-5.50%	$ 1,212,625
Nebraska State Colleges	0.30%-5.00%	92,185
Component Units Total		$ 1,304,810

COMPONENT UNITS
DEBT SERVICE REQUIREMENTS TO MATURITY

YEAR	PRINCIPAL	INTEREST	TOTAL
2023	$ 64,805	$ 44,578	$ 109,383
2024	44,505	43,073	87,578
2025	41,350	40,913	82,263
2026	57,410	38,921	96,331
2027	45,965	36,954	82,919
2028-2032	208,005	159,851	367,856
2033-2037	120,490	130,496	250,986
2038-2042	125,640	110,043	235,683
2043-2047	128,055	90,156	218,211
2048-2052	148,350	66,836	215,186
2053-2057	131,725	46,079	177,804
2058-2062	153,970	22,620	176,590
2063	34,540	691	35,231
Total	$ 1,304,810	$ 831,211	$ 2,136,021

State of Nebraska (dollars expressed in thousands)

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, 2022, 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. The State also administers the ImagiNE Nebraska Act, the Nebraska Higher Blend Tax Credit Act, the Renewable Chemical Production Tax Credit Act, and the Urban Redevelopment Act which did not have any approved or pending claims as of June 30, 2022.

Description of Tax Abatement Programs

A. **Nebraska Advantage Act**. Neb. Rev. Stat. §§ 77-5701 through 77-5735 (Reissue 2018, Cum. Supp. 2022), 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[1,2]**	**Tier 2[3]**	**Tier 3**	**Tier 4**	**Tier 5**	**Tier 6**
Investment	$1,000	$3,000	$200,000	N/A	$12,000	$37,000 [1,2,3]/ $20,000 [4]	$10,000 / $109,000
FTE[5] Growth	10	30	30	30	100	N/A	75/50
Annual Wage	$28	$28	$28	$28	$28	N/A	$69 [6]

[1] Web Portal
[2] Data Center
[3] Large Data Center
[4] Renewable Energy
[5] Stated as Full-time Equivalent Employee
[6] 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. 2022), 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 2022 applicants must meet to qualify for benefits are as follows:

Investment and Employment Levels

	Level 1	Level 2	Livestock Modernization
Investment	$125	$250	$50
FTE[7] Growth	2	5	N/A
Wage Rate[8]	$16.03	$16.03	N/A
Eligible Location	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

[7] Stated as Full-time Equivalent Employee
[8] 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 applied for between January 1, 2016 and April 20, 2022, are limited to a maximum of $150 in credits. Projects applied for after April 20, 2022 are limited to a maximum of $500 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 $10,000 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. 2022), 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. Beginning August 28, 2021, the lifetime limit in credits that may be granted to each applicant and related persons increased to $20. The approval limit for this program is $2,000 plus the dollars that were not approved by the end of the preceding calendar year.

D. Employment and Investment Growth Act. Neb. Rev. Stat. §§ 77-4101 through 77-4113 (Reissue 2018, Cum. Supp. 2022), 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 or 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. 2022), is a program jointly administered by the History Nebraska State Historic Preservation Officer and the State. This Act provides non-refundable 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. The approval limit for this program is $15,000 plus the dollars that were not allocated by the end of the preceding year.

G. **New Market Job Growth Investment Tax Credit Act**. Neb. Rev. Stat. §§ 77-1101 through 77-1120 (Reissue 2018, Cum. Supp. 2022), 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. 2022), 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 that may be allowed under the statute of limitation. 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 all other 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. 2022), 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 2022), 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, Cum. Supp. 2022), 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.

State of Nebraska (dollars expressed in thousands)

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, 2022 as a result of tax abatement agreements for each of the eleven programs.

No.	Program	Taxes Abated
A	Nebraska Advantage Act	$382,686
B	Nebraska Advantage Rural Development Act	1,291
C	Nebraska Advantage Microenterprise Tax Credit Act	1,724
D	Employment and Investment Growth Act	10,814
E	Invest Nebraska Act	*
F	Job Creation and Mainstreet Revitalization Act	6,256
G	New Market Job Growth Investment Tax Credit	14,126
H	Angel Investment Tax Credit	267
I	Beginning Farmer Tax Credit Act	1,699
J	Community Development Assistance Act	505
K	Affordable Housing Tax Credit Act	9,617
	Total	**$428,985** **

*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 the 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.

   Additional Information. The State issues an Annual Report on Tax Incentives to the Nebraska Legislature and the ImagiNE Nebraska Act and Key Employer and Jobs Retention Act Joint Report on or before October 31 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 reports can be found on the Nebraska Department of Revenue website here: https://revenue.nebraska.gov/incentives/annual-reports https://revenue.nebraska.gov/incentives/imagine-nebraska-act-and-key-employer-and-jobs-retention-act-annual-reports

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 the State, or receivable from these local governments. Pursuant to Neb. Rev. Stat. § 77-27,144 (Reissue 2018, Cum. Supp. 2022), 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. 2022), 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, the 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, 2022, the amounts of refunds that are receivable are $3,982 from municipalities pursuant to Neb. Rev. Stat. § 77-27,144 (Reissue 2018; Cum. Supp. 2022) are as follows: Ainsworth, Albion, Alliance, Arapahoe, Arnold, Ashland, Atkinson, Auburn, Bancroft, Beatrice, Beemer, Bellevue, Benkelman, Blair, Bloomfield, Bridgeport, Broken Bow, Callaway, Cambridge, Cedar Rapids, Central City, Chadron, Chester, Clearwater, Columbus, Cortland, Cozad, Creighton, Crete, Crofton, David City, Dodge, Doniphan, Elgin, Fairbury, Falls City, Franklin, Fremont, Geneva, Gering, Gordon, Gothenburg, Grand Island, Grant, Greenwood, Gretna, Hastings, Hay Springs, Hebron, Hubbell, Humphrey, Imperial, Jackson, Kearney, Kimball, La Vista, Lexington, McCook, Mitchell, Morrill, Nebraska City, Neligh, Niobrara, Norfolk, North Bend, North Platte, Oconto, Ogallala, O'Neill, Ord, Papillion, Pawnee City, Petersburg, Plainview, Plymouth, Ponca, Ralston, Randolph, Ravenna, Red Cloud, Saint Edward, Saint Paul, Schuyler, Scottsbluff, Scribner, Seward, Sidney, South Sioux City, Springfield, Superior, Syracuse, Tecumseh, Valentine, Valley, Verdigre, Wahoo, Wausa, Waverly, Wayne, West Point, Wisner, Wymore, and York

17. Restatements

The Net Position for fiscal year 2021 for Governmental Activities on the Government Wide Statement of Activities increased by $128,371 mainly due to restatement of capital assets beginning balance in prior years.

Component Units Net Position – The restatement of prior year Net Position was mainly the result of implementing GASB 87 – Leases. The beginning Net Position for Component Units on the Statement of Activities increased by $4,473.

The General Fund beginning Fund Balance was increased by $19,464 mainly due to prior year revenue and expenditure adjustments.

The Highway Fund beginning Fund Balance was decreased by $42,174 mainly due to highway allocation activity moving from a fiduciary fund to the Highway Fund because of prior year implementation of GASB Statement 84 – Fiduciary Activities.

The Federal Fund beginning Fund Balance was increased by $2,619 mainly due to prior year expenditure adjustments for COVID19 reimbursements and understated accounts receivable.

The Health and Social Services Fund beginning Fund Balance was increased by $10,654 mainly due to receivables understated in the prior year.

The Permanent School Fund beginning Fund Balance was increased by $29,838 due to understated State-owned land in prior years for tenant-owned land improvements.

The Nonmajor Funds beginning Fund Balance was increased by $3,565 due primarily to an overstatement of liabilities, and expenditures in the prior years.

The Internal Service Funds beginning Net Position was increased by $1,712 due to an overstatement of expenses reported in the prior year and capital asset restatements.

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 $25,678 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 decreased by $68,168 mainly due to an understatement of both assets and liabilities reported in prior years. The beginning Net Position for Business-type Activities on the Government Wide Statement of Activities decreased by an additional $7 due to an understatement of depreciation reported in the prior year.

The Pension Trust Funds beginning Net Position was increased by $319 mainly due to activity that did not properly reverse in fiscal year 2021.

The Private Purpose Trust Fund beginning Net Position was decreased by $14 due to accounting activity for stale checks.

The Investment Trust Funds beginning Net Position was increased by $8,005 due to under reporting of contributions in the prior year.

The Custodial Funds beginning Net Position was increased by $87 mainly due to Care Facility outside trust prior year activity.

18. COVID-19 Government Assistance

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. Legislative Bills 1014 and 1024 approved by the Governor on April 13, 2022, and April 18, 2022, respectively outline funded projects. 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, 2022, $31,437 Coronavirus State Fiscal Recovery funds had been spent, $6,265 of the HAF funds were spent, and none of the CPF funds had been spent.

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REQUIRED SUPPLEMENTARY INFORMATION

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State of Nebraska

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2022

(Dollars in Thousands)	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	$ 4,754,915	$ 5,600,305	$ 6,224,300	$ 623,995
Federal Grants and Contracts	69	69	69	-
Sales and Charges	22,525	22,525	22,525	-
Other	51,011	51,011	51,011	-
Total Revenues	4,828,520	5,673,910	6,297,905	623,995
EXPENDITURES				
Current:				
General Government	709,546	721,715	745,926	(24,211)
Conservation of Natural Resources	39,383	40,038	29,395	10,643
Culture – Recreation	8,896	9,403	6,268	3,135
Economic Development and Assistance	36,344	39,914	18,823	21,091
Education	2,161,826	2,190,175	2,148,365	41,810
Health and Social Services	1,775,420	1,961,214	1,676,270	284,944
Public Safety	521,324	505,525	336,774	168,751
Regulation of Business and Professions	24,099	24,444	8,986	15,458
Transportation	100	100	41	59
Capital Projects	31,585	31,585	-	31,585
Total Expenditures	5,308,523	5,524,113	4,970,848	553,265
Excess (Deficiency) of Revenues Over (Under) Expenditures	(480,003)	149,797	1,327,057	1,177,260
OTHER FINANCING SOURCES (USES)				
Transfers In	52,124	52,124	52,124	-
Transfers Out	(274,589)	(274,589)	(274,589)	-
Other	254	254	254	-
Total Other Financing Sources (Uses)	(222,211)	(222,211)	(222,211)	-
Net Change in Fund Balance	(702,214)	(72,414)	1,104,846	1,177,260
FUND BALANCES, JULY 1	2,322,841	2,322,841	2,322,841	-
FUND BALANCES, JUNE 30	$ 1,620,627	$ 2,250,427	$ 3,427,687	$ 1,177,260

A reconciliation of the budgetary basis versus GAAP fund balance for the General Fund as of June 30, 2022, follows:

Actual Fund Balances, budgetary basis, June 30, 2022	
General	$ 2,493,131
Cash Reserve	927,523
Property Tax Credit	7,033
Budgetary fund balances	3,427,687
DIFFERENCES DUE TO BASIS OF ACCOUNTING:	
Record taxes receivable	692,267
Record tax refund liability	(583,607)
Record State contributions due pension funds	50,292
Record claims payable	(71,626)
Record other net accrued receivables and liabilities	(321,099)
	$ 3,193,914

See independent auditor's report

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 156.

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 2022, the Legislature passed deficit appropriation bills that increased the allowable expenditure level in several of the programs.

For the year ended 2022, there was no budgetary programs in which expenditures exceeded appropriations. Revenues are not budgeted for any funds except for General Fund tax revenues.

State of Nebraska

REQUIRED SUPPLEMENTARY INFORMATION
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

For the Year Ended June 30, 2022

(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).

Calendar Year	2021	2020	2019	2018	2017	2016
Very Good	27%	41%	42%	44%	45%	46%
Good	63%	41%	40%	43%	39%	38%
Fair	9%	14%	13%	10%	13%	14%
Poor	1%	4%	5%	3%	3%	2%
Overall System Rating	83	83	84	85	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).

Fiscal Year	2023	2022	2021	2020	2019	2018
Estimated	$ 365	$ 382	$ 340	$ 305	$ 324	$ 325
Actual		450	414	514	376	391
Difference		68	74	209	52	66

State of Nebraska

REQUIRED SUPPLEMENTARY INFORMATION
INFORMATION ABOUT PENSION PLANS

For the Year Ended June 30, 2022

(Dollars in Thousands)

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

Last 10 Fiscal Years

		2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
State's proportion of the School plan collective net pension liability		17.32%	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%	100.00%
State's proportion of the Omaha School Employees Retirement System collective net pension liability		11.31%	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/(asset)	$	(245,364)	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/(asset)		(1,170,939)	1,288,322	1,005,006	1,123,670	1,309,143	1,242,717	900,492	802,660
Total collective net pension liability/(asset) for the School plan	$	(1,416,303)	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	$	3,240	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	$	90,454	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		709,651	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	$	800,105	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/(asset) (a)	$	(3,506)	3,906	3,273	3,661	4,391	4,352	3,149	2,996
School plan employer's covered-employee payroll (b)	$	6,316	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)		(55.51%)	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		109.93%	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		80.94%	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		67.13%	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.

SCHEDULE OF STATE CONTRIBUTIONS
School Employees Retirement Plan
Last 10 Fiscal Years

(Dollars in Thousands)

		2022	2021	2020	2019	2018	2017	2016	2015
School plan statutorily required contribution	$	44,704	43,034	41,860	40,544	39,339	38,039	36,920	35,494
Service Annuity plan statutorily required contribution	$	1,603	1,220	1,216	1,248	1,243	992	997	998
Omaha School Employees Retirement System statutorily required contribution	$	7,534	7,290	7,302	7,420	7,111	6,897	6,661	6,453
School plan contributions in relation to the statutorily required contribution	$	44,704	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	$	1,603	1,220	1,216	1,248	1,243	992	997	998
Omaha School Employees Retirement System contributions in relation to the statutorily required contribution	$	7,534	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)	$	590	624	614	639	619	618	623	603
School plan employer's covered payroll (b)	$	5,970	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%	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.

STATE PATROL RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

Last 10 Fiscal Years

(Dollars in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$9,175	$8,961	$9,079	$8,795	$7,956	$8,152	$7,563	$8,174
Interest	37,422	36,398	35,166	34,077	32,887	32,114	31,350	30,165
Differences between expected and actual experience	2,542	(6,168)	(2,864)	(4,017)	(1,509)	(8,977)	(10,659)	(3,788)
Assumption changes	6,936	-	-	-	27,948	-	-	-
Benefit payments, including member refunds	(26,256)	(24,953)	(24,954)	(23,829)	(24,139)	(19,577)	(19,459)	(20,010)
Net change in Total Pension Liability	$29,819	$14,238	$16,427	$15,026	$43,143	$11,712	$8,795	$14,541
Total Pension Liability - beginning	$510,757	$496,519	$480,092	$465,066	$421,923	$410,211	$401,416	$386,875
Total Pension Liability - ending (a)	$540,576	$510,757	$496,519	$480,092	$465,066	$421,923	$410,211	$401,416
Plan Fiduciary Net Position								
Employer contributions	$9,164	$9,083	$8,694	$8,953	$7,053	$7,053	$8,647	$8,753
Employee contributions	5,082	4,970	4,710	4,615	4,501	4,366	4,180	4,134
Net investment income	128,452	10,177	27,537	33,873	48,680	5,491	13,333	54,950
Benefit payments, including member refunds	(26,256)	(24,953)	(24,954)	(23,829)	(24,140)	(19,577)	(19,459)	(20,010)
Administrative expenses	(158)	(120)	(76)	(89)	(141)	(128)	(117)	(121)
Other	15	14	18	23	29	27	22	21
Net change in Plan Fiduciary Net Position	$116,299	($829)	$15,929	$23,546	$35,982	($2,768)	$6,606	$47,727
Plan Fiduciary Net Position - beginning	$435,783	$436,612	$420,683	$397,137	$361,155	$363,923	$357,317	$309,590
Plan Fiduciary Net Position - ending (b)	$552,082	$435,783	$436,612	$420,683	$397,137	$361,155	$363,923	$357,317
Net Pension Liability/(Asset) - ending (a) - (b)	($11,506)	$74,974	$59,907	$59,409	$67,929	$60,768	$46,288	$44,099
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	102.13%	85.32%	87.93%	87.63%	85.39%	85.60%	88.72%	89.01%
Covered payroll	$31,342	$30,810	$29,302	$28,698	$28,092	$27,048	$26,294	$25,624
Employers' Net Pension Liability as a percentage of covered payroll	(36.71%)	243.34%	204.45%	207.02%	241.81%	224.67%	176.04%	172.10%

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

STATE PATROL RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal years

(Dollars in Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	$8,874	$9,164	$9,083	$8,694	$8,953	$7,053	$7,053	$8,074	$8,753	$9,769
Actual employer contributions*	$8,874	$9,164	$9,083	$8,694	$8,953	$7,053	$7,053	$8,074	$8,753	$7,516
Annual contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	2,253
Covered payroll	$31,560	$31,342	$30,810	$29,302	$28,698	$28,092	$27,048	$26,294	$25,624	$26,902
Actual contributions as a percentage of covered-employee payroll	28.12%	29.24%	29.48%	29.67%	31.20%	25.11%	26.08%	30.71%	34.16%	27.94%

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

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

JUDGES' RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

Last 10 Fiscal Years

(Dollars in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$5,725	$5,551	$5,641	$5,589	$4,998	$4,721	$4,759	$4,257
Interest	15,077	14,472	14,200	13,721	13,100	12,643	12,171	11,568
Differences between expected and actual experience	(1,806)	(206)	(5,003)	(2,399)	(1,715)	(2,303)	(2,614)	42
Assumption changes	3,554	-	-	-	12,705	-	-	-
Benefit payments, including member refunds	(12,066)	(11,478)	(10,991)	(10,144)	(9,690)	(9,052)	(8,548)	(8,122)
Net change in Total Pension Liability	$10,484	$8,339	$3,847	$6,767	$19,398	$6,009	$5,768	$7,745
Total Pension Liability - beginning	$206,455	$198,116	$194,269	$187,502	$168,104	$162,095	$156,327	$148,582
Total Pension Liability - ending (a)	$216,939	$206,455	$198,116	$194,269	$187,502	$168,104	$162,095	$156,327
Plan Fiduciary Net Position								
Employer contributions*	$4,747	$3,897	$4,389	$4,780	$3,698	$3,459	$3,071	$3,906
Employee contributions	2,029	1,963	1,855	1,815	1,743	1,651	1,611	1,519
Net investment income	57,339	4,549	12,436	15,070	21,699	2,454	5,959	24,543
Benefit payments, including member refunds	(12,066)	(11,478)	(10,991)	(10,144)	(9,690)	(9,052)	(8,548)	(8,122)
Administrative expenses	(117)	(82)	(72)	(71)	(85)	(71)	(83)	(78)
Net change in Plan Fiduciary Net Position	$51,932	($1,151)	$7,617	$11,450	$17,365	($1,559)	$2,010	$21,768
Plan Fiduciary Net Position - beginning	$194,521	$195,672	$188,055	$176,606	$159,241	$160,800	$158,790	$137,022
Plan Fiduciary Net Position - ending (b)	$246,453	$194,521	$195,672	$188,056	$176,606	$159,241	$160,800	$158,790
Net Pension Liability/(Asset) - ending (a) - (b)	($29,514)	$11,934	$2,444	$6,213	$10,896	$8,863	$1,295	($2,463)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	113.60%	94.22%	98.77%	96.80%	94.19%	94.73%	99.20%	101.58%
Covered payroll	$24,668	$24,367	$23,216	$23,125	$22,802	$22,178	$21,587	$20,100
Employers' Net Pension Liability as a percentage of covered payroll	(119.65%)	48.98%	10.53%	26.87%	47.79%	39.96%	6.00%	(12.26%)

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

*Employer contributions for 2021 consist of $3,319 in Court Fees and $1,428 in State Appropriations.

JUDGES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

(Dollars in Thousands)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	$3,948	$4,747	$3,897	$4,389	$4,780	$3,698	$3,459	$3,727	$3,906	$3,180
Actual employer contributions	$3,948	$4,747	$3,897	$4,389	$4,780	$3,698	$3,459	$3,071	$3,906	$3,180
Annual contribution deficiency (excess)	-	-	-	-	-	-	-	656	-	-
Covered payroll	$25,258	$24,668	$24,367	$23,216	$23,125	$22,802	$22,178	$21,587	$20,100	$19,005
Actual contributions as a percentage of covered-employee payroll	15.63%	19.24%	15.99%	18.90%	20.67%	16.22%	15.59%	14.23%	19.43%	16.73%

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 EMPLOYEES' RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

Last 10 Fiscal Years

(Dollars in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$77,800	$66,766	$61,854	$61,061	$64,051	$61,768	$57,305	$54,921
Interest	126,535	121,384	116,719	108,435	102,759	98,054	89,967	85,696
Benefit term changes	68,135	33,746	-	56,312	31,485	-	35,893	-
Differences between expected and actual experience	(15,112)	(14,022)	(10,590)	(3,987)	(18,939)	(14,007)	721	(11,217)
Assumption changes	11,781	21,516	-	-	42,820	-	-	-
Transfers	6,513	9,318	5,372	7,735	3,591	5,115	5,849	4,195
Benefit payments, including member refunds	(132,839)	(112,331)	(113,827)	(121,911)	(94,359)	(84,773)	(85,278)	(73,527)
Net change in Total Pension Liability	$142,813	$126,377	$59,528	$107,645	$131,408	$66,157	$104,457	$60,068
Total Pension Liability - beginning	$1,795,412	$1,669,035	$1,609,507	$1,501,862	$1,370,455	$1,304,298	$1,199,841	$1,139,773
Total Pension Liability - ending (a)	$1,938,225	$1,795,412	$1,669,035	$1,609,507	$1,501,863	$1,370,455	$1,304,298	$1,199,841
Plan Fiduciary Net Position								
Employer contributions	$52,714	$51,506	$48,890	$46,581	$45,438	$44,894	$43,340	$41,456
Employee contributions	33,833	33,007	31,334	29,854	29,128	28,776	27,799	26,603
Net investment income	328,390	221,997	286,205	(63,591)	237,283	112,758	14,784	83,524
Benefit payments, including member refunds	(132,839)	(112,331)	(113,827)	(121,911)	(94,359)	(84,773)	(85,278)	(73,527)
Administrative expenses	(1,497)	(1,520)	(1,374)	(1,399)	(1,293)	(1,134)	(1,079)	(910)
Transfers	6,513	9,318	5,372	7,735	3,591	5,115	5,849	4,195
Net change in Plan Fiduciary Net Position	$287,114	$201,977	$256,600	($102,731)	$219,788	$105,636	$5,415	$81,341
Plan Fiduciary Net Position - beginning	$1,991,720	$1,789,743	$1,533,143	$1,635,874	$1,416,087	$1,310,451	$1,305,036	$1,223,695
Plan Fiduciary Net Position - ending (b)	$2,278,834	$1,991,720	$1,789,743	$1,533,143	$1,635,875	$1,416,087	$1,310,451	$1,305,036
Net Pension Liability/(Asset) - ending (a) - (b)	($340,609)	($196,308)	($120,708)	$76,364	($134,012)	($45,632)	($6,153)	($105,195)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	117.57%	110.93%	107.23%	95.26%	108.92%	103.33%	100.47%	108.77%
Covered payroll	$703,979	$687,847	$652,909	$622,068	$606,807	$599,550	$578,789	$553,631
Employers' Net Pension Liability as a percentage of covered payroll	(48.38%)	(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

STATE EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

(Dollars in Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	$39,028	$35,374	$37,255	$30,307	$30,314	$33,205	$29,117	$31,986	$35,129	$32,983
Actual employer contributions*	$56,417	$52,142	$50,355	$47,279	$46,043	$45,208	$44,314	$42,392	$40,345	$35,794
Annual contribution deficiency (excess)	($17,389)	($16,768)	($13,100)	($16,972)	($15,729)	($12,002)	($15,197)	($10,406)	($5,216)	($2,811)
Covered-employee payroll	$753,441	$696,341	$672,470	$631,395	$614,895	$603,735	$591,799	$566,127	$538,790	$478,020
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

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:

7/1/2022 valuation:

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

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.

State of Nebraska (dollars expressed in thousands)

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, 2022 (based on the July 1, 2021 actuarial valuation):

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Range from 15 to 29 years (Single Equivalent Amortization Period is 8 years)
Asset valuation method	5-year smoothed market
Price Inflation	2.65 percent
Wage Inflation	3.15 percent
Salary increase, including inflation	3.15 to 13.15 percent
Long-term investment rate of return, net of investment expense, and including inflation	7.30 percent
Cost-of-living adjustments	Service annuity – none Formula annuity – For members hired before January 1, 2013, it is 2.15% per annum, compounded annually. For members hired on or after January 1, 2013, it is 1.00% per annum, compounded annually.

State of Nebraska (dollars expressed in thousands)

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:

11/2021 valuation:

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

1/1/2017 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.

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, 2022 (based on the July 1, 2021 actuarial valuation).

Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Range from 15 to 29 years (Single Equivalent Amortization Period is 8 years)
Asset valuation method	5-year smoothed market
Price inflation	2.65 percent
Wage Inflation	3.15 percent
Salary increases, including wage inflation	3.15 to 13.15 percent

Long-term rate of return, net of investment expense, and including inflation	7.30 percent

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.
- Vested Certificated members' assumption to elect a refund of contributions was adjusted at certain ages.

State of Nebraska (dollars expressed in thousands)

- 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 valuation date that falls within 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, 2021 (based on the January 1, 2021 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 value
Price inflation	2.75 percent
Wage inflation	3.25 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. 1.00 percent for those who became OSERS members on or after July 1, 2013. 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:

7/1/2022 valuation:

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

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.

State of Nebraska (dollars expressed in thousands)

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.

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, 2022 (based on the July 1, 2021 actuarial valuation).

Actuarial cost method	Entry Age Normal
Amortized method	Level percentage of payroll, closed
Remaining amortization period	Range from 15 to 29 years (Single Equivalent Amortization Period is 17 years)
Asset valuation method	5-year smoothed market
Price inflation	2.65 percent
Wage Inflation	3.15 percent
Salary increases, including wage inflation	3.15 to 8.65 percent
Long-term rate of return, net of investment expense, and including price inflation	7.30 percent
Cost-of-living adjustment	2.15% 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 grater 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:

7/1/2022 valuation:

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

7/1/2021 valuation:

- Price inflation decreased from 2.75% to 2.65%.
- Long-term investment return deceased 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.

State of Nebraska (dollars expressed in thousands)

- 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.

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, 2022 (based on the July 1, 2021 actuarial valuation).

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Price Inflation	2.65 percent
Wage Inflation	3.15 percent
Salary increases, including inflation	3.40 percent
Long-term rate of return, net of investment expense, and including inflation	7.30 percent
Cost-of-living adjustments	2.15% 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:

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

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:

1/1/2022 valuation:
- Price inflation assumption was lowered from 2.65% to 2.55%.
- Investment return assumption was lowered from 7.30% to 7.20%.
- Interest crediting rate on Cash Balance accounts decreased from 6.15% to 6.10%.
- General wage inflation was lowered from 3.15% to 3.05%.

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.

State of Nebraska (dollars expressed in thousands)

- 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 beginning of the plan 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 plan year, January 1, 2021 to December 31, 2021 (based on the January 1, 2021 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	2.65 percent
Wage inflation	3.15 percent
Salary increases, including wage Inflation	3.15 to 9.50 percent
Long-term rate of return, net of investment expense, and including price inflation	7.30 percent
Interest crediting rate, including dividends	6.15 percent

(Dollars in Thousands)

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

	2022	2021	2020	2019	2018
Reporting Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability					
Service cost	$1,484	$912	$805	$975	$1,042
Interest	508	530	549	533	438
Change of benefit terms	321	-	-	(456)	-
Differences between expected and actual experience	-	1,265	-	2,150	-
Changes of assumptions	1,595	5,958	652	(2,594)	(695)
Estimated benefit payments, including refunds of member contributions	(1,606)	(1,177)	(1,127)	(1,157)	(1,218)
Net change in Total OPEB Liability	$2,302	$7,488	$879	($549)	($433)
Total OPEB Liability - beginning	$22,304	$14,816	$13,937	$14,486	$14,919
Total OPEB Liability – ending (a)	$24,606	$22,304	$14,816	$13,937	$14,486
Plan Fiduciary Net Position					
Estimated contributions	$1,606	$1,117	$1,127	$1,157	$1,218
Estimated benefit payments, including refunds of member contributions	(1,606)	(1,117)	(1,127)	(1,157)	(1,218)
Net OPEB Liability – ending (a) – (b)	24,606	22,304	14,816	13,937	14,486
Covered employee payroll	N/A	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	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, 2022

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, 2021.

Changes of benefit and funding terms:

6/30/2021 valuation:

- There was a one-month premium holiday for December 2021.
- During fiscal year 2023, the State will make a deposit of $500 to the HAS/FSA account of every retiree.

6/30/2020 valuation:

- 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:

6/30/2021 valuation:

- Trend rates were updated to reflect recent experience and future expectations
- The discount rate was updated from 2.21% to 2.16%

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, 2021:

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, 2021
Actuarial valuation date	June 30, 2020
Discount rate	2.16% - 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	3.15%

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	5.75% decreasing by 0.25% for 5 years to an ultimate of 4.50%
Prescription drug	7.25% decreasing by 0.25% for 11 years to an ultimate of 4.50%
Administrative costs	2.00%

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APPENDIX C

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

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$6,050,000
State of Nebraska
Certificates of Participation
(Series 2023A)

April 13, 2023

Union Bank and Trust Company,
as Trustee
6801 South 27 Street
Lincoln, NE 68512

Ladies and Gentlemen:

(a) This Letter Agreement constitutes the written undertaking by the State of Nebraska (the "State"), acting by and through the Department of Administrative Services ("Lessee") of the State, for the benefit of the holders and beneficial owners of the State of Nebraska Certificates of Participation (Series 2023A) (the "Certificates") provided as if required by Section (b)(5)(i) of Securities and Exchange Commission ("Commission") Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule"). It being the intention of Lessee that there be full and complete compliance with the Rule and EMMA (as defined below), this Letter Agreement shall be construed in accordance with the written interpretative guidance and no–action letters published from time to time by the Commission and its staff or the MSRB and its staff with respect to the Rule or EMMA, as the case may be. Lessee is entering into this Letter Agreement to assist Piper Sandler & Co., as Participating Underwriter under the Rule, to comply with the Rule and in consideration of Union Bank and Trust Company, as Trustee (the "Trustee"), for the holders of the Certificates, entering into that certain Series 2023A Supplemental Indenture dated as of April 1, 2023 (together with the Master Trust Indenture V dated as of December 1, 2019 between the Trustee and Union Bank and Trust Company, as trustee for and on behalf of Piper Sandler & Co. (as successor by merger to Piper Jaffray & Co.), the "Indenture"). Capitalized terms used in this Letter Agreement and not otherwise defined in the Indenture shall have the meanings assigned such terms in paragraph (b) hereof.

(b) The following are the definitions of the capitalized terms used herein and not otherwise defined in the Indenture.

"*Annual Financial Information*" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) or operating data with respect to the State, provided at least annually, of the type included in Appendix B of the final offering circular with respect to the Certificates; which Annual Financial Information may, but is not required to, include Audited Financial Statements.

"*Audited Financial Statements*" means the State's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by an independent auditor selected by the State of Nebraska Auditor of Public Accounts, or otherwise as shall be then required or permitted by the laws of the State of Nebraska.

"*EMMA*" means the Electronic Municipal Market-Access facility for municipal securities disclosure of the MSRB.

"*Financial Obligation*" means a:

(i) Debt obligation;

(ii) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(iii) Guarantee of paragraph (i) or (ii).

The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"*Material Event*" means any of the following events with respect to the Certificates:

(i) Principal and interest payment delinquencies;

(ii) Nonpayment-related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the State;[*]

[*] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

(xiii) The consummation of a merger, consolidation or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xv) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

"*Material Event Notice*" means notice in Prescribed Form in accordance with EMMA of a Material Event.

"*MSRB*" means the Municipal Securities Rulemaking Board (www.emma.msrb.org).

"*Release*" means Commission Release No. 34-59062, December 8, 2008, as from time to time amended or supplemented.

(c) (1) Lessee undertakes to provide the following information as provided in this Letter Agreement:

(i) Annual Financial Information;

(ii) Audited Financial Statements, if any; and

(iii) Material Event Notices.

(2) The information listed in (c)(1) shall be provided by (or by the Trustee on behalf of) Lessee to the MSRB, at www.emma.msrb.org, in such electronic format accompanied by such identifying information (the "Prescribed Form") as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information;

(d) (i) Lessee shall, while any Certificates are Outstanding, provide the Annual Financial Information on or before January 30 of each year (the "Report Date"), to the Trustee and the MSRB in Prescribed Form. Lessee shall include with each submission of Annual Financial Information to the Trustee an electronic written representation addressed to the Trustee to the effect that the Annual Financial Information is the Annual Financial Information required hereby, that it complies with the applicable requirements hereof and that Lessee has provided the Annual Financial Information to the MSRB in Prescribed Form. Lessee may adjust the Report Date if the State changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to the Trustee and in Prescribed Form to the MSRB, provided that the new Report Date shall be not more than 210 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if Lessee provides to the MSRB and the Trustee the Annual Financial Information by specific reference to documents previously provided to the MSRB or filed with the Securities and Exchange

Commission and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

(ii) If not provided as part of the Annual Financial Information, Lessee shall provide the Audited Financial Statements in Prescribed Form when and if available while any Certificates are Outstanding to the Trustee and to the MSRB.

(iii) (A) If a Material Event occurs while any Certificates are Outstanding, Lessee shall provide a Material Event Notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the Trustee and in Prescribed Form to the MSRB. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Certificates.

(B) The Trustee shall promptly advise Lessee whenever, in the course of performing its duties as Trustee hereunder or under the Indenture, the Trustee identifies an occurrence which, if material, would require Lessee to provide a Material Event Notice pursuant to subparagraph (d)(iii)(A), provided that the failure of the Trustee so to advise Lessee shall not constitute a breach by the Trustee of any of its duties and responsibilities hereunder or under the Indenture.

(iv) The Trustee shall, without further direction or instruction from Lessee, provide in a timely manner to the MSRB, notice in Prescribed Form of any failure by Lessee while any Certificates are Outstanding to provide to the MSRB, Annual Financial Information on or before the Report Date. For the purposes of determining whether information received from Lessee is Annual Financial Information and has been so provided, the Trustee shall be entitled conclusively to rely on Lessee's written representation made pursuant to subparagraph (d)(i) herein.

(v) If Lessee provides to the Trustee information relating to the State or the Certificates, which information is not designated as a Material Event Notice, and directs the Trustee to provide such information to information repositories, the Trustee shall provide such information in Prescribed Form in a timely manner to the MSRB.

(vi) Lessee shall determine each year prior to the Report Date whether there has occurred a change in the MSRB's email address or filing procedures and requirements under EMMA.

(a) The continuing obligation hereunder of Lessee to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once the Certificates no longer are Outstanding. This Letter Agreement, or any provision hereof, shall be null and void in the event that Lessee delivers to the Trustee an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Letter Agreement, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Certificates, provided that Lessee shall have provided notice of such delivery and the cancellation of this Letter Agreement or any provision hereof in Prescribed Form to the MSRB.

(b) This Letter Agreement may be amended, without the consent of the Certificateholders, but only upon the delivery by Lessee to the Trustee of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Letter Agreement and by Lessee with the Rule, provided that Lessee shall have provided notice in Prescribed Form of such delivery and of the amendment to the MSRB. Any such amendment shall satisfy the following conditions:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the State, or type of business conducted;

(ii) This Letter Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interest of holders of the Certificates, as determined either by parties unaffiliated with the State (such as the Trustee or nationally recognized bond counsel), or by approving vote of holders of the Certificates pursuant to the terms of the Indenture at the time of the amendment.

The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

(c) The obligation of Lessee to provide Annual Financial Information, Audited Financial Statements and Material Event Notices does not constitute a liability, lien or charge upon the moneys or property of the State or any of its departments or agencies, and is subject to the lawful availability, if any, of moneys which the Nebraska Legislature has budgeted and appropriated therefor during any Fiscal Period, and shall terminate as of the first day of a Fiscal Period if moneys are not so budgeted and appropriated by the Legislature for such Fiscal Period. Lessee shall provide notice in Prescribed Form of the impending termination to the MSRB.

(d) Any failure by Lessee to perform in accordance with this Letter Agreement shall not constitute an “Event of Default” under the Indenture or the Lease, and the rights and remedies provided by the Indenture upon the occurrence of an “Event of Default” shall not apply to any such failure. The Trustee shall not have any power or duty to enforce this Letter Agreement. If Lessee fails to comply herewith, any Certificateholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause Lessee to comply with its obligations hereunder.

(e) This Letter Agreement shall be governed by and construed in accordance with the laws of the State, provided that to the extent this Letter Agreement addresses matters of federal securities laws, including the Rule, this Letter Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

(f) This Letter Agreement shall inure solely to the benefit of Lessee, the Trustee, the Participating Underwriter and the holders from time to time of the Certificates, and shall create no rights in any other person or entity.

(g) This Letter Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Very truly yours,

STATE OF NEBRASKA DEPARTMENT OF
ADMINISTRATIVE SERVICES

By ____
State Accounting Administrator

Acknowledged and Accepted as of
the date first above written:

UNION BANK AND TRUST COMPANY,
as Trustee for the holders of
the Certificates

By ___________________________________
Authorized Officer