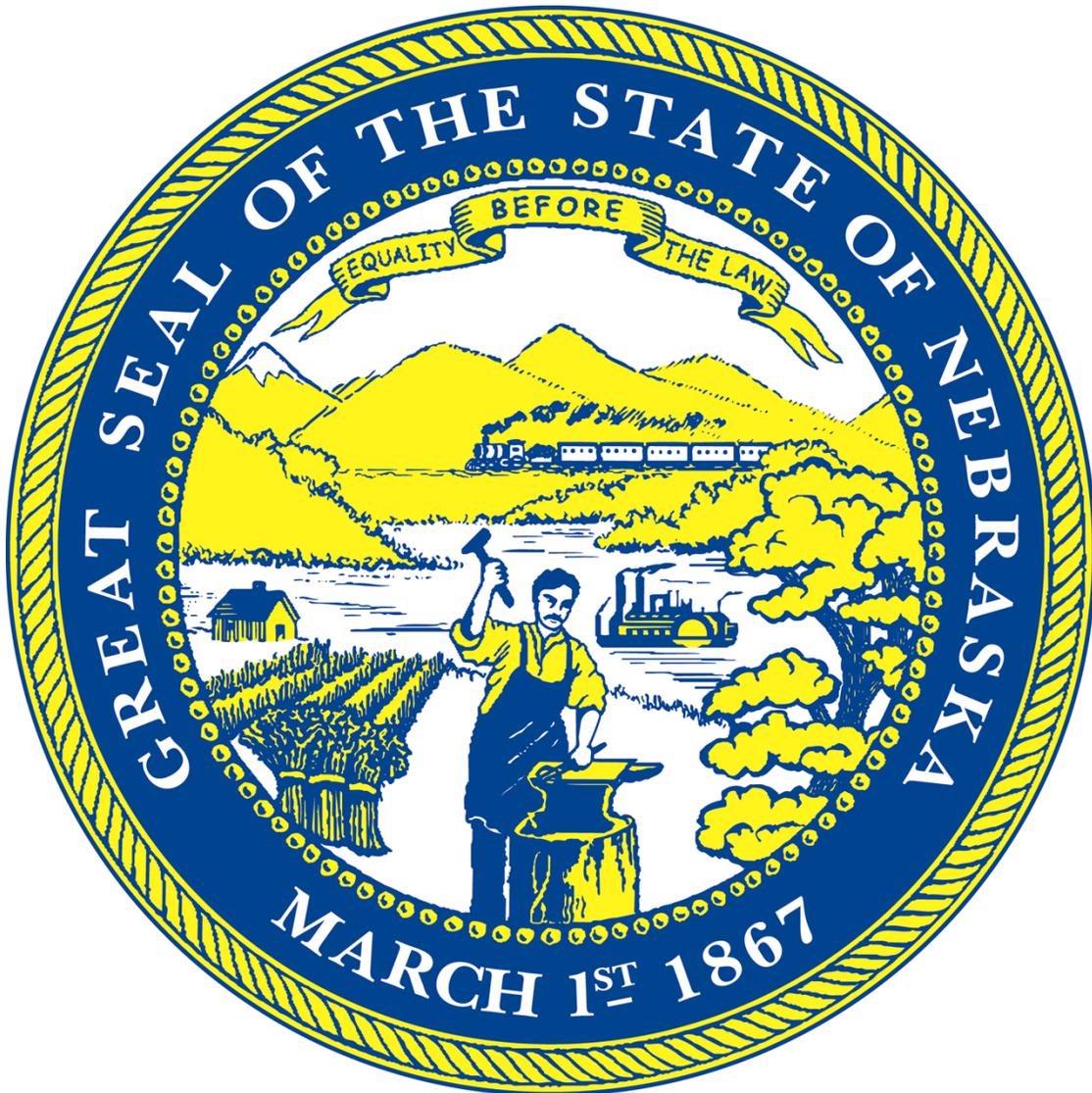


State of Nebraska

Comprehensive Annual Financial Report

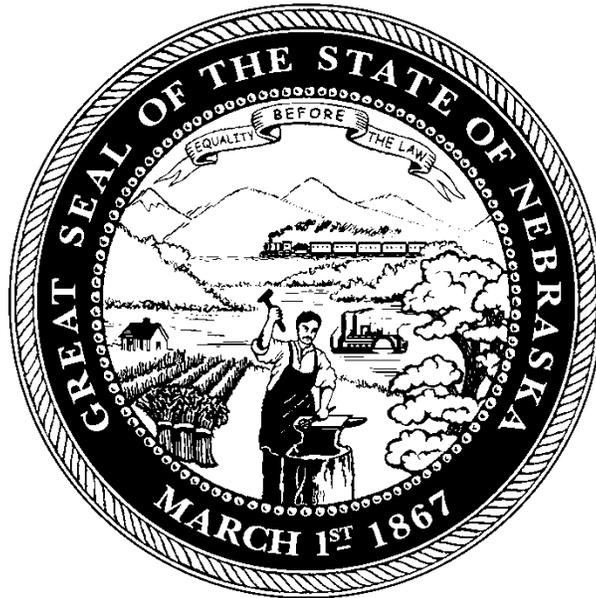
Fiscal Year Ended June 30, 2020



State of Nebraska

Comprehensive Annual Financial Report

Year Ended June 30, 2020



Pete Ricketts

Governor

Administrative Services

Jason Jackson

Director

Philip Olsen

State Accounting Administrator

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Selected State Officials.....	7
Transmittal Letter from Administrative Services.....	8
Organizational Chart.....	13
Certificate of Achievement.....	14
FINANCIAL SECTION	
Independent Auditor’s Report.....	16
Management’s Discussion and Analysis.....	19
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	35
Statement of Activities.....	36
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	38
Reconciliation of the Balance Sheet – Governmental Funds to the	
Statement of Net Position.....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances	
Governmental Funds.....	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds to the Statement of Activities.....	41
Statement of Net Position – Proprietary Funds.....	42
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	43
Statement of Cash Flows – Proprietary Funds.....	44
Statement of Fiduciary Net Position – Fiduciary Funds.....	46
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	47
Statement of Net Position – Component Units.....	48
Statement of Activities – Component Units.....	49
Notes to the Financial Statements	
Summary of Significant Accounting Policies.....	50
Deposits and Investments Portfolio.....	54
Receivables.....	63
Capital Assets.....	64
Interfund Balances.....	65
Accounts Payable and Accrued Liabilities.....	66
Noncurrent Liabilities.....	66
Lease Commitments.....	67
Obligations Under Other Financing Arrangements.....	68
Governmental Fund Balances.....	69
Contingencies and Commitments.....	70
Risk Management.....	71
Pension Plans.....	72
Other Postemployment Benefits.....	82
Bonds Payable.....	85
Tax Abatements.....	86
Restatements.....	92
COVID-19 Government Assistance.....	92
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	94
Notes to Required Supplementary Information for Budgetary Comparisons.....	95
Information about Infrastructure Assets Reported Using the Modified Approach.....	96
Required Supplementary Information about Pension Plans	
Schedule of State’s Proportionate Share of the Net Pension Liability.....	97
Schedule of State Contributions.....	98

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

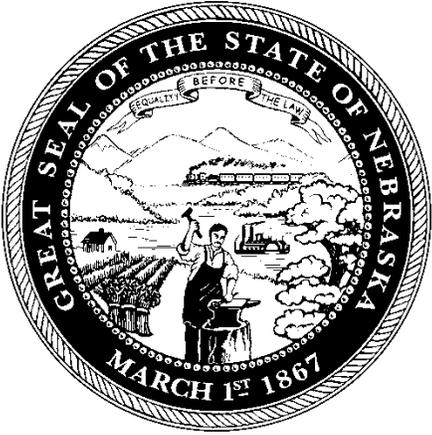
Required Supplementary Information about Pension Plans (Continued)	
State Patrol Retirement Plan Schedule of Changes in the Employers' Net Pension Liability	99
State Patrol Retirement Plan Schedule of Employer Contributions	100
Judges' Retirement Plan Schedule of Changes in the Employers' Net Pension Liability	101
Judges' Retirement Plan Schedule of Employer Contributions	102
State Employees' Retirement Plan Schedule of Changes in the Employers' Net Pension Liability	103
State Employees' Retirement Plan Schedule of Employer Contributions	104
Notes to Required Supplementary Information for Pension Plans	105
Information About Other Postemployment Benefit Plans.....	116
Notes to Required Supplementary Information for Other Postemployment Benefit Plans.....	117
Combining Financial Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	123
Combining Balance Sheet – Nonmajor Special Revenue Funds	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	126
Combining Balance Sheet – Nonmajor Permanent Funds	128
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Permanent Funds	129
Nonmajor Enterprise Funds	
Combining Statement of Net Position – Nonmajor Enterprise Funds	132
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	133
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	134
Internal Service Funds	
Combining Statement of Net Position – Internal Service Funds	136
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	138
Combining Statement of Cash Flows – Internal Service Funds.....	140
Fiduciary Funds	
Combining Statement of Fiduciary Net Position – Pension Trust Funds	144
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds.....	146
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds.....	148
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds.....	149
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds.....	150
Combining Statement of Changes in Assets and Liabilities – Agency Funds	151
Budgetary Comparison Schedules	
Budgetary Comparison Schedule – Cash Funds	153
Budgetary Comparison Schedule – Construction Funds.....	154
Budgetary Comparison Schedule – Federal Funds	155
Budgetary Comparison Schedule – Revolving Funds.....	156

STATISTICAL SECTION

Net Position by Component.....	159
Changes in Net Position.....	160
Fund Balances - Governmental Funds.....	165
Changes in Fund Balances - Governmental Funds.....	166
Individual Income Tax Rates.....	168
Individual Income Tax Liability by Income Level.....	169
Taxable Sales by Industry.....	170

TABLE OF CONTENTS (Concluded)

Schedule of Ratios of Outstanding Debt	171
Comparative Unemployment, Nebraska and United States	172
Population, Personal and Per Capita Income, Nebraska and United States	173
Ten Largest Employers.....	173
Public and State Operated School Enrollment, Prekindergarten-Grade 12.....	174
Public Higher Education Institutions Total Fall Headcount Enrollment.....	174
Full Time Equivalent Permanent Employees by Function	175
Operating Indicators by Function	176
Capital Asset Statistics by Function	177
Miscellaneous Data.....	178



INTRODUCTORY SECTION

SELECTED STATE OFFICIALS

As of June 30, 2020

EXECUTIVE

Pete Ricketts

Governor

Mike Foley

Lieutenant Governor

Doug Peterson

Attorney General

Charlie Janssen

Auditor of Public Accounts

Robert B. Evnen

Secretary of State

John Murante

State Treasurer

JUDICIAL

Supreme Court of Nebraska

Michael G. Heavican, Chief Justice

William B. Cassel, Justice

Jeffrey J. Funke, Justice

Jonathan J. Papik, Justice

Lindsey Miller-Lerman, Justice

Stephanie F. Stacy, Justice

John R. Freudenberg, Justice

LEGISLATIVE

Jim Scheer

Speaker of the Legislature

Nebraska Unicameral (49 Senators)



Pete Ricketts, Governor

December 17, 2020

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the State of Nebraska (the “State”) for the fiscal year ended June 30, 2020. This report is the primary means of reporting the State government’s financial activities. The State of Nebraska’s financial statements have been audited by the State of Nebraska Auditor of Public Accounts. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was not a reasonable basis for rendering unmodified opinions that the State’s financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP). The independent auditor’s report is presented as the first component of the financial section of this report.

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

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

The CAFR is presented in three sections. (1) The Introductory Section contains this letter of transmittal and some information about the State and its operations. (2) The Financial Section contains Management’s Discussion and Analysis, Government Wide Financial Statements, Fund Financial Statements for Governmental Funds, Proprietary Funds, Fiduciary Funds, and Combining Statements for Major Component Units. The Financial Section also includes the Notes to the Financial Statements, Required Supplementary Information and various combining statements. (3) The Statistical Section contains selected financial and demographic information, generally presented on a multi-year basis.

Philip J. Olsen, CPA, CISA
Administrator

Department of Administrative Services | STATE ACCOUNTING

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

1526 K Street, Ste. 240
Lincoln, Nebraska 68508

FAX 402-471-2583

OFFICE 402-471-2581

das.nebraska.gov

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

The Auditor of Public Accounts issued a disclaimer of opinion. One area of focus is in regard to the reporting of Construction-In-Progress (CIP), a component of capital assets. The State Accounting Division of Administrative Services implemented new procedures to address prior year concerns in this area. The new procedures involve state agencies self-reporting active and completed projects across the state, rather than State Accounting working with inaccurate system reporting. There were delays in obtaining the information and errors were identified in agency reporting through this new process. State Accounting is confident that additional work with agencies and increased proficiency in the reporting methodology will greatly improve future reporting.

The COVID-19 pandemic displaced many Nebraska workers who then applied for Unemployment Insurance benefits. Benefit payments increased from \$67 million in 2019 to \$820 million in 2020, funded largely with federal funds. The State complied with US Department of Labor requirements; however, reporting concerns and unknowns around fraudulent claims also prevented the issuance of an unmodified opinion. The State is working through benefit claims and has already implemented many of the suggested audit processes.

Other errors, primarily with accrued receivables and payables calculations provide an opportunity for State Accounting to work in new ways with agencies to provide more accurate and consistent financial numbers.

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

PROFILE OF THE GOVERNMENT

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

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

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

Budget-to-actual comparisons are provided in this CAFR for various categories of General Fund revenues and appropriated annual budgets. This comparison is presented on page 94 as part of the Required Supplementary Information to the basic financial statements for the governmental funds. Budget-to-actual comparisons for Cash Funds, Construction Funds, Federal Funds, and Revolving Funds are also presented as Supplementary Information on pages 153 through 156.

FACTORS AFFECTING FINANCIAL CONDITION

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

Current Revenue Outlook

The General Fund operations of the State are almost entirely dependent upon the income and sales taxes the State receives each year. Such taxes represent 95 percent of all General Fund revenues. Net revenue from income taxes and sales taxes for the fiscal year ended June 30, 2020 increased \$119 million from the prior year.

The current forecast for fiscal year 2021 anticipates net receipts in the General Fund to increase about \$346 million, a 7.0% increase over fiscal year 2020. However, an estimated \$280 million was recognized in fiscal year 2021 resulting from an extension of the income tax filing deadline from April 2020 to July 2020.

Significant changes in other governmental funds include an increase in federal revenue to support Coronavirus relief efforts. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, P.L.116-136 (CARES Act) was enacted. In that law, Nebraska was allocated \$1.25 billion through the Coronavirus Relief Fund. Of this amount, \$166 million went directly to Douglas County and the remaining \$1.083 billion to the State of Nebraska. In fiscal year 2020, \$48 million was recognized as revenue in the federal fund, and \$168 million in the Unemployment Insurance Trust fund.

For the fiscal year ending June 30, 2020 the State's General Fund ended the fiscal year with a cash and investments balance of \$1,276 million. The balance had exceeded \$800 million dollars for the prior ten years.

Economy of the State

The University of Nebraska-Lincoln Bureau of Business Research and the Nebraska Business Forecast Council are forecasting solid economic decline for Nebraska's future, but decline will not occur as rapidly as in the national economy. The Council's May 2020 State forecast is shown on the following chart. The agriculture sector is a major segment of the Nebraska economy. Farm income (net) continued growing in 2019 from the 2017 low. Farm income is projected to decline with commodity prices in 2020, due to the dramatic effects of COVID-19. Farm income is expected to drop 22.6 percent in 2020, with modest growth through 2022 despite a drop in government payments. The services, finance, manufacturing, information and construction sectors will see declines in 2020 followed by some growth in 2021 and 2022. The retail sector continues to restructure given increased on-line competition and is also significantly impacted by the COVID-19 pandemic. Retail job loss is expected to be 3.9 percent in 2020, bouncing back by 2.4 percent in 2021, and then continuing its long downward trend in 2022. Annual nonfarm income is projected to show growth in the 2.2% to 3.7% range for 2021 through 2022 following a .8 percent decrease in 2020. Similarly, employment will grow in the 1.4% to 2.0% range following a 2.4% decrease in 2020.

	ACTUAL			PROJECTED		
	2017	2018	2019	2020	2021	2022
Net Farm Income (USDA):						
Annual Totals (in millions \$)	2,284	2,613	3,764	2,913	2,975	3,048
Growth Rates	-40.7%	14.4%	44.0%	-22.6%	2.1%	2.5%
Nonfarm Personal Income:						
Annual Totals (in millions \$)	95,118	100,641	104,316	103,469	105,784	109,661
Growth Rates	4.6%	5.8%	3.7%	-0.8%	2.2%	3.7%
Nonfarm Employment:						
Annual Totals	1,018,800	1,023,800	1,027,100	1,002,000	1,022,200	1,036,200
Growth Rates	0.4%	0.5%	0.3%	-2.4%	2.0%	1.4%

Long-term Financial Planning

The State always is looking at least four years out in its analysis of the financial condition of the State in preparing the State's budgets. Currently, we have a working model of the biennium budget for fiscal years 2022 and 2023. In our analysis, we use forecasting models for revenues and then examine major expenditure categories, especially those that have a trend of outpacing revenues. Revenues for fiscal years 2021, 2022, and 2023 are projected to increase by 7.0% in 2021 primarily due to an extension of the income tax filing deadline from April 2020 to July 2020. Followed by a -6.9% decrease in 2022, rebounding by 7.2% in 2023 on a nominal basis. Note that revenue projections include receipts of one-time transfers which could influence growth rates.

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

Major Initiatives

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

ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, the State published an easily readable and efficiently organized CAFR. The June 30, 2019 CAFR satisfied both GAAP and applicable legal requirements.

The 2020 CAFR report continues our commitment to comprehensive disclosure of the State's financial condition. We are committed to issuing reports that are informative and meet governmental accounting standards. Reports that meet these standards provide the reader with an opportunity to make more informed judgments about the government's financial position and results of operations.

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

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

Respectfully submitted,

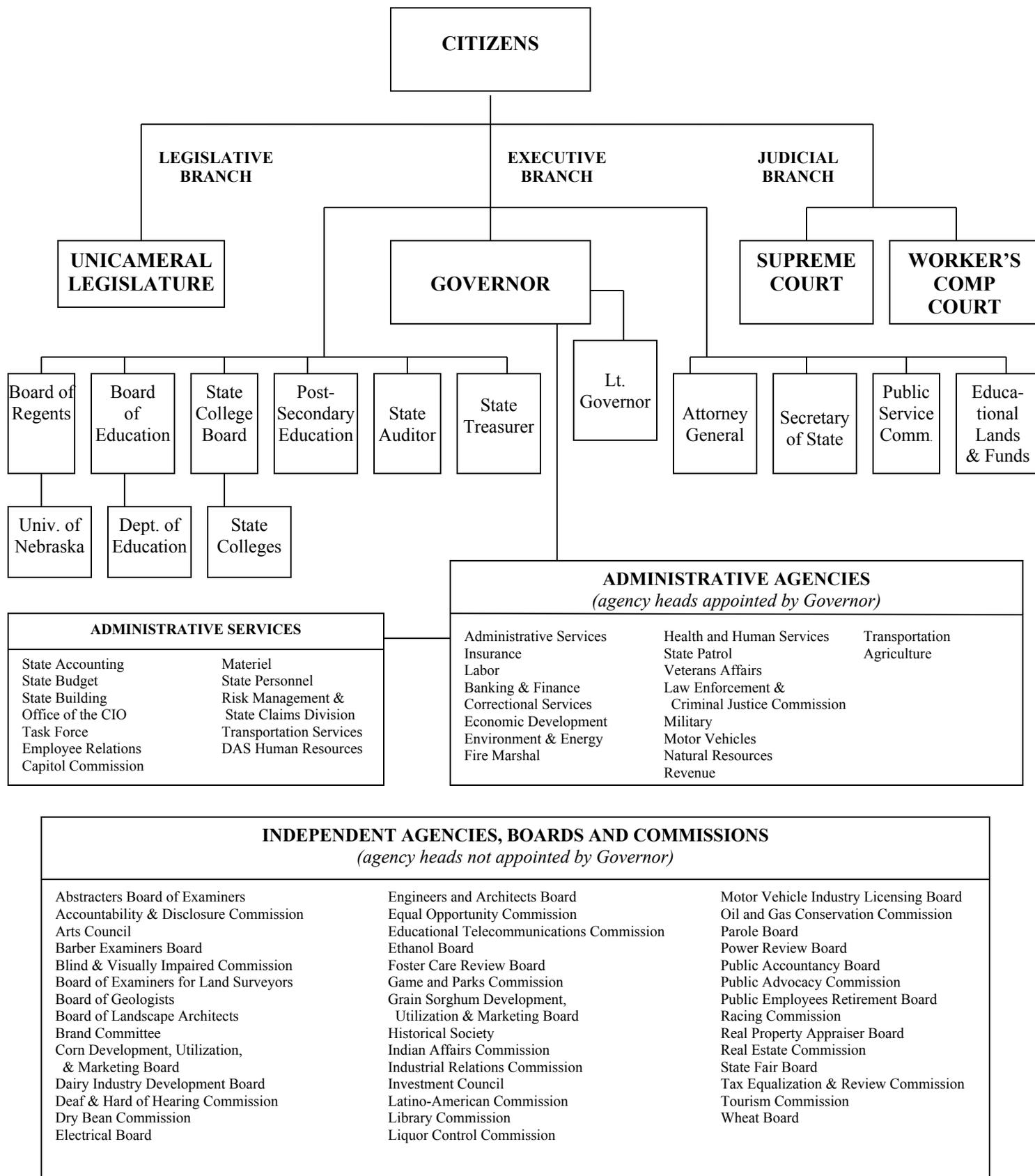
A handwritten signature in black ink, appearing to read 'J. Jackson', with a stylized, cursive script.

Jason Jackson
Director, Administrative Services

A handwritten signature in blue ink, appearing to read 'Philip Olsen', with a stylized, cursive script.

Philip Olsen
State Accounting Administrator

Nebraska State Government Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Nebraska

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
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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 Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State of Nebraska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because of the matters described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The State of Nebraska was unable to provide sufficient appropriate audit evidence for the balance and financial activity of capital assets and the receivables and payables of the Unemployment Insurance Fund. Management was unable to determine the proper balance for construction in progress and capital assets as well as the related activity due to numerous errors. The governmental and business-type activities

capital assets had balances of \$9,200,010,000 and \$7,224,000, respectively, for the fiscal year ended June 30, 2020. The capital asset balance comprises 51% of total assets of the governmental activities and 1% of total assets of business-type activities. Also, as of the date of our audit report, management was still in the process of determining the balance for receivables and related payables due to overpayments or fraudulent unemployment insurance claims. We were unable to satisfy ourselves through auditing procedures concerning the capital asset, payable, and receivable balances and the related activity. As a result of these matters, we were unable to determine whether further audit adjustments may have been necessary in respect to the recorded or unrecorded capital assets, receivables, payables, and the elements making up the statements of activities and cash flows.

Disclaimer of Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 19 through 32, the Budgetary Comparison Schedule on page 94, the Information About Infrastructure Assets Reported Using the Modified Approach on page 96, the Information About Pension Plans on pages 97 through 115, and the Information About Other Postemployment Benefit Plans on pages 116 through 118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, 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.



Lincoln, Nebraska
December 17, 2020

Kris Kucera, CPA, CFE
Audit Manager

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. 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) did not implement any new standards in 2020. The Governmental Accounting Standards Board (GASB) postponed the implementation dates of new standards due to the COVID-19 pandemic.

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, 2020 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, 2020 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, 2019, 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, 2020 by \$15.1 billion (presented as "net position" in the CAFR). 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 \$1.0 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 2020 resulting in an increase in net position of \$347 million. This increase in net position follows an increase in 2019 of \$546 million.

Fund Level

General Fund revenues for 2020 were \$265 million below the original budgeted amount and above the final budget by \$11 million. Expenditures were \$371 million less than the original budgeted amount and below the final budget by \$363 million. On a Generally Accepted Accounting Principles (GAAP) basis, the General Fund had \$242 million excess in revenues prior to net other financing uses of \$34 million causing an increase in fund balances of \$208 million, and thereby increasing the fund balance on June 30, 2020 to \$1,181 million. Other governmental funds revenues exceeded expenditures by \$54 million, chiefly due to market changes. In addition to these operating changes, other governmental funds received \$93 million in net other financing sources. This \$147 million net increase resulted in raising such fund balances at June 30, 2020 to \$4,463 million.

The \$537 million of net position of the Unemployment Insurance Fund represents 87% of the enterprise funds. Such fund had a \$2 million increase in net position for 2020 compared to a \$21 million increase in 2019, a decrease in growth of \$19 million. Business assessment fees collected from employers and federal revenue in response to the COVID-19 pandemic were less than the unemployment insurance claims in 2020. Business assessment fees from employers was down 2.7% from 2019. Federal operating and nonoperating revenue of \$742 million represents an increase of \$741 million from 2019.

Long-term Liabilities

Long-term liabilities shown on the government-wide financial statements totaled \$956 million at June 30, 2020, which is a \$30 million decrease from the prior year, primarily due to an decrease in the State's pension liability. The remaining

liabilities consist of Medicaid liability, claims payable for workers' compensation, medical excess liability, capital lease obligations, unemployment insurance and employee health insurance, in addition to the calculated amount for accrued vacation and vested sick leave due to employees when they retire. After a retired employee reaches the age of 65, the State has no further obligation for other post-employment benefits, except for a very small number of employees.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Primary Government

GOVERNMENTAL ACTIVITIES – Activities in this section are mostly supported by taxes and federal grants. All General Fund activity is included here. Of the Governmental activities, program revenue, expenses and governmental assets represent 90% 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 CAFR. These statements are different from the government-wide statements in that some of these statements use a different accounting approach and focus on the near-term inflows and outflows of the State's operations. As previously noted, these Statements are commonly referred to as GAAP Fund Statements, as they are prepared in accordance with generally accepted accounting principles. The Fund Financial Statements (which begin on page 38) provide detailed information about the State's major funds. A fund is a method of accounting that uses a set of accounts to maintain accountability and control over specific sources of funding and spending for a particular activity or objective. The State's funds are divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds. It is important to note that each of these three fund categories use different accounting approaches and should be analyzed differently.

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

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

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

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

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

The State's principal fiduciary fund is the Pension Trust Fund, which contains retirement contributions held by the State for state employees, county employees and public school employees (see Note 13 to the financial statements). 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 Agency Funds whereby the State holds funds earmarked as aid for other political subdivisions and retirement contributions held by the State for Omaha School Employees Retirement Systems.

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

The State's assets and deferred outflows of resources totaled \$19,193 million at June 30, 2020 as compared to \$17,617 million at June 30, 2019. Total liabilities and deferred inflows of resources totaled \$4,097 million, and net position amounted to \$15,096 million as of June 30, 2020. As of June 30, 2019, these amounts were \$2,868 million and \$14,749 million, respectively. By far the largest portion of the State of Nebraska's net position (61 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.

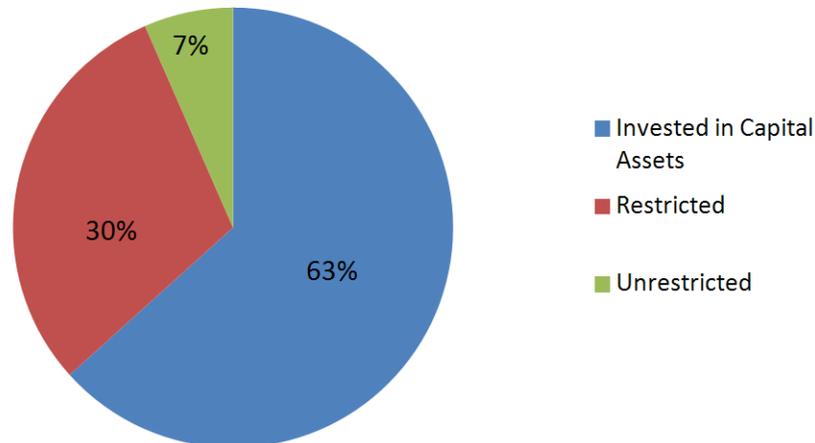
For Governmental Activities other than capital assets, the majority of the restricted net position consists of the Permanent School Trust, the Tobacco Settlement Trust, the Intergovernmental Trust, the Department of Transportation cash funds and the loans to political subdivisions for drinking water 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	
	2020	2019	2020	2019	2020	2019
Current and Other						
Non-current Assets	\$ 8,940	\$ 7,211	\$ 712	\$ 699	\$ 9,652	\$ 7,910
Capital Assets	9,200	9,234	7	7	9,207	9,241
Total Assets	18,140	16,445	719	706	18,859	17,151
Deferred Outflows of Resources	334	466	-	-	334	466
Non-current Liabilities	907	949	49	37	956	986
Other Liabilities	2,718	1,549	54	51	2,772	1,600
Total Liabilities	3,625	2,498	103	88	3,728	2,586
Deferred Inflows of Resources	369	282	-	-	369	282
Net position:						
Net Investment in						
Capital Assets	9,169	9,195	7	7	9,176	9,202
Restricted	4,362	4,198	540	538	4,902	4,736
Unrestricted	949	738	69	73	1,018	811
Total Net Position (as restated)	\$ 14,480	\$ 14,131	\$ 616	\$ 618	\$ 15,096	\$ 14,749

**Governmental Activities Net
Position - Total \$14,480 million**



Approximately 78% of the State’s non-capital assets consist of cash and investments. It should be noted that \$265 million in 2020 and \$129 million in 2019 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 15% of the non-capital assets.

Liabilities largely reflect three groupings which represent 93% of total State liabilities, not including the obligations under securities lending explained in the above paragraph. These are operational payables, which consist of accounts payable and accrued liabilities totaling \$1,790 million in 2020 (\$944 million in 2019), tax refunds payable of \$481 million (\$453 million in 2019) 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 \$956 million in 2020 (\$986 million in 2019). Such liabilities include claims payable for workers’ compensation, medical excess liability, capital lease obligations, unemployment insurance and employee health insurance totaling \$135 million in 2020 (\$124 million in 2019), Medicaid claims for \$264 million in 2020 (\$197 million in 2019), the State’s liability for pension funds of \$375 million in 2020

(\$483 million in 2019), the State's liability for OPEB of \$15 million in 2020 (\$14 million in 2019) and the calculated amount for vested sick leave due to employees when they retire and accrued vacation of \$136 million in 2020 (\$129 million for 2019). Another minor amount of long-term liabilities consists of capital lease obligations (See Note 8 to the Financial Statements), which totaled \$31 million at June 30, 2020, compared to \$38 million at June 30, 2019.

The \$349 million increase in net position of Governmental Activities for 2020, was due to a \$26 million decrease in the net investment in capital assets, a \$164 million increase in restricted net position, and a \$211 million increase in unrestricted net position. Additionally, there was a \$154 million increase in taxes collected.

At the end of June 30, 2020, 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 2020, 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	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues						
Charges for Services	\$ 677	\$ 622	\$ 851	\$ 289	\$ 1,528	\$ 911
Operating Grants and Contributions	3,272	2,845	-	-	3,272	2,845
Capital Grants and Contributions	3	5	-	-	3	5
General Revenues						
Taxes	5,782	5,628	-	-	5,782	5,628
Unrestricted Investment Earnings	263	257	21	21	284	278
Miscellaneous	2	3	169	-	171	3
Total Revenues	<u>9,999</u>	<u>9,360</u>	<u>1,041</u>	<u>310</u>	<u>11,040</u>	<u>9,670</u>
EXPENSES						
General Government	932	691	-	-	932	691
Conservation of Natural Resources	144	125	-	-	144	125
Culture - Recreation	54	41	-	-	54	41
Economic Development and Assistance	115	103	-	-	115	103
Education	1,908	1,843	-	-	1,908	1,843
Higher Education - Colleges and Universities	669	652	-	-	669	652
Health and Social Services	3,962	3,621	-	-	3,962	3,621
Public Safety	590	385	-	-	590	385
Regulation of Business and Professions	116	98	-	-	116	98
Transportation	1,278	1,168	-	-	1,278	1,168
Interest on Long-term Debt	-	(3)	-	-	-	(3)
Net Pension Expense	-	148	-	-	-	148
OPEB Expense	-	1	-	-	-	1
Unemployment Insurance	-	-	820	67	820	67
Lottery	-	-	141	146	141	146
Excess Liability	-	-	17	20	17	20
Cornhusker State Industries	-	-	15	13	15	13
Total Expenses	<u>9,768</u>	<u>8,873</u>	<u>993</u>	<u>246</u>	<u>10,761</u>	<u>9,119</u>
Excess/(Deficiency) Before Transfers and Contributions: Permanent Fund Principal	231	487	48	64	279	551
Net Transfers In (Out)	50	50	(50)	(50)	-	-
Federal CARES (was Special Items in 2019)	48	(22)	-	-	48	(22)
Contributions: Permanent Fund Principal	20	17	-	-	20	17
Increase/(Decrease) in Net Position	349	532	(2)	14	347	546
Net Position - Beginning (as restated)	<u>14,131</u>	<u>13,599</u>	<u>618</u>	<u>604</u>	<u>14,749</u>	<u>14,203</u>
Net Position - Ending	<u>\$ 14,480</u>	<u>\$ 14,131</u>	<u>\$ 616</u>	<u>\$ 618</u>	<u>\$ 15,096</u>	<u>\$ 14,749</u>

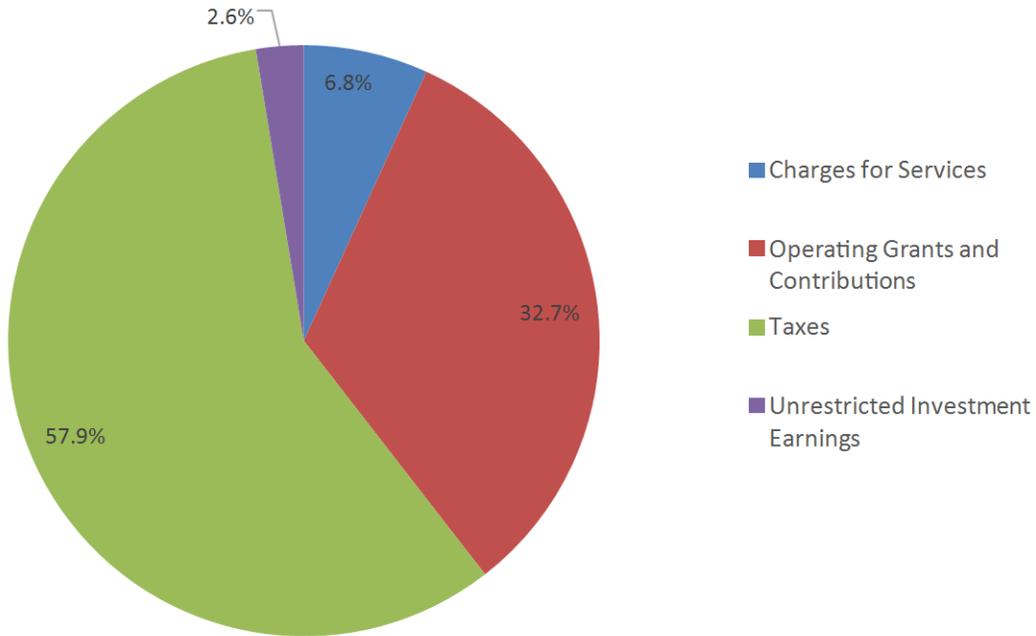
Governmental Activities

Governmental activities increased the State's net position by \$349 million in 2020 (\$468 million increase in 2019) and represent 91% of all primary government revenues. Program revenues from governmental activities were \$3,952 million and were used to partially offset program expenses of \$9,768 million, leaving net expenses of \$5,817 million. Only 10% 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 \$6,166 million, were \$349 million more than the remaining costs of the governmental activities' programs as shown below.

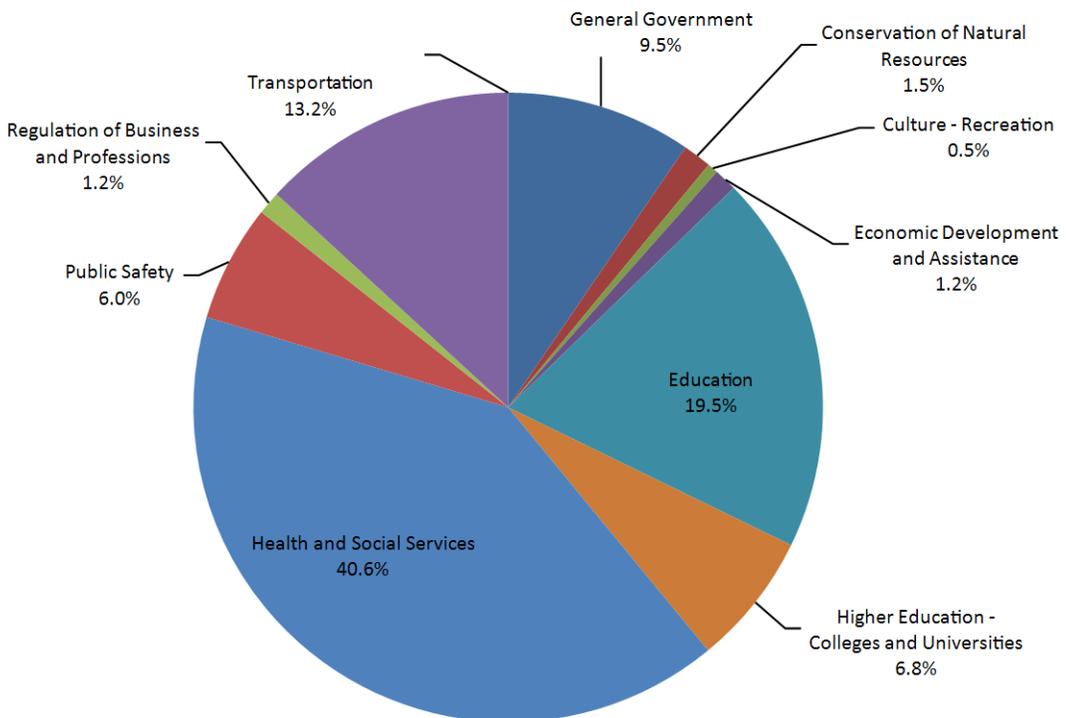
Tax revenues were up \$154 million from 2019, compared to an increase of \$376 million in 2019 over 2018. Program revenues increased 13.82% from 2019. Increases in general government, transportation, net pension expenses and health and social services expenses contributed to the \$895 million increase in program expenses. The change in Net Position decreased \$183 million from 2019 to 2020 compared to the \$448 million increase from 2018 to 2019. Although the General Fund holds more investments than other programs and maintains more conservative investments, it showed an increase in investment income in 2020 from 2019 of \$11 million due to the changes in the market value of the underlying investments.

STATE OF NEBRASKA
Governmental Activities
 As of June 30, 2020

Revenues - Total \$9,999 million



Expenses - Total \$9,768 million



Four functional areas of the State comprise 80% of the expenses of all Governmental Activities: Education, Higher Education, Health and Social Services and Transportation. Education expenses were up \$65 million, Health and Social Services was up \$341 million, Higher Education was up \$17 million and Transportation expenses were up \$110 million. All the other functional areas had small variances in net expenses.

Program expenses, net of revenue, increased by \$412 million in 2020, over 2019, as shown below:

GOVERNMENTAL ACTIVITIES

(in millions of dollars)

	2020	2019
Program Expenses, Net of Revenue		
General Government	\$ (807)	\$ (569)
Conservation of Natural Resources	(41)	(26)
Culture - Recreation	(16)	(11)
Economic Development and Assistance	(57)	(57)
Education	(1,488)	(1,405)
Higher Education - Colleges and University	(669)	(652)
Health and Social Services	(1,648)	(1,596)
Public Safety	(430)	(276)
Regulation of Business and Professions	22	31
Transportation	(682)	(698)
Interest on Long-Term Debt	(1)	3
OPEB Expense	-	(1)
Net Pension Expense	-	(148)
Subtotal	(5,817)	(5,405)
General Revenues		
Taxes	5,782	5,628
Unrestricted Investment Earnings	264	257
Miscellaneous	2	3
Transfers	50	50
Special Items	48	(22)
Contributions: Permanent Fund Principal	20	17
Increase(Decrease) in Net Position (as restated)	\$ 349	\$ 528

Business-type Activities

The business-type activities decreased the State's net position by \$2 million for 2020, which was net of a \$50 million transfer to governmental activities. Most of the \$851 million of business-type activities' program revenues were related to the federal revenue (response to COVID-19 Pandemic) and business assessment fees in the Unemployment Insurance Fund and Lottery Fund revenues. The Unemployment Insurance Fund had an operating loss of \$173 million in 2020. This loss, when combined with transfers and \$14 million in investment income, produced a \$2 million increase in net position for the Unemployment Insurance Fund. Lottery revenues of \$183 million generated operating income of \$42 million, which was offset by a \$42 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, 2020, the State's Governmental Funds reported combined ending fund balances of \$5,644 million. Of this amount, \$628 million is non-spendable, either due to its form or legal constraints, and \$3,727 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 \$512 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 \$26 million of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining \$751 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 are the estimated tax refunds payable of \$470 million. However, such refunds payable are \$124 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 \$1,149 million.

On June 30, 2019, the General Fund had a positive fund balance of \$973 million. For 2020, expenditures increased \$139 million from 2019 and revenues increase by \$146 million. The revenues were \$242 million more than expenditures for 2020 while revenues were \$235 million more than expenditures in 2019. The General Fund balance in 2020 increased by \$208 million, after adjusting for transfers in and out of the General Fund, ending with a fund balance of \$1,181 million on June 30, 2020.

Revenues increased during 2020 finishing \$146 million up from 2019. This increase was primarily due to a decrease in income tax revenue of \$87 million (a 2.94% decrease) from 2019, an increase in sales and use tax revenue of \$205 million (a 12.41% increase) over 2019, an increase in business and franchise taxes of \$19.3 million (a 23.53% increase) and an increase in investment income of \$11 million (a 17% increase) from 2019. Expenditures increased during 2020 by \$139 million over 2019 due to increases in General Government spending of \$88 million, an increase for Higher Education – Colleges and University of \$20 million, an increase in Education of \$72 million and an increase in Public Safety spending of \$25 million. These increases were offset by a spending decrease from 2019 for Health and Social Services of \$66 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 2020.

The Cash Reserve Fund balance was \$340 million at the beginning of 2019. In 2019, there were net transfers out of \$6 million leaving a Cash Reserve Fund balance at June 30, 2019 of \$334 million. In 2020, there were statutory transfers to the Fund of \$176 million and other statutory transfers out equaling \$84 million leaving a Fund balance of \$426 million at June 30, 2020. The Cash Reserve Fund is reflected as committed to economic stabilization on the governmental funds balance sheet.

Other Governmental Funds

Other governmental fund balances totaled \$4,463 million at June 30, 2020. Of this amount, \$625 million is nonspendable, either due to its form or legal constraints, and \$3,727 million is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional \$86 million of total fund balance has been committed to specific purposes. The remaining \$26 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 \$794 million. The non-major special revenue fund balances totaled \$1,262 million.

Governmental funds other than the General Fund saw an increase in fund balances of \$147 million. The fund balance of the following funds increased: Federal Fund (\$5 million), the Permanent School Fund (\$48 million) and other Nonmajor Funds (\$132 million). The fund balance of the following funds decreased: Highway Fund (\$19 million) and the Health and Social Service Fund (\$19 million).

The Highway Fund had a \$4 million increase in Petroleum Taxes, a \$4 million increase in Charges for Services, a \$123 million increase in federal grants revenue, a \$3 million decrease in investment income, a \$4 million decrease in Licences, Fees and Permits, a \$165 million increase in operating expenses and a Transfer Out decrease of \$7 million. These changes are mainly why the Highway Fund had a \$19 million decrease in its fund balance in 2020 as opposed to a \$13 million increase in 2019.

The activity in the Federal Fund represents federal funds received, and each year's spending should generally approximate grant funds received. In 2020, there was an increase in federal grants and contracts revenue of \$353 million. Expenditures in 2020 decreased by \$20 million for Education, increased \$3 million for Conservation of Natural Resources, increased \$15 million for Economic Development and Assistance, increased \$271 million for Health and Social Services, increased \$116 million for Public Safety, and increased \$2 million for Transportation. Revenues exceeded expenditures by \$16 million before transfers. Transfers out increased \$4 million in 2020 compared to an increase of \$1 million in 2019. At the end of 2020 there was a \$5 million increase in the fund.

The Health and Social Services Fund consists of the Intergovernmental Trust Fund and the Tobacco Settlement Trust Fund, in addition to various cash funds. Such cash funds receive transfers from such trust funds, income from charges for services and some tax revenue, among other income. The funds had a \$62 million decrease in investment income in 2020, mainly due to changes in the market value of investments compared to a \$36 million increase in 2019. There was a \$1 million decrease in License, Fees, and Permits, a \$14 million increase in Charges for Services, and an \$18 million increase in Other revenue. There was a \$19 million decrease in fund balance in 2020, as opposed to an \$15 million increase in 2019.

The Permanent School Fund had a \$19 million increase in revenue, mainly due to a \$17 million increase in investment income caused by changes in the market value of investments in 2020, compared to a \$77 million investment income increase in 2019 (when compared to 2018). There was a \$48 million increase in fund balance in 2020, compared to a \$34 million increase in 2019, a change of \$14 million.

The Nonmajor Funds revenues increased \$12 million compared to 2019. Expenditures increased \$16 million in Public Safety and \$10 million in Regulation of Business and Professions. Surcharge revenue increased \$13 million. There were \$109 million in net transfers in for the Nonmajor Funds in 2020 versus \$11 million in net transfers in for 2019. As a result, the fund balances increased \$132 million in 2020 as opposed to a \$42 million increase in 2019.

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 \$537 million at the end of 2020. This fund's net position increased \$2 million in 2020. Federal revenues increased \$742 due to the COVID-19 pandemic response. Net position increased because business assessment fees and federal operating and nonoperating revenues were less than unemployment claims paid out by \$5 million, investment earnings of \$14 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 \$38 million prior to a \$42 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 loss of \$8 million and earned \$6 million in investment earnings for a net position decrease of \$1 million.

Fiduciary Funds

The Pension Trust Funds represent the majority of the fiduciary funds. Such Pension Trust Fund's net position increased \$524 million to \$16,496 million in 2020 mainly due to an increase in the fair value of investments in 2020. Interest and dividend income in 2020 was \$254 million versus \$282 million in 2019. Benefits, refunds and related administrative expenses exceeded the contributions to the plans by \$330 million. In another trust fund recorded in the Private Purpose Trust Funds, contributions from State participants received by the College Savings Plan totaled \$504 million. The total net position in the College Savings Plan now totals over five billion dollars.

ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

During 2020, the State's economy continued to show improvement from the effects of recent economic pressures, especially in the agricultural sector. Forecasted revenues, upon which the State's budgeted General Fund expenditures are based, were anticipated to increase in 2020 by \$337 million over 2019 net tax revenue of \$4,739 million. As revenues continued to moderate during 2020, the State's Forecasting Board made two new forecasts during the year. At the end, the forecasted net tax revenues were \$276 million below the original forecast. However, actual tax revenues, net of refunds for 2020 of \$4,810 million exceeded the revised forecast by \$11 million, leaving the State with actual tax revenues, net of refunds, of \$265 million below the original budget on a budgetary basis. Agencies continued to watch their General Fund expenditures and spent \$363 million less than the final appropriated amount. This reduction, when coupled with the increase in tax revenues, caused the State to finish 2020 with General Fund revenues of \$103 million more than expenditures on a budgetary basis, prior to net transfers out. There was a net \$36 million transferred out for specific purposes. The fund balance on a budgetary basis increased from \$1,075 million at the beginning of the fiscal year to \$1,142 million at June 30, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the State had invested \$9.2 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 2020 totaled \$58 million, compared to \$57 million for 2019.

CAPITAL ASSETS AS OF JUNE 30

(net of depreciation in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land (as restated)	\$ 645	\$ 619	\$ -	\$ -	\$ 645	\$ 619
Buildings and Equipment (as restated)	630	477	7	7	637	484
Infrastructure	7,748	7,623	-	-	7,748	7,623
Subtotal	9,023	8,719	7	7	9,030	8,726
Construction in Progress (as restated)	177	468	-	-	177	468
Total	\$ 9,200	\$ 9,187	\$ 7	\$ 7	\$ 9,207	\$ 9,194

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 2019, indicated an overall system rating of 84, a rating that has been very consistent over the past eight years.

For 2020, it was estimated that the State needed to spend \$305 million to preserve and maintain the roads at the above-mentioned level. The State actually spent \$514 million on roads in 2020, compared to \$376 million in 2019. For 2021, it is estimated that the State needs to spend \$340 million, a decrease from actual 2020 and a decrease from the average of the previous five years.

The State also spent \$49 million on capitalized infrastructure and land purchases relating to roads in 2020 (\$36 million in 2019), most notably land additions for future Highway 2 – Lincoln South Beltway, US77 to new US 275 – Fremont Southeast Beltway, Highway 275 Scribner to West Point, and a major infrastructure project for I-80 from 24th street to 13th street in Omaha. Major land purchases included land located near three State highways. At June 30, 2020, the State had contractual commitments of \$1,184 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 2020, the State added \$76 million of new depreciable capital assets, both buildings and equipment. A more detailed analysis of capital assets is shown in Note 4 to the financial statements.

Long-Term Debt

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

CERTAIN LONG-TERM DEBT AS OF JUNE 30 (in millions of dollars)

	GOVERNMENTAL ACTIVITIES	
	2020	2019
Capitalized Leases:	<u>\$ 31</u>	<u>\$ 38</u>

There were new bonds issued in 2020 and 2019 with none outstanding at the end of each fiscal year. Two new capitalized leases were added in 2020 (two leases were added in 2019). Bonds and Certificates of Participation for leases issued on behalf of the State maintain an Aa2 rating from Moody’s. Standard and Poor’s has issued an AAA rating for the State as a whole.

FACTORS THAT WILL AFFECT THE FUTURE

The State's economy continues to be affected by the COVID-19 pandemic. However, fiscal year 2020 General Fund tax revenues increased 1.5% from 2019 and exceeded projections. Improvement is forecasted for fiscal year 2021, with tax revenues projected to exceed actual 2020 revenues by \$346 million, or 7.0%, 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, 2020, this Fund had a \$426 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 \$11 million was made in July 2020 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 \$437 million at November 30, 2020. 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 240, 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



State of Nebraska

STATEMENT OF NET POSITION

June 30, 2020

(Dollars in Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
Cash and Cash Equivalents	\$ 1,233,660	\$ 353,083	\$ 1,586,743	\$ 938,035
Receivables, net of allowance:				
Taxes	668,497	-	668,497	-
Due from Federal Government	484,819	-	484,819	-
Other	217,449	46,486	263,935	438,637
Internal Balances	(1,823)	169,731	167,908	-
Investments	5,550,519	130,095	5,680,614	2,602,690
Loans Receivable	361,799	-	361,799	26,005
Investment in Joint Venture	-	-	-	515,282
Net Pension Asset	120,708	-	120,708	-
Other Assets	44,548	3,872	48,420	24,995
Restricted Assets:				
Cash and Cash Equivalents	91	-	91	653,000
Other	-	2,769	2,769	763
Securities Lending Collateral	259,664	5,674	265,338	-
Capital assets:				
Land	644,998	315	645,313	100,585
Infrastructure	7,747,173	-	7,747,173	-
Construction in Progress	177,411	-	177,411	237,406
Land Improvements	-	-	-	373,043
Buildings and Equipment	1,481,398	16,071	1,497,469	4,046,049
Less Accumulated Depreciation	(850,970)	(9,162)	(860,132)	(1,567,557)
Total Capital Assets	9,200,010	7,224	9,207,234	3,189,526
Total Assets	\$ 18,139,941	\$ 718,934	\$ 18,858,875	\$ 8,388,933
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow related to pensions	\$ 333,486	\$ -	\$ 333,486	\$ -
Deferred loss on bond refunding	-	-	-	33,877
Total Deferred Outflows of Resources	\$ 333,486	\$ -	\$ 333,486	\$ 33,877
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 1,747,072	\$ 42,899	\$ 1,789,971	\$ 240,501
Tax Refunds Payable	480,939	-	480,939	-
Deposits	8,388	-	8,388	6,801
Due to Other Funds	167,908	-	167,908	-
Unearned Revenue	54,135	5,241	59,376	134,291
Obligations under Securities Lending	259,664	5,674	265,338	-
Noncurrent Liabilities:				
Due within one year	281,519	24,576	306,095	146,025
Due in more than one year	235,451	24,740	260,191	1,120,782
Net Pension Liability	375,193	-	375,193	-
Net OPEB Liability	14,816	-	14,816	-
Total Liabilities	\$ 3,625,085	\$ 103,130	\$ 3,728,215	\$ 1,648,400
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow related to OPEB and pensions	\$ 368,578	\$ -	\$ 368,578	\$ -
Deferred service concession arrangement receipts	-	-	-	18,718
Total Deferred Inflows of Resources	\$ 368,578	\$ -	\$ 368,578	\$ 18,718
NET POSITION				
Net Investment in Capital Assets	\$ 9,168,580	\$ 7,224	\$ 9,175,804	\$ 2,275,703
Restricted for:				
Education	29,159	-	29,159	2,540,485
Health and Social Services	574,127	-	574,127	-
Conservation of Natural Resources	762,206	-	762,206	-
Transportation	232,856	-	232,856	-
Licensing and Regulation	157,781	-	157,781	-
Other Purposes	284,374	2,769	287,143	307,721
Unemployment Insurance Benefits	-	537,154	537,154	-
Debt Service and Construction	-	-	-	152,630
Nonexpendable	618,493	-	618,493	-
Expendable	1,703,144	-	1,703,144	-
Unrestricted	949,044	68,657	1,017,701	1,479,153
Total Net Position	\$ 14,479,764	\$ 615,804	\$ 15,095,568	\$ 6,755,692

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

State of Nebraska

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

(Dollars in Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental Activities:				
General Government	\$ 931,855	\$ 119,665	\$ 5,681	\$ -
Conservation of Natural Resources	143,941	39,947	62,601	127
Culture – Recreation	53,679	35,022	2,602	534
Economic Development and Assistance	114,913	1,901	55,846	-
Education	1,908,275	48,888	370,253	-
Higher Education - Colleges and University	669,435	-	-	-
Health and Social Services	3,962,425	131,482	2,182,382	-
Public Safety	590,081	38,363	119,532	2,559
Regulation of Business and Professions	115,602	135,722	2,200	-
Transportation	1,278,059	125,584	470,697	-
Interest on Long-term Debt	1,005	-	-	-
Total governmental activities	<u>9,769,270</u>	<u>676,574</u>	<u>3,271,794</u>	<u>3,220</u>
Business-type activities:				
Unemployment Insurance	820,754	647,520	-	-
Lottery	140,677	183,076	-	-
Excess Liability	16,518	8,797	-	-
Cornhusker State Industries	14,886	11,340	-	-
Total business-type activities	<u>992,835</u>	<u>850,733</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 10,762,105</u>	<u>\$ 1,527,307</u>	<u>\$ 3,271,794</u>	<u>\$ 3,220</u>
COMPONENT UNITS:				
University of Nebraska	\$ 2,069,029	870,870	507,999	8,367
State Colleges	135,029	51,969	3,855	2,348
Total Component Units	<u>\$ 2,204,058</u>	<u>\$ 922,839</u>	<u>\$ 511,854</u>	<u>\$ 10,715</u>

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

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

PRIMARY GOVERNMENT				COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
\$ (806,509)	\$ -	\$ (806,509)	\$ -	
(41,266)	-	(41,266)	-	
(15,521)	-	(15,521)	-	
(57,166)	-	(57,166)	-	
(1,489,134)	-	(1,489,134)	-	
(669,435)	-	(669,435)	-	
(1,648,561)	-	(1,648,561)	-	
(429,627)	-	(429,627)	-	
22,320	-	22,320	-	
(681,778)	-	(681,778)	-	
(1,005)	-	(1,005)	-	
<u>(5,817,682)</u>	<u>-</u>	<u>(5,817,682)</u>	<u>-</u>	
-	(173,234)	(173,234)	-	
-	42,399	42,399	-	
-	(7,721)	(7,721)	-	
-	(3,546)	(3,546)	-	
-	(142,102)	(142,102)	-	
<u>\$ (5,817,682)</u>	<u>\$ (142,102)</u>	<u>\$ (5,959,784)</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (681,793)	
-	-	-	(76,857)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (758,650)</u>	
2,907,528	-	2,907,528	-	
2,189,486	-	2,189,486	-	
410,940	-	410,940	-	
131,786	-	131,786	-	
135,558	-	135,558	-	
6,696	-	6,696	-	
263,430	21,376	284,806	86,060	
2,168	12	2,180	216,072	
-	-	-	669,435	
20,385	-	20,385	-	
48,343	168,798	217,141	-	
49,974	(49,996)	(22)	-	
<u>6,166,294</u>	<u>140,190</u>	<u>6,306,484</u>	<u>971,567</u>	
348,612	(1,912)	346,700	212,917	
<u>14,131,152</u>	<u>617,716</u>	<u>14,748,868</u>	<u>6,542,775</u>	
<u>\$ 14,479,764</u>	<u>\$ 615,804</u>	<u>\$ 15,095,568</u>	<u>\$ 6,755,692</u>	

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

State of Nebraska

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2020

(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	\$ 375,610	\$ 79,291	\$ 322,987	\$ 25,324	\$ 15,821	\$ 284,577	\$ 1,103,610
Cash on Deposit with Fiscal Agents	-	-	-	-	-	91	91
Investments	900,838	209,738	850,412	528,741	2,257,519	803,271	5,550,519
Securities Lending Collateral	76,525	17,817	72,337	10,967	17,901	64,117	259,664
Receivables, net of allowance:							
Taxes	593,989	72,792	-	-	-	1,716	668,497
Due from Federal Government	-	27,934	455,265	-	-	1,620	484,819
Loans	-	-	15,023	127	-	346,649	361,799
Other	52,343	13,608	47,447	29,292	51,881	19,291	213,862
Due from Other Funds	140,996	80	709	11,659	-	12,036	165,480
Inventories	2,474	3,085	325	130	-	2,399	8,413
Prepaid Items	1,147	17	26	-	-	117	1,307
Other	556	-	-	-	26,595	3,120	30,271
Total Assets	<u>\$ 2,144,478</u>	<u>\$ 424,362</u>	<u>\$ 1,764,531</u>	<u>\$ 606,240</u>	<u>\$ 2,369,717</u>	<u>\$ 1,539,004</u>	<u>\$ 8,848,332</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 164,575	\$ 164,819	\$ 1,191,791	\$ 14,484	\$ 86,438	\$ 48,175	\$ 1,670,282
Tax Refunds Payable	470,208	10,731	-	-	-	-	480,939
Deposits	(1,315)	1,687	5,811	49	127	2,029	8,388
Due to Other Funds	65,579	2,156	323,893	8,737	5	10,767	411,137
Obligations under Securities Lending	76,525	17,817	72,337	10,967	17,901	64,117	259,664
Claims Payable	93,338	-	117,719	-	-	-	211,057
Unearned Revenue	2,652	-	41,640	31	9,753	-	54,076
Total Liabilities	<u>871,562</u>	<u>197,210</u>	<u>1,753,191</u>	<u>34,268</u>	<u>114,224</u>	<u>125,088</u>	<u>3,095,543</u>
Deferred Inflows of Resources:							
Revenues not yet available	92,219	-	-	16,634	-	-	108,853
Fund Balances:							
Nonspendable:							
Inventories and Prepaid Items	3,621	3,102	351	130	-	2,516	9,720
Endowment Principal	-	-	-	-	598,978	19,515	618,493
Restricted	-	224,050	10,989	555,034	1,656,515	1,280,425	3,727,013
Committed	426,308	-	-	-	-	86,014	512,322
Assigned	-	-	-	174	-	25,446	25,620
Unassigned	750,768	-	-	-	-	-	750,768
Total Fund Balances	<u>1,180,697</u>	<u>227,152</u>	<u>11,340</u>	<u>555,338</u>	<u>2,255,493</u>	<u>1,413,916</u>	<u>5,643,936</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,144,478</u>	<u>\$ 424,362</u>	<u>\$ 1,764,531</u>	<u>\$ 606,240</u>	<u>\$ 2,369,717</u>	<u>\$ 1,539,004</u>	<u>\$ 8,848,332</u>

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

State of Nebraska

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

June 30, 2020

(Dollars in Thousands)

Total fund balances for governmental funds \$ 5,643,936

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	\$	644,998	
Infrastructure		7,747,173	
Construction in progress		177,411	
Other capital assets		1,352,126	
Accumulated depreciation		<u>(754,933)</u>	9,166,775

Certain tax revenues and charges are earned but not available and therefore are unearned in the funds. 108,853

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. 45,126

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	(2,343)	
Deferred Outflows related to OPEB	2,183	
Deferred Inflows related to Pension	(366,235)	
Deferred Outflows related to Pension	<u>331,303</u>	(35,092)

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

Capital leases	(165)	
Compensated absences	(127,736)	
Net pension liability/asset	(254,485)	
OPEB liability	(14,816)	
Claims and judgments	<u>(52,632)</u>	<u>(449,834)</u>

Net position of governmental activities \$ 14,479,764

State of Nebraska

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

	GENERAL FUND	HIGHWAY FUND	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	PERMANENT SCHOOL FUND	NONMAJOR FUNDS	TOTALS
REVENUES							
Income Taxes	\$ 2,876,585	\$ -	\$ -	\$ 4,208	\$ -	\$ -	\$ 2,880,793
Sales and Use Taxes	1,858,206	306,406	-	-	-	23,802	2,188,414
Petroleum Taxes	-	397,328	-	-	1,687	13,612	412,627
Excise Taxes	61,048	-	-	11,491	-	59,247	131,786
Business and Franchise Taxes	101,353	-	-	-	-	34,205	135,558
Other Taxes	(193)	2,993	-	-	-	3,896	6,696
Federal Grants and Contracts	15	446,559	2,871,871	53	-	4,857	3,323,355
Licenses, Fees and Permits	17,113	94,000	969	18,433	268	165,953	296,736
Charges for Services	3,152	28,849	7,460	30,214	-	65,282	134,957
Investment Income	74,193	14,262	53,667	13,343	51,309	53,789	260,563
Rental Income	3	440	-	533	45,725	22,159	68,860
Surcharge	-	-	-	-	-	44,884	44,884
Other	2,244	2,444	6,620	49,879	19,824	39,816	120,827
Total Revenues	4,993,719	1,293,281	2,940,587	128,154	118,813	531,502	10,006,056
EXPENDITURES							
Current:							
General Government	686,264	-	6,290	-	-	89,143	781,697
Conservation of Natural Resources	25,691	-	42,671	-	-	72,113	140,475
Culture – Recreation	6,024	-	3,167	-	-	34,108	43,299
Economic Development and Assistance	10,718	-	60,405	-	-	40,971	112,094
Education	1,494,640	-	368,324	-	70,712	20,843	1,954,519
Higher Education - Colleges and University	665,609	-	-	-	-	3,826	669,435
Health and Social Services	1,533,164	-	2,233,160	147,120	-	20,736	3,934,180
Public Safety	326,130	-	184,421	-	-	65,499	576,050
Regulation of Business and Professions	3,460	-	2,221	-	-	105,760	111,441
Transportation	-	1,303,257	24,138	-	-	3,236	1,330,631
Capital Projects	-	-	-	-	-	51,944	51,944
Debt Service:							
Principal	-	-	-	-	-	3,860	3,860
Interest	-	-	-	-	-	55	55
Total Expenditures	4,751,700	1,303,257	2,924,797	147,120	70,712	512,094	9,709,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	242,019	(9,976)	15,790	(18,966)	48,101	19,408	296,376
OTHER FINANCING SOURCES (USES)							
Transfers In	65,071	4	5,643	1,459	-	177,983	250,160
Transfers Out	(99,449)	(9,504)	(16,196)	(1,001)	-	(69,479)	(195,629)
Proceeds from Other Financing Arrangements	-	-	-	-	-	3,919	3,919
Total Other Financing Sources (Uses)	(34,378)	(9,500)	(10,553)	458	-	112,423	58,450
Net Change in Fund Balances	207,641	(19,476)	5,237	(18,508)	48,101	131,831	354,826
FUND BALANCES, JULY 1 (as restated)	973,056	246,628	6,103	573,846	2,207,392	1,282,085	5,289,110
FUND BALANCES, JUNE 30	\$ 1,180,697	\$ 227,152	\$ 11,340	\$ 555,338	\$ 2,255,493	\$ 1,413,916	\$ 5,643,936

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, 2020

(Dollars in Thousands)

Net change in fund balances—total governmental funds \$ 354,826

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	\$	14,774	
Capital assets sold		(313)	
Depreciation expense		(46,491)	(32,030)

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		(3,860)	(3,860)
------------------------------	--	---------	---------

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		3,860	
Capital lease payments		130	3,990

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.

277

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.

27,064

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

Increase in compensated absences		(6,773)	
Decrease in net pension liability/asset		228,317	
Decrease in net OPEB liability		(878)	
Increase in deferred inflows related to OPEB		423	
Increase in deferred outflows related to OPEB		302	
Increase in deferred inflows related to pension		(87,105)	
Decrease in deferred outflows related to pension		(132,898)	
Increase in claims and judgments		(3,043)	(1,655)

Change in net position of governmental activities \$ 348,612

State of Nebraska
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2020

(Dollars in Thousands)	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	ACTIVITIES - INTERNAL SERVICE FUNDS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 317,011	\$ 36,072	\$ 353,083	\$ 130,719
Receivables, net of allowance	29,279	17,207	46,486	3,335
Due from Other Funds	167,908	1,897	169,805	20,959
Inventories	-	3,489	3,489	2,470
Prepaid Items	-	75	75	2,087
Other	-	308	308	-
Total Current Assets	<u>514,198</u>	<u>59,048</u>	<u>573,246</u>	<u>159,570</u>
Noncurrent Assets:				
Restricted Long-Term Deposits	-	2,769	2,769	-
Long-Term Investments	52,802	77,293	130,095	-
Securities Lending Collateral	4,485	1,189	5,674	-
Capital Assets:				
Land	-	315	315	-
Buildings and Equipment	-	16,071	16,071	129,272
Less Accumulated Depreciation	-	(9,162)	(9,162)	(96,037)
Total Capital Assets	<u>-</u>	<u>7,224</u>	<u>7,224</u>	<u>33,235</u>
Total Noncurrent Assets	<u>57,287</u>	<u>88,475</u>	<u>145,762</u>	<u>33,235</u>
Total Assets	<u>\$ 571,485</u>	<u>\$ 147,523</u>	<u>\$ 719,008</u>	<u>\$ 192,805</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 17,846	\$ 25,053	\$ 42,899	\$ 20,964
Due to Other Funds	-	74	74	1,276
Capital Lease Obligations	-	-	-	10,400
Claims, Judgments and Compensated Absences	12,000	12,576	24,576	45,976
Unearned Revenue	-	5,241	5,241	59
Total Current Liabilities	<u>29,846</u>	<u>42,944</u>	<u>72,790</u>	<u>78,675</u>
Noncurrent Liabilities:				
Capital Lease Obligations	-	-	-	20,865
Claims, Judgments and Compensated Absences	-	24,740	24,740	48,139
Obligations under Securities Lending	4,485	1,189	5,674	-
Total Noncurrent Liabilities	<u>4,485</u>	<u>25,929</u>	<u>30,414</u>	<u>69,004</u>
Total Liabilities	<u>\$ 34,331</u>	<u>\$ 68,873</u>	<u>\$ 103,204</u>	<u>\$ 147,679</u>
NET POSITION				
Net Investment in Capital Assets	-	7,224	7,224	1,970
Restricted for:				
Lottery Prizes	-	2,769	2,769	-
Unemployment Insurance Benefits	537,154	-	537,154	-
Unrestricted	-	68,657	68,657	43,156
Total Net Position	<u>\$ 537,154</u>	<u>\$ 78,650</u>	<u>\$ 615,804</u>	<u>\$ 45,126</u>

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

State of Nebraska

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

For the Year Ended June 30, 2020

(Dollars in Thousands)	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	ACTIVITIES - INTERNAL SERVICE FUNDS
OPERATING REVENUES				
Charges for Services	\$ 72,881	\$ 203,213	\$ 276,094	\$ 443,224
Federal	574,136	-	574,136	-
Other	503	-	503	990
Total Operating Revenues	<u>647,520</u>	<u>203,213</u>	<u>850,733</u>	<u>444,214</u>
OPERATING EXPENSES				
Personal Services	-	7,418	7,418	55,112
Services and Supplies	34	39,825	39,859	145,309
Lottery Prizes	-	108,270	108,270	-
Unemployment Claims	820,720	-	820,720	-
Insurance Claims	-	15,974	15,974	229,345
Depreciation	-	594	594	11,553
Total Operating Expenses	<u>820,754</u>	<u>172,081</u>	<u>992,835</u>	<u>441,319</u>
Operating Income (Loss)	<u>(173,234)</u>	<u>31,132</u>	<u>(142,102)</u>	<u>2,895</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	14,463	6,913	21,376	2,867
Gain (Loss) on Sale of Capital Assets	-	12	12	(5)
Federal CARES	168,798	-	168,798	(945)
Total Nonoperating Revenues (Expenses)	<u>183,261</u>	<u>6,925</u>	<u>190,186</u>	<u>1,917</u>
Income (Loss) Before Transfers	10,027	38,057	48,084	4,812
Transfers In	-	-	-	22
Transfers Out	(7,590)	(42,406)	(49,996)	(4,557)
Change in Net Position	2,437	(4,349)	(1,912)	277
NET POSITION, JULY 1 (as restated)	<u>534,717</u>	<u>82,999</u>	<u>617,716</u>	<u>44,849</u>
NET POSITION, JUNE 30	<u>\$ 537,154</u>	<u>\$ 78,650</u>	<u>\$ 615,804</u>	<u>\$ 45,126</u>

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

State of Nebraska

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

(Dollars in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	UNEMPLOYMENT INSURANCE	NONMAJOR ENTERPRISE FUNDS	TOTALS	ACTIVITIES - INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 76,676	\$ 193,425	\$ 270,101	\$ 36,819
Cash Received from Interfund Charges	-	8,865	8,865	409,000
Cash Received from Federal Government	574,136	-	574,136	-
Cash Paid to Employees	-	(7,234)	(7,234)	(54,077)
Cash Paid to Suppliers	1	(56,136)	(56,135)	(130,276)
Cash Paid for Lottery Prizes	-	(107,187)	(107,187)	-
Cash Paid for Insurance Claims	(813,967)	(10,342)	(824,309)	(230,209)
Cash Paid for Interfund Services	(95)	(830)	(925)	(12,883)
Net Cash Flows from Operating Activities	(163,249)	20,561	(142,688)	18,374
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Federal CARES	890	-	-	-
Transfers In	-	-	-	22
Transfers Out	(7,590)	(42,406)	(49,996)	(4,557)
Net Cash Flows from Noncapital Financing Activities	(6,700)	(42,406)	(49,996)	(4,535)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	-	(430)	(430)	(14,577)
Proceeds from Sale of Capital Assets	-	18	18	9,176
Principal Paid on Capital Leases	-	-	-	(11,705)
Interest Paid on Capital Leases	-	-	-	(945)
Net Cash Flows from Capital and Related Financing Activities	-	(412)	(412)	(18,051)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investment Securities	-	(131,637)	(131,637)	-
Proceeds from Sale of Investment Securities	8,230	148,633	156,863	-
Interest and Dividend Income	14,587	3,615	18,202	3,167
Net Cash Flows from Investing Activities	22,817	20,611	43,428	3,167
Net Increase (Decrease) in Cash and Cash Equivalents	(147,132)	(1,646)	(148,778)	(1,045)
CASH AND CASH EQUIVALENTS, JULY 1 (as restated)	464,143	37,718	501,861	131,764
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 317,011	\$ 36,072	\$ 353,083	\$ 130,719

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, 2020

(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				
FLOW FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (173,234)	\$ 31,132	\$ (142,102)	\$ 2,895
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	-	594	594	11,553
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(12,352)	(1,630)	(13,982)	(1,090)
(Increase) Decrease in Due from Other Funds	-	9	9	2,865
(Increase) Decrease in Inventories	-	(711)	(711)	(1,935)
(Increase) Decrease in Prepaid Items	-	38	38	(443)
(Increase) Decrease in Long-Term Deposits	-	46	46	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	15,702	(15,260)	442	4,886
Increase (Decrease) in Due to Other Funds	(95)	13	(82)	649
Increase (Decrease) in Claims Payable	6,730	5,632	12,362	(864)
Increase (Decrease) in Unearned Revenue	-	698	698	(142)
Total Adjustments	9,985	(10,571)	(586)	15,479
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (163,249)	\$ 20,561	\$ (142,688)	\$ 18,374
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 Capital Leases	\$ -	\$ -	\$ -	\$ 4,820
Change in Fair Value of Investments	-	3,414	3,414	-
Total Noncash Transactions	\$ -	\$ 3,414	\$ 3,414	\$ 4,820

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

State of Nebraska

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2020

(Dollars in Thousands)	PENSION TRUST	PRIVATE TRUST	AGENCY
ASSETS			
Cash and Cash Equivalents	\$ 10,628	\$ 28,917	\$ 109,649
Investments:			
U.S. Treasury Notes and Bonds	367,026	-	26,967
U.S. Treasury Bills	5,043	-	303
Government Agency Securities	13,738	-	1,279
Corporate Bonds	1,320,507	-	87,872
International Bonds	363,593	-	7,718
Equity Securities	2,053,778	-	133,918
Private Equity	814,252	-	159,936
Options	(25)	-	(3)
Mortgages	884,905	-	75,486
Private Real Estate	948,796	-	133,237
Asset Backed Securities	106,188	-	6,732
Bank Loans	354,313	-	-
Municipal Bonds	12,454	-	900
Opportunistic Credit	44,885	-	-
Commingled Funds	9,239,006	4,902,483	610,494
Short Term Investments	227,409	761,264	21,111
Total Investments	<u>16,755,868</u>	<u>5,663,747</u>	<u>1,265,950</u>
Securities Lending Collateral	215,150	-	13,297
Receivables:			
Contributions	29,841	-	-
Interest and Dividends	20,885	111	1,863
Other	1,092,537	-	51,373
Total Receivables	<u>1,143,263</u>	<u>111</u>	<u>53,236</u>
Due from Other Funds	47,569	-	8,926
Capital Assets:			
Buildings and Equipment	6,575	-	-
Less Accumulated Depreciation	(6,566)	-	-
Total Capital Assets	<u>9</u>	<u>-</u>	<u>-</u>
Other Assets	-	12,044	-
Total Assets	<u>\$ 18,172,487</u>	<u>\$ 5,704,819</u>	<u>\$ 1,451,058</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 1,460,558	\$ 11,187	\$ 104,813
Due to Other Governments	-	-	41,875
Deposits	-	(272)	-
Due to Other Funds	233	19	-
Obligations under Securities Lending	215,150	-	13,297
Accrued Compensated Absences	435	-	-
Other Liabilities	-	-	1,291,073
Total Liabilities	<u>\$ 1,676,376</u>	<u>\$ 10,934</u>	<u>\$ 1,451,058</u>
NET POSITION			
Restricted for:			
Pensions	\$ 16,496,111	\$ -	\$ -
College Savings Plan	-	5,653,772	-
Other Purposes	-	40,113	-
Total Net Position	<u>\$ 16,496,111</u>	<u>\$ 5,693,885</u>	<u>\$ -</u>

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, 2020

(Dollars in Thousands)

	PENSION TRUST	PRIVATE PURPOSE TRUST
ADDITIONS		
Contributions:		
Participant Contributions	\$ 276,268	\$ 508,386
State Contributions	132,915	-
Political Subdivision Contributions	203,023	-
Court Fees	3,548	-
Total Contributions	<u>615,754</u>	<u>508,386</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	657,791	864,644
Interest and Dividend Income	253,968	503
Securities Lending Income	5,513	-
Total Investment Income	<u>917,272</u>	<u>865,147</u>
Investment Expenses	57,652	21,917
Securities Lending Expenses	4,111	-
Total Investment Expense	<u>61,763</u>	<u>21,917</u>
Net Investment Income	<u>855,509</u>	<u>843,230</u>
Escheat Revenue	-	16,758
Other Additions	270	59
Total Additions	<u>1,471,533</u>	<u>1,368,433</u>
DEDUCTIONS		
Benefits	921,647	460,104
Refunds	17,749	-
Amounts Distributed to Outside Parties	-	13,106
Administrative Expenses	6,486	1,966
Other Deductions	1,721	-
Total Deductions	<u>947,603</u>	<u>475,176</u>
Change in Net Position Restricted for:		
Pensions	523,930	-
College Savings Plan	-	887,704
Other Purposes	-	5,553
NET POSITION-BEGINNING OF YEAR (as restated)	<u>15,972,181</u>	<u>4,800,628</u>
NET POSITION-END OF YEAR	<u>\$ 16,496,111</u>	<u>\$ 5,693,885</u>

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

State of Nebraska
STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2020

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
ASSETS			
Cash and Cash Equivalents	\$ 897,596	\$ 40,439	\$ 938,035
Receivables, net of allowance:			
Loans	25,375	630	26,005
Other	433,855	4,782	438,637
Investments	2,534,265	68,425	2,602,690
Investment in Joint Venture	515,282	-	515,282
Other Assets	23,191	1,804	24,995
Restricted Assets:			
Cash and Cash Equivalents	590,584	62,416	653,000
Investments Held by Trustee	-	763	763
Capital assets:			
Land	99,091	1,494	100,585
Land Improvements	335,821	37,222	373,043
Construction in Progress	231,647	5,759	237,406
Buildings and Equipment	3,718,302	327,747	4,046,049
Less Accumulated Depreciation	<u>(1,430,641)</u>	<u>(136,916)</u>	<u>(1,567,557)</u>
Total Capital Assets	<u>2,954,220</u>	<u>235,306</u>	<u>3,189,526</u>
Total Assets	<u>\$ 7,974,368</u>	<u>\$ 414,565</u>	<u>\$ 8,388,933</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	\$ 33,849	\$ 28	\$ 33,877
Total Deferred Outflows of Resources	<u>\$ 33,849</u>	<u>\$ 28</u>	<u>\$ 33,877</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 228,712	\$ 11,789	\$ 240,501
Deposits	6,444	357	6,801
Unearned Revenue	132,027	2,264	134,291
Noncurrent Liabilities:			
Due within one year	137,045	8,980	146,025
Due in more than one year	<u>1,030,606</u>	<u>90,176</u>	<u>1,120,782</u>
Total Liabilities	<u>\$ 1,534,834</u>	<u>\$ 113,566</u>	<u>\$ 1,648,400</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement receipts	\$ 18,718	\$ -	\$ 18,718
Total Deferred Inflows of Resources	<u>\$ 18,718</u>	<u>\$ -</u>	<u>\$ 18,718</u>
NET POSITION			
Net Investment in Capital Assets	\$ 2,105,680	\$ 170,023	\$ 2,275,703
Restricted for:			
Education	2,540,485	-	2,540,485
Other Purposes	225,230	82,491	307,721
Construction and Debt Service	141,038	11,592	152,630
Unrestricted	<u>1,442,232</u>	<u>36,921</u>	<u>1,479,153</u>
Total Net Position	<u>\$ 6,454,665</u>	<u>\$ 301,027</u>	<u>\$ 6,755,692</u>

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

State of Nebraska
STATEMENT OF ACTIVITIES
COMPONENT UNITS

For the Year Ended June 30, 2020

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
EXPENSES			
Compensation and benefits	\$ 1,446,843	\$ 73,600	\$ 1,520,443
Supplies and materials	561,251	38,803	600,054
Utilities	1,812	-	1,812
Depreciation	143,897	10,170	154,067
Scholarships and fellowships	76,833	7,560	84,393
Other	(161,607)	4,896	(156,711)
Total Operating Expenses	<u>2,069,029</u>	<u>135,029</u>	<u>2,204,058</u>
PROGRAM REVENUES			
Charges for Services	870,870	51,969	922,839
Operating Grants and Contributions	507,999	3,855	511,854
Capital Grants and Contributions	8,367	2,348	10,715
Total Program Revenues	<u>1,387,236</u>	<u>58,172</u>	<u>1,445,408</u>
NET (EXPENSE)	<u>(681,793)</u>	<u>(76,857)</u>	<u>(758,650)</u>
GENERAL REVENUES			
Interest and investment earnings	84,874	1,186	86,060
Miscellaneous	189,368	26,704	216,072
Payments from the State of Nebraska	611,397	58,038	669,435
Total General Revenues	<u>885,639</u>	<u>85,928</u>	<u>971,567</u>
Change in Net Position	203,846	9,071	212,917
NET POSITION -BEGINNING (as restated)	<u>6,250,819</u>	<u>291,956</u>	<u>6,542,775</u>
NET POSITION - ENDING	<u>\$ 6,454,665</u>	<u>\$ 301,027</u>	<u>\$ 6,755,692</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

(Dollars in Thousands)

1. Summary of Significant Accounting Policies

A. Basis of Presentation. The accompanying financial statements for the State of Nebraska (the “State”) and its component units have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

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

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

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

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

Related Organizations. The State’s officials are responsible for appointing members of boards of other organizations, but the State’s accountability for these organizations does not extend beyond making these appointments. The Governor appoints the boards of the following organizations: Nebraska Educational, Health 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 \$4,902,063 of restricted net position, of which \$2,018,628 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 agency 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.

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

Agency 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, 2020, approximates fair value due to their short-term nature. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

Cash and cash equivalents are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council that maintains an operating investment pool for such investments. Interest earned on these investments is allocated to funds based on their percentage of the investment pool.

- F. Investments.** Investments as reported in the basic financial statements include long-term investments. Law or legal instruments may restrict these investments. All investments of the State and its component units are recorded at fair value in accordance with generally accepted accounting principles. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The State's valuation methodologies are generally based on quoted market prices. These valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. For investments where no readily ascertainable fair value exists, management has received an estimate of fair value from the investment fund manager based, in part, on real estate appraisals. The State Treasurer is the custodian of all funds for the State, however, investments are under the responsibility of the Nebraska Investment Council or other administrative bodies determined by law.
- G. Receivables.** Receivables are stated net of estimated allowances for uncollectible amounts which are determined based upon past collection experience and current economic conditions.
- H. Inventories.** Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Significant inventories of governmental funds are valued using weighted average cost. Proprietary Funds' valuation method is primarily at the lower of cost (first-in, first-out) or market. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).

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

- I. Restricted Assets.** Assets held by the trustee for the Master Lease Purchase Program are classified as restricted position on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable lease covenants. These assets are reflected as cash on deposit with fiscal agents in the fund financial statements. The nonmajor enterprise funds reflect long-term deposits with the Multi-State Lottery as restricted assets.
- J. Capital Assets.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the applicable governmental or business-type activities columns in the Statement of Net Position. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

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

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

The State has elected to use the "modified approach" to account for certain infrastructure assets, as provided in GASB Statement No. 34. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets unless the improvements expand the capacity or efficiency of an asset. Utilization of this approach requires the State to: commit to maintaining and preserving affected assets at or above a condition level established by the State; maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and make annual estimates of the amounts that must be expended to maintain and

preserve assets at the predetermined condition levels. Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach. Infrastructure acquired prior to June 30, 1980 is reported.

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

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

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

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

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

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

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

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

2. Deposits and Investments Portfolio

Listed below is a summary of the deposit and investment portfolio that comprises the Cash and Cash Equivalents and Investments on the June 30, 2020 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, 2020, the carrying amounts of the State's deposits were \$15,013 and the bank balances were \$103,005. 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 \$21,940 at June 30, 2020.

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, 2020. The first table below presents all investments stated at fair value using valuation techniques to measure fair value, followed by a table

presenting investments at fair value for financial statement purposes, with debt securities presented with effective duration stated in years.

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

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

Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, are used. If pricing information from external sources is not available or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value using discounted cash flows and other income valuation approaches.

For financial statement purposes, the investment amounts for some funds presented in the fiduciary fund financial statements reflect balances per audited financial statements for the period ended December 31, 2019. The underlying investments for these funds as of June 30, 2020 are included in the fair value measurement calculations and investment risk disclosures presented below for fiduciary funds.

PRIMARY GOVERNMENT INVESTMENTS AT JUNE 30, 2020 AT FAIR VALUE MEASUREMENTS USING:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities:				
U.S. Treasury Notes and Bonds	\$ 1,351,536	\$ -	\$ 1,351,536	\$ -
U.S. Treasury Bills	13,623	-	13,623	-
Government Agency Securities	1,026,666	-	1,026,666	-
Corporate Bonds	3,285,289	-	3,285,286	3
International Bonds	379,810	-	379,810	-
Mortgages	1,050,958	-	1,050,958	-
Asset Backed Securities	112,942	-	112,942	-
Bank Loans	349,283	-	349,283	-
Commingled Debt	2,005,948	1,523,861	482,087	-
Municipal Bonds	15,038	-	15,038	-
Short Term Investments	612,555	22,911	589,644	-
	<u>10,203,648</u>	<u>1,546,772</u>	<u>8,656,873</u>	<u>3</u>
Other Investments:				
Equity Securities	2,227,803	2,225,928	1,875	-
Private Equity	396	396	-	-
Commingled Funds	8,577,959	4,427,184	4,150,775	-
Options	(37)	(3)	(34)	-
Private Real Estate	546	546	-	-
U.S. Treasury Investment Pool	293,319	-	293,319	-
State Owned Land	1,306,816	-	1,306,816	-
Total Investments	\$ <u>22,610,450</u>	\$ <u>8,200,823</u>	\$ <u>14,409,624</u>	\$ <u>3</u>
Investments measured at the net asset value (NAV):				
Real Estate Funds:				
Core	\$ 774,292	\$ -	Quarterly	90 Days
Non-Core	362,623	157,033		
Private Equity Funds	1,046,892	567,282		
Short Term Investment Funds	1,417,718	-		
Opportunistic Credit Funds	43,001	115,604		
Other - Distressed Securities	149	-		
Hedge Funds	6,963	-		
Total investments measured at net asset value	\$ <u>3,651,638</u>	\$ <u>839,919</u>		
Total	26,262,088			
Other Investments not classified	523,936			
Component unit investment in State investment pool	(1,037,343)			
Other fair value measurements	5,832,299			
Total Investments at fair value	\$ <u>31,580,980</u>			

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

- U.S. Treasury Notes and Bonds, Government Agency Securities, 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, 2020 were not classified for fair value measurement purposes: Securities Lending Short-term Collateral Investment Pool Investments in the amount of \$493,785 loaned to broker-dealers and banks under the securities lending program; Other Investments in the amount of \$30,059 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 \$91 presented as Short Term Investments held by a trustee representing the balance of unexpended funds received from the issuance of capital lease obligations.

Other fair value measurements. The fair value of certain Other Investment amounts presented as Commingled Funds for the Nebraska Educational Savings Plan Trust (Trust) and the Nebraska Enable Savings Plan were measured on December 31, 2019. These investments were not re-valued on June 30, 2020. Also included in Other fair value measurements is the Alabama Enable Savings Plan which was measured at December 31, 2019. Following is a summary of the fair value measurement and related input level: Fair Value \$5,665,241; Input Levels: 1 - \$4,227,368; 2 - \$1,437,873; 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, 2019. The investment balances on June 30, 2020 were re-valued for fair value measurement purposes, resulting in an increase in fair value of \$167,058.

The primary government's investments at June 30, 2020 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, 2020 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	\$ 982,004	4.88	\$ 393,993	11.76
U.S. Treasury Bills	7,399	-	5,346	-
Government Agency Securities	1,011,712	4.39	15,017	7.42
Corporate Bonds	1,848,267	3.67	1,408,379	6.31
International Bonds	4,956	10.12	371,311	7.85
Mortgages	102,967	1.31	960,391	1.22
Asset Backed Securities	4,924	0.35	112,920	0.97
Bank Loans	-	-	354,313	-
Commingled Debt	307,565	5.55	1,454,502	4.29
Municipal Bonds	973	11.35	13,354	12.35
Short Term Investments	345,871	0.01	1,009,784	0.01
	<u>4,616,638</u>		<u>6,099,310</u>	
Other Investments:				
Opportunistic Credit	-		44,885	
Equity Securities	87,961		2,187,696	
Private Equity	85,372		974,188	
Commingled Funds	1,994,884		13,297,481	
Options	(5)		(28)	
Private Real Estate	53,986		1,082,033	
U.S. Treasury Investment Pool	293,320		-	
State Owned Land	1,306,816		-	
Less: Component Unit Investment				
in State Investment Pool	<u>(1,037,343)</u>		<u>-</u>	
Total Investments	7,401,629		23,685,565	
Securities Lending Short-term Collateral				
Investment Pool	<u>265,338</u>		<u>228,447</u>	
Total	\$ <u>7,666,967</u>		\$ <u>23,914,012</u>	

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

Credit Risk of Debt Securities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State has contracts with investment managers that set minimum average quality ratings for its core fixed income accounts at an A. The maximum exposure to any single investment grade issuer excluding the U.S. government, its agencies or instrumentalities or government sponsored entities is 5 percent and the maximum exposure to a single issuer below investment grade is 3 percent. The primary government's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES INVESTMENTS AT JUNE 30, 2020

	FAIR VALUE	QUALITY RATINGS						
		AAA	AA	A	BBB	BB	B	UNRATED
Govt Agency Securities	\$ 1,011,712	\$ 2,144	\$ 1,005,179	\$ -	\$ -	\$ -	\$ -	4,389
Corporate Bonds	1,848,267	224,329	342,593	1,062,622	184,696	19,518	2,066	12,443
International Bonds	4,956	-	2,165	1,075	1,716	-	-	-
Mortgages	102,967	10,555	1,964	147	617	811	26	88,847
Asset Backed Securities	4,924	2,450	399	367	560	285	125	738
Commingled Debt	307,565	-	-	-	-	-	-	307,565
Short Term Investments	345,871	-	-	3,104	-	-	-	342,767
Municipal Bonds	973	-	973	-	-	-	-	-

FIDUCIARY FUND INVESTMENTS AT JUNE 30, 2020

	FAIR VALUE	QUALITY RATINGS						
		AAA	AA	A	BBB	BB	B	UNRATED
Govt Agency Securities	\$ 14,953	\$ 4,893	\$ 5,174	\$ 3,207	\$ 776	\$ -	\$ -	903
Corporate Bonds	1,437,022	14,818	46,238	345,112	834,254	123,161	44,497	28,942
International Bonds	374,854	28,320	67,775	83,555	54,957	10,253	4,932	125,062
Mortgages	947,992	126,004	17,581	2,816	5,659	3,599	1,171	791,162
Asset Backed Securities	108,018	65,311	9,599	6,848	4,950	2,229	1,433	17,648
Commingled Debt	1,698,383	-	-	-	-	-	-	1,698,383
Short Term Investments	1,028,738	-	-	32,800	1,535	603	-	993,800
Municipal Bonds	14,065	4,393	7,167	1,611	894	-	-	-

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, 2020, the primary government, except fiduciary funds, had debt securities investments with more than 5 percent of total investments in Federal Farm Credit Bank (6 percent) and Federal Home Loan Bank (5 percent). At June 30, 2020, 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 18 to 27 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The custodian indemnifies the State against default by the borrower of securities, but does not indemnify against the default by an issuer of a security held in the short term investment funds where cash collateral is invested.

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

FOREIGN CURRENCY AT JUNE 30, 2020
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Currency	SHORT TERM INVESTMENTS	EQUITY SECURITIES	DEBT SECURITIES
Brazilian Real	41	-	-
Canadian Dollar	1	-	-
Danish Krone	24	505	-
Euro Currency	37	19,619	3,171
Hong Kong Dollar	-	126	-
Japanese Yen	152	2,396	-
Mexican Peso	8	144	-
Pound Sterling	138	5,808	2,288
South African Rand	1	-	-
South Korean Won	-	725	-
Swedish Krona	-	1,990	-
Swiss Franc	-	7,166	-
Thailand Baht	-	87	-
Total	\$ 402	\$ 38,566	\$ 5,459

FIDUCIARY FUND FOREIGN CURRENCY AT JUNE 30, 2020

Currency	SHORT TERM INVESTMENTS	EQUITY SECURITIES	DEBT SECURITIES
Argentine Peso	\$ 276	\$ -	\$ 427
Australian Dollar	18	2,979	6,632
Brazilian Real	6	17,857	-
Canadian Dollar	300	23,684	12,474
Czech Koruna	-	-	245
Danish Krone	52	6,106	889
Euro Currency	2,611	325,758	190,177
Hong Kong Dollar	66	13,003	-
Indonesian Rupiah	27	-	929
Japanese Yen	2,389	112,614	106,284
Malaysian Ringgit	35	-	2,010
Mexican Peso	118	3,087	1,601
New Israeli Shekel	28	918	746
New Zealand Dollar	268	2,501	1,742
Norwegian Krone	4	-	188
Polish Zloty	6	3,901	649
Pound Sterling	1,631	104,172	49,698
Russian Ruble	49	-	1,144
Singapore Dollar	24	-	1,678
SOL	-	-	6,203
South African Rand	1	-	-
South Korean Won	69	8,339	7,470
Swedish Krona	26	36,448	1,571
Swiss Franc	72	107,241	3,169
Thailand Baht	4	2,261	1,256
Turkish Lira	410	10,444	-
Yuan Renminbi	1,536	44,840	22,733
Yuan Renminbi Offshore	(250)	-	-
Total	\$ 9,776	\$ 826,153	\$ 419,915

Derivative Financial 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 fair value of derivatives are reflected in Investment Income and the fair value of derivatives at June 30, 2020 is reflected in Investments. The fair value balances and notional amounts of investment derivative instruments outstanding at June 30, 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

DERIVATIVE INVESTMENTS AT JUNE 30, 2020
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Derivative	Fair Value	Change in Fair Value	Notional
Credit Default Swap	\$ (83)	\$ (241)	\$ 3,949
Fixed Income Futures	-	496	27,834
Fixed Income Options	(4)	10	(2,400)
Foreign Currency Options	-	51	-
Futures Options	-	44	(11)
FX Forwards	(105)	(7)	9,382
Interest Rate Swap	(434)	(991)	85,594

DERIVATIVE INVESTMENTS AT JUNE 30, 2020
FIDUCIARY FUND

Derivative	Fair Value	Change in Fair Value	Notional
Credit Default Swap	\$ (262)	\$ (860)	\$ 26,500
Fixed Income Futures	-	5,420	193,323
Fixed Income Options	(30)	76	(17,100)
Foreign Currency Options	-	369	-
Futures Options	(3)	336	(80)
FX Forwards	(2,601)	(1,809)	774,436
Interest Rate Swap	(2,869)	(4,604)	476,358
Rights	-	1	-

The change in fair value denotes the net realized and unrealized gains and losses recognized during the period. The fair value of the derivative instruments at June 30, 2020, 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, 2020, was \$41 for Governmental and Business-Type Activities and \$1,578 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 \$1,620. Although the State executes derivative instruments with various counterparties, there is net exposure to credit risk of approximately 77 percent for the Governmental and Business-Type Activities and 57 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, 2020 are as follows:

**DERIVATIVES FOREIGN CURRENCY AT JUNE 30, 2020
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Currency	Swaps	Forward Contracts	Fixed Income Options
Brazilian Real	-	1	-
Euro Currency	(56)	(116)	-
Pound Sterling	(42)	(11)	-
Japanese Yen	(157)	-	-
Russian Ruble	-	21	-
Total	\$ (255)	\$ (105)	\$ -

**DERIVATIVES FOREIGN CURRENCY AT JUNE 30, 2020
FIDUCIARY FUND**

Currency	Swaps	Forward Contracts	Fixed Income Options
Australian Dollar	\$ -	\$ (37)	\$ -
Brazilian Real	-	(1)	-
Canadian Dollar	-	(16)	-
Swiss Franc	-	(16)	-
Yuan Renminbi Offshore	-	86	-
Danish Krone	-	3	-
Euro Currency	-	(1,899)	-
Pound Sterling	(271)	(315)	-
Hungarian Forint	-	(1)	-
Indonesian Rupiah	-	10	-
Japanese Yen	(1,315)	(567)	-
Mexican Peso	-	17	-
Malaysian Ringgit	-	(3)	-
Norwegian Krone	-	(57)	-
New Zealand Dollar	-	(30)	-
SOL	-	66	-
Polish Zloty	-	2	-
New Russian Ruble	-	150	-
Swedish Krona	-	(34)	-
Singapore Dollar	-	(6)	-
Thailand Baht	-	47	-
Total	\$ (1,586)	\$ (2,601)	\$ -

A reconciliation of deposits and investments for the State to the basic financial statements at June 30, 2020 is as follows:

Disclosure Regarding Deposits and Investments:	
Total Investments	\$ 31,580,979
Carrying amount of Deposits	<u>15,013</u>
Total	<u>\$ 31,595,992</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 1,586,743
Investments	5,680,614
Restricted Cash and Cash Equivalents	91
Securities Lending Collateral	265,338
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	149,194
Investments	23,685,565
Securities Lending Collateral	<u>228,447</u>
Total	<u>\$ 31,595,992</u>

3. Receivables

Receivables are reflected net of allowances for doubtful accounts. The following are such related allowances listed by major fund at June 30, 2020:

Governmental Activities:	
General Fund	\$ 132,874
Highway Fund	214
Federal Fund	31,308
Health and Social Services Fund	45,577
Other Special Revenue	<u>667</u>
Total Governmental Activities	<u>\$ 210,640</u>
Business-type Activities:	
Unemployment Insurance	<u>\$ 18,987</u>
Total Business-type Activities	<u>\$ 18,987</u>

Of the taxes and other receivables, \$92,219 and \$16,634, respectively, is not expected to be collected within 60 days of the fiscal year end. These amounts have been offset by deferred inflows of resources in the General Fund and the Health and Social Services Fund. The majority of the loans receivable balance is not expected to be collected in the next year.

4. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	BALANCE July 1, 2019	ADDITIONS	REDUCTIONS	BALANCE June 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land (as restated)	\$ 618,881	\$ 26,117	\$ -	\$ 644,998
Infrastructure	7,722,404	24,769	-	7,747,173
Construction in progress (as restated)	275,151	92,201	189,941	177,411
Total capital assets, not being depreciated	<u>8,616,436</u>	<u>143,087</u>	<u>189,941</u>	<u>8,569,582</u>
Capital assets, being depreciated:				
Buildings and improvements (as restated)	830,459	8,223	-	838,682
Equipment (as restated)	593,995	67,117	18,396	642,716
Total capital assets, being depreciated	<u>1,424,454</u>	<u>75,340</u>	<u>18,396</u>	<u>1,481,398</u>
Less accumulated depreciation for:				
Buildings and improvements	356,917	14,720	-	371,637
Equipment (as restated)	453,665	43,325	17,657	479,333
Total accumulated depreciation	<u>810,582</u>	<u>58,045</u>	<u>17,657</u>	<u>850,970</u>
Total capital assets, being depreciated, net	<u>613,872</u>	<u>17,295</u>	<u>739</u>	<u>630,428</u>
Governmental activities capital assets, net	<u>\$ 9,230,308</u>	<u>\$ 160,382</u>	<u>\$ 190,680</u>	<u>\$ 9,200,010</u>
Business-type activities:				
Nonmajor Enterprise Funds				
Capital assets, not being depreciated:				
Land	315	-	-	315
Total capital assets, not being depreciated	<u>315</u>	<u>-</u>	<u>-</u>	<u>315</u>
Capital assets, being depreciated:				
Buildings and improvements	9,540	-	-	9,540
Equipment	6,213	430	112	6,531
Total capital assets, being depreciated	<u>15,753</u>	<u>430</u>	<u>112</u>	<u>16,071</u>
Less accumulated depreciation for:				
Buildings and improvements	3,566	239	-	3,805
Equipment	5,108	356	107	5,357
Total accumulated depreciation	<u>8,674</u>	<u>595</u>	<u>107</u>	<u>9,162</u>
Total capital assets, being depreciated, net	<u>7,079</u>	<u>(165)</u>	<u>5</u>	<u>6,909</u>
Total Nonmajor Enterprise, net	<u>7,394</u>	<u>(165)</u>	<u>5</u>	<u>7,224</u>
Business-type activities capital assets, net	<u>\$ 7,394</u>	<u>\$ (165)</u>	<u>\$ 5</u>	<u>\$ 7,224</u>

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

Governmental activities:	
General Government	\$ 17,427
Conservation of Natural Resources	1,912
Culture – Recreation	3,129
Economic Development and Assistance	119
Education	1,383
Health and Social Services	1,193
Public Safety	10,263
Regulation of Business and Professions	902
Transportation	21,717
Total depreciation expense - Governmental activities	<u>\$ 58,045</u>

Construction Commitments. At June 30, 2020, the State had contractual commitments of approximately \$1,184,498 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows:

Federal funds	\$ 287,907
State funds	839,611
Local funds	56,980
	<u>\$ 1,184,498</u>

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

Within the State funds commitment is a Department of Correctional Services project with \$ 59,448 remaining in the contract. This project is funded through transfers from the General Fund to the Capital Projects Fund.

5. Interfund Balances

Due To/From Other Funds at June 30, 2020 consists of the following:

DUE FROM:	DUE TO:										TOTALS
	General Fund	Highway Fund	Federal Fund	Health and Services	Agency Funds	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Unemployment Compensation Fund	Internal Service Funds	Pension Trust	
General Fund	\$ -	\$ 38	\$ 546	\$ 1,657	\$ 7,302	\$ 67	\$ 1,393	\$ -	\$ 7,030	\$ 47,546	\$ 65,579
Highway Fund	-	-	127	3	545	184	233	-	1,064	-	2,156
Federal Fund	132,162	3	-	9,848	-	9,776	103	167,908	4,093	-	323,893
Health and Social Services	8,320	1	3	-	-	28	21	-	364	-	8,737
Permanent School Fund	-	-	-	-	-	-	-	-	5	-	5
Nonmajor Governmental Funds	313	17	33	119	1,079	1,367	107	-	7,709	23	10,767
Nonmajor Enterprise	-	4	-	-	-	1	-	-	69	-	74
Internal Service Funds	187	17	-	32	-	613	40	-	387	-	1,276
Pension Trust	-	-	-	-	-	-	-	-	233	-	233
Private Purpose Trust	14	-	-	-	-	-	-	-	5	-	19
TOTALS	\$ 140,996	\$ 80	\$ 709	\$ 11,659	\$ 8,926	\$ 12,036	\$ 1,897	\$ 167,908	\$ 20,959	\$ 47,569	\$ 412,739

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, 2020 consist of the following:

TRANSFERRED FROM:	TRANSFERRED TO:						TOTALS
	General Fund	Highway Fund	Federal Fund	Health and Social Services	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 99,449	\$ -	\$ 99,449
Highway Fund	17	-	-	-	9,487	-	9,504
Federal Fund	-	-	-	-	16,196	-	16,196
Health & Social Services Fund	1,000	1	-	-	-	-	1,001
Nonmajor Governmental Funds	64,054	3	32	540	4,828	22	69,479
Unemployment Compensation Fund	-	-	5,611	-	1,979	-	7,590
Nonmajor Enterprise Funds	-	-	-	919	41,487	-	42,406
Internal Service Funds	-	-	-	-	4,557	-	4,557
TOTALS	\$ 65,071	\$ 4	\$ 5,643	\$ 1,459	\$ 177,983	\$ 22	\$ 250,182

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

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as presented in the financial statements at June 30, 2020 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	\$ 25,847	\$ 7,921	\$ 10,944	\$ 881	\$ -	\$ 5,784	\$ 3,131	\$ -	\$ 392	\$ 54,900
Payables to Vendors	106,112	100,211	135,169	13,602	80,255	35,879	16,813	13,694	15,388	517,123
Payables to Governments Due to Fiduciary Funds *	32,617	56,687	1,045,654	1	6,183	6,509	349	-	48	1,148,048
Miscellaneous	-	-	24	-	-	2	-	4,152	9,225	13,403
TOTALS	\$ 164,576	\$ 164,819	\$ 1,191,791	\$ 14,484	\$ 86,438	\$ 48,174	\$ 76,788	\$ 17,846	\$ 25,053	\$ 1,789,969

* 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, 2020 are summarized as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities:					
Claims Payable (as restated)	\$ 285,369	\$ 2,428,721	\$ 2,363,308	\$ 350,782	\$ 256,261
Capital Lease Obligations	38,445	4,820	11,835	31,430	10,435
Obligations Under Other Financing Arrangements	-	3,860	3,860	-	-
Compensated Absences	127,850	27,766	20,858	134,758	14,823
Net Pension Liability	482,802	-	107,609	375,193	-
OPEB Liability	13,938	878	-	14,816	-
Totals	\$ 948,404	\$ 2,466,045	\$ 2,507,470	\$ 906,979	\$ 281,519
Business-type Activities:					
Unemployment Insurance:					
Claims Payable	\$ 5,270	\$ 820,697	\$ 813,967	\$ 12,000	\$ 12,000
Totals for Unemployment Insurance	5,270	820,697	813,967	12,000	12,000
Nonmajor Enterprise Funds:					
Claims Payable	30,747	15,974	10,341	36,380	12,476
Compensated Absences	813	202	79	936	100
Totals for Nonmajor Enterprise Funds	31,560	16,176	10,420	37,316	12,576
Totals for Business-type Activities	\$ 36,830	\$ 836,873	\$ 824,387	\$ 49,316	\$ 24,576

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

8. Lease Commitments

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

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

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

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

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

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

The minimum annual lease payments (principal and interest) and the present value of future minimum payments for capital leases as of June 30, 2020 are as follows:

YEAR	GOVERNMENTAL ACTIVITIES
2021	\$ 11,220
2022	8,620
2023	7,646
2024	4,628
2025	759
Total Minimum Payments	32,873
Less: Interest and executory costs	1,443
Present value of net minimum payments	<u>\$ 31,430</u>

Capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of property and equipment under capital leases as of June 30, 2020:

	GOVERNMENTAL ACTIVITIES
Equipment	\$ 53,640
Less: accumulated depreciation	(28,086)
Carrying value	<u>\$ 25,554</u>

The minimum annual lease payments for operating leases as of June 30, 2020 are as follows:

YEAR	GOVERNMENTAL ACTIVITIES
2021	\$ 13,702
2022	2,355
2023	2,313
2024	2,303
2025	1,909
2026-2030	7,804
2031-2035	5,662
2036-2040	216
Total	<u>\$ 36,264</u>

Primary Government operating lease payments for the year ended June 30, 2020 totaled \$17,691.

Lessor Transactions. The State also is a lessor of property, primarily farm land leased by the Board of Educational Lands and Funds to farmers and ranchers. At June 30, 2020, the State owned approximately 1.27 million acres of land that was under lease. Under the terms of the leases, the annual payments are subject to change based on annual market analysis. Total rents of \$49,584 were received under these and other lease agreements for the year ended June 30, 2020.

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, 2020 the State has no Obligations Under Other Financing Arrangements.

10. Governmental Fund Balances

The State's governmental fund balances represent: (1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are imposed by law through constitutional provisions or are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2020, follows:

	Governmental Fund Balances					
	General Fund	Highway Fund	Federal Fund	Health and Social Services	Permanent School Fund	Nonmajor Funds
Restricted for:						
Education	\$ -	\$ -	\$ -	\$ -	\$ 1,656,515	\$ 33,148
Health and Social Services	-	-	-	555,034	-	44,009
Conservation of Natural Resources	-	-	-	-	-	762,206
Transportation	-	224,050	-	-	-	9,796
Licensing and Regulation	-	-	-	-	-	157,781
Economic Development	-	-	-	-	-	51,438
Public Safety	-	-	-	-	-	97,550
Culture – Recreation	-	-	-	-	-	50,220
Other Purposes	-	-	10,989	-	-	74,277
Total Restricted	<u>\$ -</u>	<u>\$ 224,050</u>	<u>\$ 10,989</u>	<u>\$ 555,034</u>	<u>\$ 1,656,515</u>	<u>\$ 1,280,425</u>
Committed to:						
Economic Stabilization	\$ 426,308	\$ -	\$ -	\$ -	\$ -	\$ -
Other Purposes	-	-	-	-	-	86,014
Total Committed	<u>\$ 426,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,014</u>
Assigned to:						
Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174
Health and Social Services	-	-	-	174	-	818
Conservation of Natural Resources	-	-	-	-	-	1
Licensing and Regulation	-	-	-	-	-	18,630
Economic Development	-	-	-	-	-	105
Public Safety	-	-	-	-	-	3,033
Culture – Recreation	-	-	-	-	-	78
Other Purposes	-	-	-	-	-	2,607
Total Assigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 25,446</u>

11. Contingencies and Commitments

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

All State agencies including institutions of higher education are required to comply with various federal regulations issued by the U.S. Office of Management and Budget if such agency or institution is a recipient of federal grants, contracts, or other sponsored agreements. Certain agencies or institutions may not be in total compliance with these regulations. Failure to comply may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. Management believes that the ultimate disallowance pertaining to these regulations, if any, will not be material to the overall financial condition of the State, except for the following event identified: the State disclosed having received, on or before June 30, 2020, 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 \$39 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. It is not possible at the present time to determine the outcome of this proceeding.

12. Risk Management

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

Risk Management has procured excess commercial crime coverage in the amount of \$10,975 with a self-insured retention of \$25. Risk Management has procured excess property coverage in the amount of \$400,700 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 \$58,463 at a discounted rate of 2.0 percent (\$9,142).

Changes in the balances of claims liabilities of the Risk Management Internal Service Fund during the years ended June 30, 2020, and 2019, were as follows:

	Fiscal Year	
	2020	2019
Beginning Balance	\$ 87,957	\$ 82,043
Current Year Claims and Changes in Estimates	(231,073)	(218,216)
Claim Payments	230,209	224,130
Ending Balance	<u>\$ 87,093</u>	<u>\$ 87,957</u>

13. Pension Plans

Summary of Significant Accounting Policies

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

Plans Administered by the Public Employees Retirement Board

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

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

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

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

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

Following is a summary of each of these plans:

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

Under the cash balance benefit, a member upon attainment of age 55, regardless of service, receives a retirement allowance equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment in the normal form. The normal form of payment is a single life annuity with five-year-certain, payable monthly. Members will have the option to convert their member cash balance account to a monthly annuity and have the option to purchase a built in cost-of-living adjustments of 2.5 percent annually. If the retiree elects an annuity with no cost-of-living adjustments, the monthly annuity amount will never change. If the retiree purchases the cost-of-living adjustment, the annuity dollar amount increases 2.5 percent each year. Also available are additional forms of payment allowed under the plan, which are actuarially equivalent to the normal form, including the option of a full or partial lump-sum.

Under the defined contribution option, a member upon attainment of age 55, regardless of service, the retirement allowance is equal to the sum of the employee and employer accounts. Members have several forms of payment available, including withdrawals, deferrals, annuities, or a combination of these.

For both the cash balance and defined contribution plans, the amounts presented in the accompanying financial statements for the State Employees' Retirement System are for the plan's fiscal year ended December 31, 2019.

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. 2018, Supp. 2019)) 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, 2019, there were 28,025 members in the plan. Of these members, 15,871 were active, 9,951 were inactive, and 2,203 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of \$37,268 and State contributions of \$58,145 for the plan year ended December 31, 2019.

School Employees' Retirement. The State is the plan sponsor for the School Retirement System, a cost-sharing multiple-employer defined benefit pension plan, with 265 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. 2018, Supp. 2019)) and may be amended only by the Nebraska Legislature.

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

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

The accompanying financial statements include member contributions of \$203,866, employer contributions of \$203,023, and State contributions of \$43,076 for the plan year ended June 30, 2020.

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, 2020, there were 8,529 members in the plan. Of these members, 7,366 were active and 1,163 were inactive. For the fiscal year ending June 30, 2020, the Service Annuity received \$1,216 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 \$7,302 for the plan year ended June 30, 2020.

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. 2018)) 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, 2020, there were 347 members in the plan. Of these members, 148 were active, 5 were inactive, 4 were disabled and 190 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of \$1,963, court fees of \$3,548 and State contributions of \$349 for the plan year ended June 30, 2020.

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. 2018)) 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 (Cum. Supp. 2018) 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, 2020, there were 931 members in the plan. Of these members, 392 were active, 36 were inactive, 15 were disabled, 30 were participating in the DROP program, and 458 were retirees or beneficiaries receiving benefits. The accompanying financial statements include member contributions of \$4,971, and State contributions of \$9,084 for the plan year ended June 30, 2020.

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, 2019, there were 12,446 members in the plan. Of these members, 7,892 were active, 3,790 were inactive, and 764 were retirees or beneficiaries receiving benefits. Members contributed \$15,057 and counties contributed \$22,261 during the year ended December 31, 2019, 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, 2019. The total pension liability for the Judges, Patrol, Service Annuity and School plans as of June 30, 2019 were determined based on the annual actuarial funding valuation report prepared as of July 1, 2019.

The net pension asset calculation for the State Employees' Retirement plan was performed with a measurement date of December 31, 2019. The total pension asset as of December 31, 2019 was determined based on the annual actuarial funding valuation report prepared as of January 1, 2020.

The net pension liability calculation for the Omaha School Employees' Retirement System was performed with a measurement date of August 31, 2019. The total pension liability as of August 31, 2019 was determined based on the annual actuarial funding valuation report prepared as of January 1, 2019.

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 \$312,842 total pension liability for its proportionate share of the collective net pension liability for the school retirement plans. The State's share is a combination of \$211,006 from the Nebraska Public Employees Retirement System's School plan, \$4,752 from the Service Annuity plan, and \$97,084 from the Omaha School Employees' Retirement System. The State's proportionate share of the collective net pension liability for the school retirement plans represents a decrease of \$27,974 from the \$340,816 reported at June 30, 2019. The State's percentage of its proportionate share of the net pension liability for the Nebraska Public Employees Retirement System's School plan is 17.35 percent, the Service Annuity plan is 100 percent, and the Omaha School Employees' Retirement System is 10.27 percent. In the School plan and the Omaha School Employees Retirement System, the determination of proportionate share is based on individual employer contribution information.

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

	STATE CASH BALANCE	STATE PATROL RETIREMENT	JUDGES' RETIREMENT	SCHOOL RETIREMENT AND SERVICE ANNUITY	OMAHA SCHOOL EMPLOYEES' RETIREMENT
Measurement Date	12/31/2019	6/30/2019	6/30/2019	6/30/2019	8/31/2019
Actuarial Valuation Date	1/1/2020	7/1/2019	7/1/2019	7/1/2019	1/1/2019
Actuarial Cost Method	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
Single Amortization Period	25 years	20 years	16 years	17 years	30 years
Asset Valuation Method	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 **	7.5%	7.5%	7.5%	7.5%	7.5%
Projected Salary Increases **	3.5% to 4.93%	3.5% to 9.0%	3.5%	3.5% to 8.5%	3.75% to 6.25%

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

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

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

The State plan's post-retirement mortality rates were based on the RP-2014 White Collar Table for Employees, set back two years, scaled (sex distinct), and projected generationally from 2013 with a SOA projection scale tool using a 0.5 percent ultimate rate in 2035.

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

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

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

The actuarial assumptions used in the January 1, 2020 valuation for the State are based on the results of the most recent actuarial experience study, which covered the four-year period ending June 30, 2015. The experience study report is dated November 17, 2016.

The actuarial assumptions used in the July 1, 2019, valuations for the School, Judges, Patrol, and Service Annuity plans' are based on the results of the most recent actuarial experience study, which cover the four-year period ending June 30, 2015. The experience study report is dated November 17, 2016.

The actuarial assumptions used in the January 1, 2019 valuation for the Omaha School Employees' Retirement System were based on the results of the most recent actuarial experience study, which covered the five-year period ending August 31, 2016. The experience study report is dated April 5, 2017.

Target Asset Allocation. The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The School, Service Annuity, State, Judges, and Patrol plans commingle their investments; thus, the target allocations are the same for each of the plans. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plans' target asset allocations as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Large Cap US Equity	26.10%	5.83%
Small Cap US Equity	2.90%	7.56%
Global Equity	15.00%	6.51%
International Developed Equity	10.80%	6.80%
Emerging Markets	2.70%	10.55%
Core Bonds	20.00%	1.63%
High Yield	3.50%	5.22%
Bank Loans	5.00%	2.78%
International Bonds	1.50%	1.41%
Real Estate	7.50%	5.18%
Private Equity	5.00%	9.70%
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 7.50 percent for the State, Judges, Patrol and Schools which represents a decrease from the discount rate of 7.75 percent used for State and 8.00 percent used for Judges, Patrol and Schools for the June 30, 2018 measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Judges Retirement Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance at 6/30/2018	\$ 194,269	\$ 188,056	\$ 6,213
Changes for the year:			
Service Cost	5,641	-	5,641
Interest on Total Pension Liability	14,200	-	14,200
Differences between expected and actual experience	(5,003)	-	(5,003)
Court fees	-	3,946	(3,946)
State Appropriations	-	443	(443)
Benefit payments, including member refunds	(10,991)	(10,991)	-
Employee contributions	-	1,855	(1,855)
Net investment income	-	12,436	(12,436)
Administrative expenses	-	(72)	72
Net changes	3,847	7,617	(3,770)
Balance at 6/30/2019	\$ 198,116	\$ 195,673	\$ 2,443

State Retirement Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance at 12/31/2018	\$ 1,609,507	\$ 1,533,143	\$ 76,364
Changes for the year:			
Service Cost	61,854	-	61,854
Interest on Total Pension Liability	116,719	-	116,719
Differences between expected and actual experience	(10,590)	-	(10,590)
Benefit payments, including member refunds	(113,827)	(113,827)	-
Employer contributions	-	48,890	(48,890)
Employee contributions	-	31,334	(31,334)
Net investment income	-	286,205	(286,205)
Administrative expenses	-	(1,374)	1,374
Transfers	5,372	5,372	-
Net changes	59,528	256,600	(197,072)
Balance at 12/31/2019	\$ 1,669,035	\$ 1,789,743	\$ (120,708)

State Patrol Retirement Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance at 6/30/2018	\$ 480,092	\$ 420,683	\$ 59,409
Changes for the year:			
Service Cost	9,079	-	9,079
Interest on Total Pension Liability	35,166	-	35,166
Differences between expected and actual experience	(2,864)	-	(2,864)
Benefit payments, including member refunds	(24,954)	(24,954)	-
Employer contributions	-	8,694	(8,694)
Employee contributions	-	4,710	(4,710)
Net investment income	-	27,537	(27,537)
Administrative expenses	-	(76)	76
Other changes	-	18	(18)
Net changes	16,427	15,929	498
Balance at 6/30/2019	\$ 496,519	\$ 436,612	\$ 59,907

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 7.50 percent for State, 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 (6.50%)		Current Discount Rate (7.50%)		1% Increase (8.50%)
School	\$	665,902	\$	312,842	\$	21,221
Judges		22,820		2,444		(15,054)
Patrol		128,230		59,907		4,295
State		31,415		(120,708)		(248,543)

Changes to Actuarial Assumptions Subsequent Event to June 30, 2020. 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, Termination, Disability, and Disabled Life Mortality. Details of the assumption changes effective for future years are available in the audited pension financials.

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

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

As a result of its requirement to contribute to these retirement plans, the State recognized expense of \$104,059 for the year ended June 30, 2020. Of this amount, \$49,046 pension expense was recognized for the Nebraska Public Employees Retirement System's School plan, \$23,832 expense was recognized for the State plan, \$10,754 pension expense was recognized for the Omaha School Plan, \$13,372 pension expense was recognized for the State Patrol Plan, \$5,583 pension expense was recognized for the Judges Plan, and \$1,472 in pension expense was recognized for the Service Annuity. In the accompanying financial statements, presented as of June 30, 2020, 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	\$ -	\$ 5,622
Changes of assumptions	3,716	-
Net difference between projected and actual earnings on pension plan investments	3,243	4,827
Patrol Retirement		
Differences between expected and actual experience	-	6,526
Changes of assumptions	9,233	-
Net difference between projected and actual earnings on pension plan investments	7,529	10,795
School Retirement		
Differences between expected and actual experience	3,030	47,980
Changes of assumptions	71,997	-
Net difference between projected and actual earnings on pension plan investments	42,751	51,123
Changes in proportion	782	21,143
State Retirement		
Differences between expected and actual experience	163	26,797
Changes of assumptions	21,898	-
Net difference between projected and actual earnings on pension plan investments	110,904	191,422
Total Actuarial Calculations	<u>275,246</u>	<u>366,235</u>
Employer Contributions Paid Subsequent to Actuarial Measurement Date:		
Judges Retirement	3,897	-
Patrol Retirement	9,084	-
School Retirement	43,076	-
TOTAL	<u>\$ 331,303</u>	<u>\$ 366,235</u>

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

Year Ended June 30:	Judges		Patrol		School		State	
	Outflow	Inflow	Outflow	Inflow	Outflow	Inflow	Outflow	Inflow
2021	\$ 5,345	\$ 4,536	\$ 11,615	\$ 8,496	\$ 60,141	\$ 46,973	\$ 44,054	\$ 71,350
2022	1,017	4,114	3,712	6,687	36,854	42,658	43,993	68,129
2023	298	1,606	717	1,920	14,999	18,279	43,942	40,783
2024	298	192	717	218	5,152	7,280	976	37,245
2025	-	-	-	-	310	3,593	-	711
Thereafter	-	-	-	-	380	593	-	-
Total	\$ 6,958	\$ 10,448	\$ 16,761	\$ 17,321	\$ 117,836	\$ 119,376	\$ 132,965	\$ 218,218

Payable to the Pension Plans

The State reported a payable of \$54,840 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

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. 2018), 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, 2018, there were 12,379 members in the Plan, of which 12,238 were active employees and 141 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 240, Lincoln, Nebraska 68508.

Net OPEB Liability

The Plan is not pre-funded and therefore there are no assets accumulated in a Governmental Accounting Standards Board, Statement 75, compliant trust. Benefits are funded on a pay-as-you-go basis, so Net OPEB Liability and Total OPEB Liability are equal. The Total OPEB Liability was determined by an actuarial valuation as of June 30, 2019, resulting in a Net OPEB Liability of \$14,816 reported as of June 30, 2020. Below is the schedule of changes in net OPEB liability:

Total OPEB Liability	
Service Cost	\$ 805
Interest	549
Changes of assumptions	652
Estimated benefit payments, including refunds of member	<u>(1,127)</u>
Net change in Total OPEB Liability	879
Total OPEB Liability – beginning	<u>13,937</u>
Total OPEB Liability – ending (a)	<u>\$ 14,816</u>
Plan Fiduciary Net Position (Assets)	
Estimated contributions	\$ 1,127
Estimated benefit payments, including refunds of member	<u>(1,127)</u>
Net change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position (Assets) – beginning	-
Plan Fiduciary Net Position (Assets) – ending (b)	-
Net OPEB Liability – ending (a) – (b)	<u>\$ 14,816</u>
Covered employee payroll	N/A
Plan Net OPEB Liability as a percentage of covered employee	N/A

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

Actuarial cost method	Entry Age Normal
Discount rate	3.50% as of June 30, 2019 and 3.87% as of June 30, 2018
Inflation	2.25%
Salary increases	Service-based table decreasing from 4.93% to ultimate of 3.50% over 20 years
Mortality rates	RP-2014 White Collar, adjusted based on age and sex, generationally projected
Healthcare cost trend rates:	
Medical	6.00% decreasing by 0.25% for 6 years to an ultimate of 4.50%
Prescription drug ¹	(1.86)%, then 7.25% decreasing by 0.25% for 11 years to an ultimate of 4.50%
Administrative costs ¹	(12.34)%, then 2.00% thereafter

¹ First year prescription drug and administrative expense trend adjusted for impact of new pharmacy benefit manager and third party administrator contracts effective July 1, 2020.

Changes to assumptions:

Effective with the June 30, 2019 measurement:

- Assumed medical, prescription drug, and administrative costs were updated to reflect recent experience.
- Discount rate was updated from 3.87% to 3.50%

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 (2.50%)	Current Discount Rate (3.50%)	1% Increase in Discount Rate (4.50%)
Net OPEB Liability	\$15,965	\$14,816	\$13,769

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Net OPEB Liability	\$13,321	\$14,816	\$16,585

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

The State recognized OPEB expense of \$1,280 for the year ended June 30, 2020. 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	\$571	\$2,342
Difference between expected and actual experience in the Total OPEB Liability	1,612	0
Net difference between projected and actual earnings on investments	0	0
Total Deferred Outflows/Inflows of Resources	\$2,183	\$2,342

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:	
2021	\$ (73)
2022	\$ (73)
2023	\$ (73)
2024	\$ (73)
2025	\$ 26
Thereafter	\$ 108

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, 2020, 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, 2020
COMPONENT UNITS		
University of Nebraska	1.20%-6.00%	\$ 969,720
Nebraska State Colleges	0.30%-5.00%	88,264
Component Units Total		<u>\$ 1,057,984</u>

COMPONENT UNITS DEBT SERVICE REQUIREMENTS TO MATURITY			
YEAR	PRINCIPAL	INTEREST	TOTAL
2021	\$ 67,698	\$ 36,891	\$ 104,589
2022	75,734	34,004	109,738
2023	48,626	31,543	80,169
2024	45,953	29,180	75,133
2025	42,418	26,993	69,411
2026 - 2030	240,465	106,348	346,813
2031 - 2035	135,895	71,803	207,698
2036 - 2040	101,840	54,175	156,015
2041 - 2045	119,795	36,855	156,650
2046 - 2047	<u>179,560</u>	<u>15,737</u>	<u>195,297</u>
Total	<u>\$ 1,057,984</u>	<u>\$ 443,529</u>	<u>\$ 1,501,513</u>

16. Tax Abatements

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

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

As of June 30, 2020 the State of Nebraska administers eleven separate tax abatement programs—the Nebraska Advantage Act, the Nebraska Advantage Rural Development Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Employment and Investment Growth Act, the Invest Nebraska Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the Angel Investment Tax Credit Act, the Beginning Farmer Tax Credit Act, the Community Development Assistance Act and the Affordable Housing Tax Credit Act.

Description of Tax Abatement Programs

A. Nebraska Advantage Act. Neb. Rev. Stat. §§ 77-5701 through 77-5735 (Reissue 2018), 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.

Applicants are required to meet different levels of employment and investment based on the tier they choose and the year in which they apply. 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 2³	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
FTE⁵ 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 tax paid on qualified property; 2) an investment credit equal to 3% to 15%, depending on the applicable tier, of the investment made in qualified property; 3) a compensation credit equal to 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 sales or use tax refund paid on otherwise non-refundable purchases; 2) reduce income tax liability; and 3) to 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. The 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. Under recapture, for each year the levels are not maintained, the taxpayer cannot earn new tax credits or claim direct refunds of sales and use tax 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), provides tax abatements 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 2020 applicants must meet to qualify for benefits are as follows:

	Investment and Employment Levels		
	Level 1	Level 2	Livestock Modernization
Investment	\$125	\$250	\$50
FTE⁷ Growth	2	5	N/A
Wage Rate⁸	\$14.49	\$14.49	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 gain 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 as a refundable credit claimed on the income tax return of the taxpayer. Livestock modernization projects that have a net new investment of at least \$50 in any county in Nebraska can earn credits equal to 10% of investment. Livestock modernization projects are limited to a maximum of \$150 in credits. These credits may be used: to obtain a refund of state sales and use taxes paid; to reduce the income tax liability of the taxpayer; or to use as a refundable credit claimed on the income tax return of the taxpayer. The approval limit for this program for the 2020 calendar year is \$1,000 for Level 1 and Level 2 projects and \$1,000 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), provides tax benefits to applicants who are actively engaged in the operation of a business that employs five or fewer full-time equivalent employees at the time of application. The applicant earns a refundable income tax credit equal to 20% of new investment and employment. There is a \$10 lifetime limit in credits granted to each applicant and related persons. The approval limit for this program is \$2,000 plus the dollars that were not approved by the end of the preceding year. There are no recapture provisions under this Act.
- D. Employment and Investment Growth Act.** Neb. Rev. Stat. §§ 77-4101 through 77-4113 (Reissue 2018), allows 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 abatements to taxpayers for projects in the carryover period. This Act has 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 tax 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. Investment and compensation credits may be used to: 1) obtain a sales or use tax refund paid on otherwise non-refundable 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. Under recapture, 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), allows 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 abatements to taxpayers for projects already 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 has three application levels: 1) \$10,000 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 may 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 may 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), is jointly administered by the Nebraska State Historical Preservation Officer and the State. This Act provides credits to applicants who incur eligible expenditures to rehabilitate historically significant real properties. Applicants may receive a credit equal to 20% of eligible expenditures up to \$1,000 per project. The credit may be used against income taxes, premium taxes imposed on insurance companies, or franchise taxes imposed on financial institutions. This credit is transferable and distributable, subject to certain limitations. Transferable credits may be claimed beginning with the year the improvement is placed in service. Distributable credits may be claimed beginning with the year the improvement is placed in service or the year the recipient became a member, partner, or shareholder of a flow-through entity in which they obtained an ownership interest in the entity, whichever is later. Credits may be carried forward until fully utilized, or until December 31, 2027. If at any time during the five years after the improvement to the property is placed in service, the State Historical Preservation Officer determines that the property is the subject of work not in substantial conformance with the approved application or the documents from which the tax credit was calculated, tax credits may be recaptured from the property owner.
- G. New Market Job Growth Investment Tax Credit.** Neb. Rev. Stat. §§ 77-1101 through 77-1119 (Reissue 2018), allows individuals, corporations, estates, trusts, financial institutions, and insurance companies to claim nonrefundable, nontransferable income tax credits for investment in a qualified community development entity (CDE). The credits may be used against income tax, the premium taxes imposed on insurance companies, or the franchise taxes imposed on financial institutions. The 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 85% 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, 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 principle 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.** Neb. Rev. Stat. § 77-6301 to 77-6310 (Reissue 2018), provides refundable income tax credits to encourage entrepreneurship and to increase high-technology industries in underserved areas of Nebraska. Individuals, trusts, or pass-through entities can apply to be certified as a qualified investor by the State. To receive credits, individual investors must invest a minimum of \$25, and investment funds must invest \$50, in a calendar year in a qualified small business. A qualified small business is a business based in Nebraska with more than 51% of its employees in Nebraska and

have fewer than 25 employees. Qualified investors are eligible to earn a credit equal to 40% of their qualified investment in a qualified small business. Credits are capped at \$350 for married couples filing a joint return and at \$300 for single filers. No more than \$1,000 in credits is to be allocated for investment in any one small business and no more than \$4,000 in credits may be allocated in any calendar year. These credits are subject to recapture if the investment is not held in the small business for at least three years. LB 344, operative August 1, 2019, terminated the Angel Investment Tax Credit Act after calendar year 2019. No tax credits may be allocated after that calendar year.

- I. Beginning Farmer Tax Credit Act.** Neb. Rev. Stat. §§ 77-5201 through 77-5215 (Reissue 2018), is a program that provides tax abatements to eligible beginning farmers, livestock producers, and owners who rent assets to those beginning farmers and 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, 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 abatement affects only county revenue and is, therefore, not quantified in this footnote.

The Act also provides two refundable income tax credits. These two credits affect state revenue and therefore are quantified in this footnote. First, a beginning farmer or livestock producer is allowed a one-time income tax credit equal to the actual cost of participation in the financial management program required for eligibility under the Act, not to exceed \$500. 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. LB 560, 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. LB 560 also provides that owners of an agricultural asset rented on a rental agreement basis to a qualified beginning farmer may be issued tax credits for the asset for a maximum of three years.

- J. Community Development Assistance Act.** Neb. Rev. Stat. §§ 13-201 through 13-208 (Reissue 2012, Cum. Supp. 2018), is a program that encourages investment in community betterment organizations by providing tax credits to investors. This Act permits the State 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 501(c)(3) organization that will service 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 State 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 State 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, 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 State to allocate credits to project owners that make eligible investment in qualifying developments. The maximum amount of Nebraska affordable housing tax credits awarded by the State to all qualified developments in any given allocation year is no more than 100% of the total amount of LIHTC awarded in the same allocation year.

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

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

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

Amount of State Taxes Abated

The following table reports the gross dollar amount, on an accrual basis, by which the State's tax revenues were reduced during the fiscal year ending June 30, 2020 as a result of tax abatement agreements for each of the eleven programs.

No.	Program	Taxes Abated
A	Nebraska Advantage Act	\$184,005
B	Nebraska Advantage Rural Development Act	1,916
C	Nebraska Advantage Microenterprise Tax Credit Act	623
D	Employment and Investment Growth Act	45,399
E	Invest Nebraska Act	*
F	Job Creation and Mainstreet Revitalization Act	4,559
G	New Market Job Growth Investment Tax Credit	12,082
H	Angel Investment Tax Credit	6,127
I	Beginning Farmer Tax Credit Act	1,677
J	Community Development Assistance Act	108
K	Affordable Housing Tax Credit Act	*
Total		\$256,496 **

*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 specific 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 IRS with reference to the disclosure of statistical information. To protect confidential information, the State will not release a statistical tabulation that contains information from fewer than three taxpayers. A statistical tabulation prepared for a geographic area less than the entire state will not be released if it contains information from fewer than ten taxpayers.

2. **Additional Information.** The State issues an Annual Report on Tax Incentives to the Nebraska Legislature on or before July 15 of each year. The report contains additional information on the Nebraska Advantage Act, the Nebraska Advantage Rural Development Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Employment and Investment Growth Act, and the Invest Nebraska Act. The report can be found on the Department's website here: https://revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/incentives/annual_report/2019_Incentives_Annual_Report.pdf.

Amounts Received or Receivable from Other Governments

The State collects the local sales and use tax 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 are delayed for cities of the first class, cities of the second class, and villages. Pursuant to Neb. Rev. Stat. § 77-27,144 (Reissue 2018), when a refund of local sales and use tax is made under the Nebraska Advantage Act, Neb. Rev. Stat. §§ 77-5725 and 77-5726 (Reissue 2018), 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 twenty-five percent 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, 2020, the total amounts of refunds that are receivable are \$3,441 pursuant to Neb. Rev. Stat. § 77-27,144 (Reissue 2018) from the following municipalities: Ainsworth, Albion, Alliance, Alma, Arapahoe, Arcadia, Arlington, Arnold, Ashland, Atkinson, Auburn, Bassett, Beatrice, Beaver City, Bellevue, Benedict, Benkelman, Bennington, Big Springs, Blair, Bloomfield, Bridgeport, Broken Bow, Burwell, Callaway, Cambridge, Cedar Rapids, Central City, Chadron, Chambers, Chappell, Clay Center,

Columbus, Cortland, Crawford, Creighton, Crete, Crofton, Dakota City, David City, Decatur, Dodge, Doniphan, Eagle, Elgin, Elwood, Fairbury, Falls City, Fort Calhoun, Franklin, Fremont, Friend, Fullerton, Geneva, Genoa, Gering, Gordon, Grand Island, Grant, Greenwood, Gretna, Harrison, Hartington, Hastings, Hay Springs, Hemingford, Holdrege, Howells, Humphrey, Imperial, Jackson, Kearney, Kimball, La Vista, Lewellen, Lexington, Louisville, Loup City, Madison, Maywood, McCook, McCool Junction, Minden, Morrill, Mullen, Nebraska City, Neligh, Nelson, Niobrara, Norfolk, North Bend, North Platte, Oconto, Ogallala, O'Neill, Ord, Oshkosh, Papillion, Pawnee City, Paxton, Pender, Peru, Petersburg, Pierce, Plainview, Platte Center, Plattsmouth, Ponca, Ralston, Randolph, Ravenna, Red Cloud, Rushville, Saint Edward, Saint Paul, Sargent, Schuyler, Scottsbluff, Scribner, Seward, Sidney, South Sioux City, Spencer, Springfield, Springview, Stromsburg, Stuart, Syracuse, Tecumseh, Tekamah, Valentine, Valley, Verdigre, Wahoo, Waterloo, Wausa, Waverly, Wayne, Weeping Water, West Point, Wilber, Wisner, Wymore, and York.

17. Restatements

The net position for fiscal year 2019 for Governmental Activities on the Government Wide Statement of Activities increased by \$46,661 due to restatement of capital assets beginning balance in prior years.

Component Units Net Position – The University System’s restatement of prior year Net Position involved both deferred tuition for the Omaha campus and the Perkins Loan Program Close-out for all four campuses. The State College System’s restatement of prior year net position involved capitalized construction expenses and a correction to the Agency fund at Wayne State College. As a result, the beginning Net Position for Component Units on the Statement of Activities decreased by \$26,500.

The General Fund beginning Fund Balance for fiscal year 2019 was increased by \$19,670 mainly due to an overstatement of expenses and an understatement of amounts due to/from other funds and/or governments.

The Federal Fund beginning Fund Balance for fiscal year 2019 was increased by \$1,270 mainly due to a net overstatement of expenses reported in the prior year.

The Health and Social Services Fund beginning Fund Balance for fiscal year 2019 was decreased by \$4,219 mainly due to an understatement of amounts due to other funds.

The Licensing and Regulation Fund for fiscal year 2019 was increased by \$817 due to an understatement of revenue.

The restatements of the General Fund, Federal Fund, Health and Social Services Fund and Licensing and Regulation Fund resulted in an increase in the Governmental Activities Net Position – Beginning on the Statement of Activities of \$17,538 that had not been reported in the prior year.

18. COVID-19 Government Assistance

The outbreak of the coronavirus disease (COVID-19) has been declared a pandemic by the World Health Organization. The Governor declared a state of emergency on March 13, 2020, which is still in effect. On March 25, 2020, the Governor signed into law Legislative Bill (LB)1198 appropriating \$83,620 to confront COVID-19 through assistance for Nebraska communities, funding for the State Public Health Division providing resources to carry out vital tasks like COVID-19 testing and contact tracing, State agency overtime to maintain healthcare coverage needs at veterans’ homes and state care facilities, funding for equipment and systems at the University of Nebraska Medical Center, and additional flexibility for other needs related to the pandemic.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, P.L.116-136 (CARES Act) was enacted. In that law, Nebraska was allocated \$1,250,000 through the Coronavirus Relief Fund (CRF). Of this amount, \$166,000 went directly to Douglas County and the remaining \$1,083,000 to the State of Nebraska. The Governor credited these funds to the Governor’s Emergency Program-COVID19. These federal funds could be used for basically the same things that were authorized under LB1198. Because of this only \$18,561 of the LB1198 funds had been expended as of June 30, 2020. LB1009 enacted in August 2020, transferred \$60,000 of the unused LB1198 funds back to the Cash Reserve Fund.

As of June 30, 2020, \$48,343 had been spent out of the CRF primarily on Personal Protective Equipment (PPE) which was primarily distributed to Public Health Departments across the state. Another \$167,908 was due to the Unemployment Insurance Trust fund for claims incurred in fiscal year 2020 that were related to the COVID-19 pandemic.

The remaining \$866,749 in CRF funds were expended or expected to be obligated by December 30, 2020. The following Department of Economic Development Grow Nebraska programs were established by the Governor including: the Ethanol Producers Stabilization Program, Event Centers and Sports Arenas Stabilization Program, Hotels and Convention Centers Stabilization Program, Licensed Personal Services Business Stabilization Program, Movie Theatre Stabilization Program, Restaurants and Bars Stabilization, Rural Broadband Remote Access Grant, Small Business Stabilization Grant – Small Business, Small Business Stabilization Grant – Livestock Producers, Workforce Retraining Initiative, Zoo Stabilization Program, and Gallup Business Leadership Training Grant.

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

The remaining CRF funds were allocated to the Unemployment Insurance Trust / General Fund Flexibility, Local Government Reimbursement Program and the State Agency Reimbursement Program. For more information on these programs please visit <https://coronavirus.nebraska.gov>.

REQUIRED SUPPLEMENTARY INFORMATION



State of Nebraska

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2020

(Dollars in Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 5,075,180	\$ 4,799,287	\$ 4,809,943	\$ 10,656
Federal Grants and Contracts	29	29	29	-
Sales and Charges	19,956	19,956	19,956	-
Other	46,004	46,004	46,004	-
Total Revenues	<u>5,141,169</u>	<u>4,865,276</u>	<u>4,875,932</u>	<u>10,656</u>
EXPENDITURES				
Current:				
General Government	657,843	657,847	697,585	(39,738)
Conservation of Natural Resources	38,192	38,212	26,920	11,292
Culture – Recreation	6,572	6,572	6,094	478
Economic Development and Assistance	15,623	17,123	10,412	6,711
Education	2,139,523	2,139,523	2,109,744	29,779
Health and Social Services	1,829,046	1,820,035	1,600,365	219,670
Public Safety	434,002	433,980	317,885	116,095
Regulation of Business and Professions	3,959	3,959	3,455	504
Transportation	100	100	-	100
Capital Projects	18,283	18,283	-	18,283
Total Expenditures	<u>5,143,143</u>	<u>5,135,634</u>	<u>4,772,460</u>	<u>363,174</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,974)</u>	<u>(270,358)</u>	<u>103,472</u>	<u>373,830</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	65,587	65,587	65,587	-
Transfers Out	(101,400)	(101,400)	(101,400)	-
Other	167	167	167	-
Total Other Financing Sources (Uses)	<u>(35,646)</u>	<u>(35,646)</u>	<u>(35,646)</u>	<u>-</u>
Net Change in Fund Balance	(37,620)	(306,004)	67,826	373,830
FUND BALANCES, JULY 1	<u>1,074,638</u>	<u>1,074,638</u>	<u>1,074,638</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 1,037,018</u>	<u>\$ 768,634</u>	<u>\$ 1,142,464</u>	<u>\$ 373,830</u>

A reconciliation of the budgetary basis versus GAAP fund balance for the General Fund as of June 30, 2020, follows:

Actual Fund Balances, budgetary basis, June 30, 2020

General	\$ 709,776
Cash Reserve	426,308
Property Tax Credit	6,380
Budgetary fund balances	<u>1,142,464</u>

DIFFERENCES DUE TO BASIS OF ACCOUNTING:

Record State contributions due pension funds	47,538
Record claims payable	(93,338)
Record other net accrued receivables and liabilities	84,033
	<u>\$ 1,180,697</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR BUDGETARY COMPARISONS

For the Year Ended June 30, 2020

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 153.

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 2020, the Legislature passed deficit appropriation bills that increased the allowable expenditure level in several of the programs.

For the year ended 2020, there was no budgetary programs in which expenditures exceeded appropriations. Revenues are not budgeted for any funds except for General Fund tax revenues.

REQUIRED SUPPLEMENTARY INFORMATION

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

For the Year Ended June 30, 2020

(Amounts in Millions)

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

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

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

Measurement Scale

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

Established Condition Level

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

Assessed Condition

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

<u>Calendar Year</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Very Good	42%	44%	45%	46%	37%	38%
Good	40%	43%	39%	38%	45%	37%
Fair	13%	10%	13%	14%	16%	22%
Poor	5%	3%	3%	2%	2%	3%
Overall System Rating	84	85	84	84	84	81

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 84 actual).

<u>Fiscal Year</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Estimated	\$ 340	\$ 305	\$ 324	\$ 325	\$ 317	\$ 306
Actual		514	376	391	413	441
Difference		209	52	66	96	135

State of Nebraska

REQUIRED SUPPLEMENTARY INFORMATION
INFORMATION ABOUT PENSION PLANS

For the Year Ended June 30, 2020

(Dollars in Thousands)

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

Last 10 Fiscal Years

	2019*	2018*	2017*	2016*	2015*	2014*
State's proportion of the School plan collective net pension liability	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%
State's proportion of the Omaha School Employees Retirement System collective net pension liability	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	\$ 211,006	236,269	274,623	262,124	188,604	169,592
Employer's proportionate share of the School plan collective net pension liability	1,005,006	1,123,670	1,309,143	1,242,717	900,492	802,660
Total collective net pension liability for the School plan	<u>\$ 1,216,012</u>	<u>1,359,939</u>	<u>1,583,766</u>	<u>1,504,841</u>	<u>1,089,096</u>	<u>972,252</u>
State's net pension liability for the Service Annuity plan	<u>\$ 4,752</u>	<u>5,051</u>	<u>5,512</u>	<u>3,872</u>	<u>3,392</u>	<u>2,879</u>
State's proportionate share of the Omaha School Employees Retirement System collective net pension liability	\$ 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	848,152	793,575	770,477	563,804	483,189	359,251
Total collective net pension liability for the Omaha School Employees Retirement System	<u>\$ 945,236</u>	<u>893,070</u>	<u>866,939</u>	<u>677,960</u>	<u>581,022</u>	<u>431,990</u>
State's proportionate share, as an employer, of the School plan collective net pension liability (a)	\$ 3,273	3,661	4,391	4,352	3,149	2,996
School plan employer's covered-employee payroll (b)	\$ 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)	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	90.94%	89.53%	87.28%	86.56%	89.88%	90.66%
Service Annuity plan Fiduciary net position as a percentage of the total pension liability	71.93%	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	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)

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

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)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service Cost	\$9,079	\$8,795	\$7,956	\$8,152	\$7,563	\$8,174
Interest	35,166	34,077	32,887	32,114	31,350	30,165
Differences between expected and actual experience	(2,864)	(4,017)	(1,509)	(8,977)	(10,659)	(3,788)
Assumption changes	-	-	27,948	-	-	-
Benefit payments, including member refunds	<u>(24,954)</u>	<u>(23,829)</u>	<u>(24,139)</u>	<u>(19,577)</u>	<u>(19,459)</u>	<u>(20,010)</u>
Net change in Total Pension Liability	\$16,427	\$15,026	\$43,143	\$11,712	\$8,795	\$14,541
Total Pension Liability - beginning	\$480,092	\$465,066	\$421,923	\$410,211	\$401,416	\$386,875
Total Pension Liability - ending (a)	\$496,519	\$480,092	\$465,066	\$421,923	\$410,211	\$401,416
Plan Fiduciary Net Position						
Employer contributions	\$8,694	\$8,953	\$7,053	\$7,053	\$8,647	\$8,753
Employee contributions	4,710	4,615	4,501	4,366	4,180	4,134
Net investment income	27,537	33,873	48,680	5,491	13,333	54,950
Benefit payments, including member refunds	(24,954)	(23,829)	(24,140)	(19,577)	(19,459)	(20,010)
Administrative expenses	(76)	(89)	(141)	(128)	(117)	(121)
Other	<u>18</u>	<u>23</u>	<u>29</u>	<u>27</u>	<u>22</u>	<u>21</u>
Net change in Plan Fiduciary Net Position	\$15,929	\$23,546	\$35,982	(\$2,768)	\$6,606	\$47,727
Plan Fiduciary Net Position - beginning	\$420,683	\$397,137	\$361,155	\$363,923	\$357,317	\$309,590
Plan Fiduciary Net Position - ending (b)	\$436,612	\$420,683	\$397,137	\$361,155	\$363,923	\$357,317
Net Pension Liability - ending (a) - (b)	<u>\$59,907</u>	<u>\$59,409</u>	<u>\$67,929</u>	<u>\$60,768</u>	<u>\$46,288</u>	<u>\$44,099</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	87.93%	87.63%	85.39%	85.60%	88.72%	89.01%
Covered payroll	\$29,302	\$28,698	\$28,092	\$27,048	\$26,294	\$25,624
Employers' Net Pension Liability as a percentage of covered payroll	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)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined employer contribution	\$9,083	\$8,694	\$8,953	\$7,053	\$7,053	\$8,074	\$8,753	\$9,769	\$7,775	\$7,563
Actual employer contributions*	\$9,083	\$8,694	\$8,953	\$7,053	\$7,053	\$8,074	\$8,753	\$7,516	\$7,775	\$5,957
Annual contribution deficiency (excess)	-	-	-	-	-	-	-	\$2,253	-	\$1,606
Covered payroll	\$30,810	\$29,302	\$28,698	\$28,092	\$27,048	\$26,294	\$25,624	\$26,902	\$27,391	\$27,988
Actual contributions as a percentage of covered-employee payroll	29.48%	29.67%	31.20%	25.11%	26.08%	30.71%	34.16%	27.94%	28.39%	21.28%

*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)

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$5,641	\$5,589	\$4,998	\$4,721	\$4,759	\$4,257
Interest	14,200	13,721	13,100	12,643	12,171	11,568
Differences between expected and actual experience	(5,003)	(2,399)	(1,715)	(2,303)	(2,614)	42
Assumption changes	-	-	12,705	-	-	-
Benefit payments, including member refunds	(10,991)	(10,144)	(9,690)	(9,052)	(8,548)	(8,122)
Net change in Total Pension Liability	\$3,847	\$6,767	\$19,398	\$6,009	\$5,768	\$7,745
Total Pension Liability - beginning	\$194,269	\$187,502	\$168,104	\$162,095	\$156,327	\$148,582
Total Pension Liability - ending (a)	\$198,116	\$194,269	\$187,502	\$168,104	\$162,095	\$156,327
Plan Fiduciary Net Position						
Employer contributions*	\$4,389	\$4,780	\$3,698	\$3,459	\$3,071	\$3,906
Employee contributions	1,855	1,815	1,743	1,651	1,611	1,519
Net investment income	12,436	15,070	21,699	2,454	5,959	24,543
Benefit payments, including member refunds	(10,991)	(10,144)	(9,690)	(9,052)	(8,548)	(8,122)
Administrative expenses	(72)	(71)	(85)	(71)	(83)	(78)
Net change in Plan Fiduciary Net Position	\$7,617	\$11,450	\$17,365	(\$1,559)	\$2,010	\$21,768
Plan Fiduciary Net Position - beginning	\$188,055	\$176,606	\$159,241	\$160,800	\$158,790	\$137,022
Plan Fiduciary Net Position - ending (b)	\$195,672	\$188,056	\$176,606	\$159,241	\$160,800	\$158,790
Net Pension (Asset) Liability - ending (a) - (b)	\$2,444	\$6,213	\$10,896	\$8,863	\$1,295	(\$2,463)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	98.77%	96.80%	94.19%	94.73%	99.20%	101.58%
Covered payroll	\$23,216	\$23,125	\$22,802	\$22,178	\$21,587	\$20,100
Employers' Net Pension Liability as a percentage of covered payroll	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 2018 consist of \$4,113 in Court Fees and \$667 in State Appropriations.

See independent auditor's report

JUDGES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

(Dollars in Thousands)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined employer contribution	\$3,897	\$4,389	\$4,780	\$3,698	\$3,459	\$3,727	\$3,906	\$3,180	\$3,484	\$3,580
Actual employer contributions	\$3,897	\$4,389	\$4,780	\$3,698	\$3,459	\$3,071	\$3,906	\$3,180	\$3,484	\$3,580
Annual contribution deficiency (excess)	-	-	-	-	-	\$656	-	-	-	-
Covered payroll	\$24,367	\$23,216	\$23,125	\$22,802	\$22,178	\$21,587	\$20,100	\$19,005	\$18,182	\$18,773
Actual contributions as a percentage of covered-employee payroll	15.99%	18.90%	20.67%	16.22%	15.59%	14.23%	19.43%	16.73%	19.16%	19.07%

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)

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

**STATE EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Last 10 Fiscal Years

(Dollars in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined employer contribution	\$37,255	\$30,307	\$30,314	\$33,205	\$29,117	\$31,986	\$35,129	\$32,983	\$27,256	\$26,361
Actual employer contributions*	\$50,355	\$47,279	\$46,043	\$45,208	\$44,314	\$42,392	\$40,345	\$35,794	\$31,496	\$30,987
Annual contribution deficiency (excess)	(\$13,100)	(\$16,972)	(\$15,729)	(\$12,002)	(\$15,197)	(\$10,406)	(\$5,216)	(\$2,811)	(\$4,240)	(\$4,626)
Covered-employee payroll	\$672,470	\$631,395	\$614,895	\$603,735	\$591,799	\$566,127	\$538,790	\$478,020	\$420,619	\$413,827
Actual contributions as a percentage of covered-employee payroll	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%

*Provided by Nebraska Public Employees Retirement System

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR PENSION PLANS

For the Year Ended June 30, 2020

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:

- 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.
- 2011: Under Legislative Bill 382 passed during the 2011 Legislative session, the member contribution rate increased from 8.28% to 8.88% on September 1, 2011. Effective September 1, 2012, the member contribution rate was scheduled to increase to 9.78% and then decrease to 7.28% effective September 1, 2017. The employer contribution rate match remained unchanged at 101% of the member contribution rate. The current State of Nebraska contribution rate of 1% remained in effect until July 1, 2017, at which time it was scheduled to decrease to 0.7%.

Changes in actuarial assumptions:

7/1/2017 valuation:

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

7/1/2012 valuation:

- The interest rate on employee contributions was lowered to 4.25% from 5.50%.
- Salary increases were changed to rates grading down from 9.00% for less than one year of service to 4.00% at 40 years of service. Prior valuation rates graded from 7.46% for less than one year to 4.55% at 40 years of service.
- Retirement rates are based on age and retirement eligibility. 100% retirement age was extended to age 80 from age 70. Unreduced rates were decreased at age 63.
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (for pre-retirement male rates were 65% of rates and female rates were 50% of rates) to the 1994 GAM table, with a 1 year age setback, projected to 2015 (pre-retirement rates are adjusted by 55% for males and 40% for females).

- Disabled mortality was changed to the 1983 Railroad Retirement Board Disabled Annuitants Mortality setback one year from the 1983 Railroad Retirement Board Disabled Annuitants Mortality. The prior assumption was based on the same table with no setback.
- Termination rates are service based and were decreased from the prior valuation based on actual experience.
- Disability rates were decreased by 50% from the prior valuation.
- Price inflation assumption was lowered to 3.25% from 3.50%.
- Economic productivity assumption was lowered to 0.75% from 1.00%.

Method and assumptions used in calculations of actuarially determined contributions.

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

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported in the most recent Measurement Date, June 30, 2020 (based on the July 1, 2019 actuarial valuation):

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Range from 17 to 30 years (Single Equivalent Amortization Period is 17 years)
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Wage Inflation	3.50 percent
Salary increase, including inflation	3.50 to 8.50 percent
Long-term investment rate of return, net of investment expense, and including inflation	7.50 percent
Cost-of-living adjustments	Service annuity – none Formula annuity – For members hired before January 1, 2013, it is 2.25% per annum, compounded annually. For members hired on or after January 1, 2013, it is 1.00% per annum, compounded annually.

Service Annuity

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

None

Changes in actuarial assumptions:

9/1/2017 valuation:

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

9/1/2012 valuation:

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

Method and assumptions used in calculations of Actuarially Determined Contributions.

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

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent Measurement Date, June 30, 2020 (based on the July 1, 2019 actuarial valuation).

Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Range from 17 to 30 years (Single Equivalent Amortization Period is 17 years)
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Wage Inflation	3.50 percent
Salary increases, including wage inflation	3.50 to 8.50 percent
Long-term rate of return, net of investment expense, and including inflation	7.50 percent

See independent auditor's report

Omaha School Employees

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

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

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

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

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

2011: The member contribution rate was increased by the 2011 Legislature from 8.30% to 9.30%, effective September 1, 2011. Since the employer contributes 101% of the member contribution rate, the 1.00% increase in the member contribution rate resulted in an increase of 1.01% in the District's contribution rate.

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.
- The assumed interest rate credited on member contribution accounts was lowered from 7.00% to 3.00%.

Method and assumptions used in calculations of Actuarially Determined Contributions.

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

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent Measurement Date, August 31, 2019 (based on the January 1, 2019 actuarial valuation).

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Layered bases with all remaining periods currently at 30 years
Asset valuation method	Market related smoothed market
Price inflation	2.75 percent
Salary increases, including wage inflation	3.75 to 6.25 percent
Long-term rate of return, net of investment expense, and including inflation	7.50 percent
Cost-of-living adjustments	1.50 percent for those who became OSERS members prior to July 1, 2013 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:

- 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%.
- 2011: Under LB 382 passed during the 2011 Legislative session, both the member and employer contribution rates were increased from 16% to 19% on July 1, 2011. Effective July 1, 2013, both the member and employer contribution rates were scheduled to decrease to 16%.

Changes in actuarial assumptions:

7/1/2017 valuation:

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

7/1/2012 valuation:

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

Method and assumptions used in calculations of Actuarially Determined Contributions.

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

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent Measurement Date, June 30, 2020 (based on the July 1, 2019 actuarial valuation).

Actuarial cost method	Entry Age
Amortized method	Level percentage of payroll, closed
Remaining amortization period	Range from 17 to 30 years (Single Equivalent Amortization Period is 20 years)
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Wage Inflation	3.50 percent
Salary increases, including wage inflation	3.50 to 9.00 percent
Long-term rate of return, net of investment expense, and including price inflation	7.50 percent
Cost-of-living adjustment	2.25% per annum, compounded annually for Tier 1 members, 1.00% per annum, compounded annually for Tier 2 members.

Judges

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

- 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:

7/1/2020 valuation:

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

7/1/2017 valuation:

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

7/1/2012 valuation:

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

Method and assumptions used in calculations of Actuarially Determined Contributions.

The Plan is funded with contribution rates that vary by date of hire and service for members, variable court fees as well as contributions from the State of Nebraska that cover the remaining required amounts, if necessary. The Actuarially Determined *See independent auditor's report*

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, 2020 (based on the July 1, 2019 actuarial valuation).

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Range from 22 to 30 years (Single Equivalent Amortization Period is 16 years)
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Wage Inflation	3.50 percent
Salary increases, including inflation	3.50 percent
Long-term rate of return, net of investment expense, and including inflation	7.50 percent
Cost-of-living adjustments	2.25% per annum, compounded annually for Tier 1 members, 1.00% per annum, compounded annually for Tier 2 members.

State Employees

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

- 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:

1/1/2018 valuation:

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

1/1/2013 valuation:

- The interest crediting rate on cash balance accounts was lowered from 7.00% to 6.75% per year.
- Salary increases were changed to rates grading down from 5.43% for less than one year of service to 4.00% at 20 years of service. Prior rates graded from 5.9% for less than one year of service to 4.5% at 20 years of service.
- Retirement rates increased at age 65 to 69 and 100% probability of retirement was extended to age 80 from age 70.
- Pre- and post-retirement healthy mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table projected to 2010 (pre-retirement male rates were 65% of rates and female rates were 50% of rates) to the 1994 GAM table, with 1-year setback, projected to 2015 (pre-retirement rates are adjusted by 55% for males and 40% for females).
- The select and ultimate termination rates were increased.
- Disability rates were removed.
- Price inflation was lowered from 3.50% to 3.25% per year.
- Economic productivity was lowered from 1.00% to 0.75% per year.
- The assumption for the form of payment elected by retiring active members was changed from 100% elect an annuity to 50% elect a lump sum and 50% elect an annuity.

Method and assumptions used in calculations of actuarially determined contributions.

The Plan is funded with fixed contribution rates for both members and the State of Nebraska. If such contributions are less than the Actuarially Determined Contribution, the State makes an additional contribution. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the January 1 preceding the first day of the fiscal year in which contributions are reported (January 1, 2019 actuarial valuation applies for contributions reported for July 1, 2019 to June 30, 2020).

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent fiscal year, June 30, 2020 (based on the January 1, 2019 actuarial valuation).

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

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

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

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

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, 2019.

Changes of benefit and funding terms:

2018: Wellness Plan:

- Annual deductibles increased from \$600/\$1,200 (Individual/Family) to \$800/\$1,600 for in-network and from \$1,200/\$2,400 to \$1,600/\$3,200 for out-of-network.
- Medical OOP maximum increased from \$2,400/\$4,800 to \$2,700/\$5,400 for in-network and from \$4,800/\$9,600 to \$5,400/\$10,800 for out-of-network.
- Office visit copays increased from \$30/\$45 (PCP/Specialist) to \$35/\$50.

Regular Plan:

- Deductibles increased from \$1,200/\$2,400 to \$1,400/\$2,600 for in-network and from \$2,400/\$4,800 to \$2,800/\$5,200 for out-of-network.
- Office visit copays increased from \$35/\$50 to \$45/\$55.
- OOP maximum for prescription drugs increased from \$2,000/\$4,000 to \$2,250/\$4,500.
- Prescription drugs copays increased from \$5/\$30/\$50 (Tier 1/Tier 2/Tier 3) to \$5/\$40/\$60.

Changes in actuarial assumptions:

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%.

6/30/2018 valuation:

- Assumed medical, prescription drug, and administrative costs were updated to reflect recent experience.
- Medical and prescription drug trend rates were also updated.
- Retirement, turnover, mortality, and salary scale assumptions were updated to match the most recent NPERS Cash Balance Benefit Fund valuation.
- The discount rate was updated from 3.58% to 3.87%.

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, 2019:

Data	Detailed census data, premium data and/or claim experience, and summary plan description as provided by the employer.
Actuarial cost method	Entry age
Asset valuation method	Market value
Measurement date	June 30, 2019
Actuarial valuation date	June 30, 2018
Discount rate	3.50% - The discount rate is reset each year based on the rates of return on high quality 20-year tax exempt general obligation municipal bonds.
Inflation	2.25%
Salary increases	Service-based table, decreasing from 4.93% to ultimate of 3.50% over 20 years
Mortality rates:	
Pre-retirement healthy	RP-2014 White Collar Table for employees (100% of males rates for males, 55% of females rates for females), projected generationally with MP-2015.

Post-retirement healthy	RP-2014 White Collar Table for Annuitants set back two years, scaled by 1.008 for males, and 0.924 for females, projected generationally with an SOA scale using 0.5% ultimate 2035 rate in 2035.
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 55-60, 5%; age 61, 8%; age 62, 12%; age 63, 12%; age 64, 15%; age 65, 100%.
Dependents	Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be three years older than their wives.
Participation and coverage election	15% of employees eligible to retire and receive postretirement benefits were assumed to elect medical and prescription drug coverage. 25% were assumed to cover a spouse.
Persistency	100% are assumed to remain covered until age 65.
Healthcare cost trend rates:	
Medical	6.00% decreasing by 0.25% for 6 years to an ultimate of 4.50%
Prescription drug ¹	(1.86%), then 7.25% decreasing by 0.25% for 11 years to an ultimate of 4.50%
Administrative costs ¹	(12.34%), then 2.00% thereafter

¹First year prescription drug and administrative expense trend adjusted for impact of new pharmacy benefit manager and third party administrator contracts effective July 1, 2020.

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COMBINING FINANCIAL STATEMENTS



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUND

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

PERMANENT FUNDS

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

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

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

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

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

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

State of Nebraska

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

(Dollars in Thousands)

	SPECIAL REVENUE	CAPITAL PROJECTS	PERMANENT FUNDS	TOTALS
Assets				
Cash and Cash Equivalents	\$ 256,189	\$ 27,720	\$ 668	\$ 284,577
Cash on Deposit with Fiscal Agents	91	-	-	91
Investments	666,463	69,634	67,174	803,271
Securities Lending Collateral	55,811	6,103	2,203	64,117
Receivables, net of allowance:				
Taxes	1,716	-	-	1,716
Due from Federal Government	1,620	-	-	1,620
Loans	346,649	-	-	346,649
Other	15,911	(55)	3,435	19,291
Due from Other Funds	12,036	-	-	12,036
Inventories	2,399	-	-	2,399
Prepaid Items	117	-	-	117
Other	3,120	-	-	3,120
Total Assets	<u>\$ 1,362,122</u>	<u>\$ 103,402</u>	<u>\$ 73,480</u>	<u>\$ 1,539,004</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 31,765	\$ 11,277	\$ 5,133	\$ 48,175
Deposits	2,029	-	-	2,029
Due to Other Funds	10,759	8	-	10,767
Obligations under Securities Lending	55,811	6,103	2,203	64,117
Total Liabilities	<u>100,364</u>	<u>17,388</u>	<u>7,336</u>	<u>125,088</u>
Fund Balances:				
Nonspendable:				
Inventories and Prepaid Items	2,516	-	-	2,516
Endowment Principal	-	-	19,515	19,515
Restricted for:				
Education	29,159	-	3,989	33,148
Health and Social Services	2,459	-	41,550	44,009
Conservation of Natural Resources	762,206	-	-	762,206
Transportation	8,806	-	990	9,796
Licensing and Regulation	157,781	-	-	157,781
Economic Development	51,438	-	-	51,438
Public Safety	97,550	-	-	97,550
Culture – Recreation	50,220	-	-	50,220
Other Purposes	74,177	-	100	74,277
Committed to:				
Other Purposes	-	86,014	-	86,014
Assigned to:				
Education	174	-	-	174
Health and Social Services	818	-	-	818
Conservation of Natural Resources	1	-	-	1
Licensing and Regulation	18,630	-	-	18,630
Economic Development	105	-	-	105
Public Safety	3,033	-	-	3,033
Culture – Recreation	78	-	-	78
Other Purposes	2,607	-	-	2,607
Total Fund Balances	<u>1,261,758</u>	<u>86,014</u>	<u>66,144</u>	<u>1,413,916</u>
Total Liabilities and Fund Balances	<u>\$ 1,362,122</u>	<u>\$ 103,402</u>	<u>\$ 73,480</u>	<u>\$ 1,539,004</u>

State of Nebraska

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

	SPECIAL REVENUE	CAPITAL PROJECTS	PERMANENT FUNDS	TOTALS
REVENUES				
Sales and Use Taxes	\$ 23,802	\$ -	\$ -	\$ 23,802
Petroleum Taxes	13,612	-	-	13,612
Excise Taxes	50,084	9,163	-	59,247
Business and Franchise Taxes	34,205	-	-	34,205
Other Taxes	3,896	-	-	3,896
Federal Grants and Contracts	4,857	-	-	4,857
Licenses, Fees and Permits	165,953	-	-	165,953
Charges for Services	65,253	29	-	65,282
Investment Income	46,789	5,059	1,941	53,789
Rental Income	14,216	7,943	-	22,159
Surcharge	44,884	-	-	44,884
Other	39,803	13	-	39,816
Total Revenues	<u>507,354</u>	<u>22,207</u>	<u>1,941</u>	<u>531,502</u>
EXPENDITURES				
Current:				
General Government	89,142	-	1	89,143
Conservation of Natural Resources	72,113	-	-	72,113
Culture – Recreation	34,108	-	-	34,108
Economic Development and Assistance	40,971	-	-	40,971
Education	20,751	-	92	20,843
Higher Education - Colleges and University	-	3,826	-	3,826
Health and Social Services	18,929	-	1,807	20,736
Public Safety	65,499	-	-	65,499
Regulation of Business and Professions	105,760	-	-	105,760
Transportation	3,230	-	6	3,236
Capital Projects	-	51,944	-	51,944
Debt Service:				
Principal	3,860	-	-	3,860
Interest	55	-	-	55
Total Expenditures	<u>454,418</u>	<u>55,770</u>	<u>1,906</u>	<u>512,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>52,936</u>	<u>(33,563)</u>	<u>35</u>	<u>19,408</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	177,983	-	-	177,983
Transfers Out	(69,312)	-	(167)	(69,479)
Proceeds from Other Financing Arrangements	3,919	-	-	3,919
Total Other Financing Sources (Uses)	<u>112,590</u>	<u>-</u>	<u>(167)</u>	<u>112,423</u>
Net Change in Fund Balances	165,526	(33,563)	(132)	131,831
FUND BALANCES, JULY 1 (as restated)	<u>1,096,232</u>	<u>119,577</u>	<u>66,276</u>	<u>1,282,085</u>
FUND BALANCES, JUNE 30	<u>\$ 1,261,758</u>	<u>\$ 86,014</u>	<u>\$ 66,144</u>	<u>\$ 1,413,916</u>

State of Nebraska

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2020

(Dollars in Thousands)

	LICENSING AND REGULATION	ECONOMIC DEVELOPMENT	AIRPORT DEVELOPMENT
Assets			
Cash and Cash Equivalents	\$ 49,295	\$ 12,813	\$ 7,501
Cash on Deposit with Fiscal Agents	-	-	-
Investments	128,784	33,859	-
Securities Lending Collateral	10,940	2,876	-
Receivables, net of allowance:			
Taxes	1,638	-	78
Due from Federal Government	-	-	-
Loans	-	(43)	1,280
Other	4,210	1,743	121
Due from Other Funds	214	2	-
Inventories	-	-	5
Prepaid Items	6	-	3
Other	-	3,105	-
Total Assets	<u>\$ 195,087</u>	<u>\$ 54,355</u>	<u>\$ 8,988</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 5,586	\$ 2,696	\$ 166
Deposits	681	3,105	-
Due to Other Funds	3,005	22	8
Obligations under Securities Lending	10,940	2,876	-
Total Liabilities	<u>20,212</u>	<u>8,699</u>	<u>174</u>
Fund Balances:			
Nonspendable:			
Inventories and Prepaid Items	6	-	8
Restricted for:			
Education	-	-	-
Health and Social Services	-	-	-
Conservation of Natural Resources	-	-	-
Transportation	-	-	8,806
Licensing and Regulation	156,239	-	-
Economic Development	-	45,551	-
Public Safety	-	-	-
Culture – Recreation	-	-	-
Other Purposes	-	-	-
Assigned to:			
Education	-	-	-
Health and Social Services	-	-	-
Conservation of Natural Resources	-	-	-
Licensing and Regulation	18,630	-	-
Economic Development	-	105	-
Public Safety	-	-	-
Culture – Recreation	-	-	-
Other Purposes	-	-	-
Total Fund Balances	<u>174,875</u>	<u>45,656</u>	<u>8,814</u>
Total Liabilities and Fund Balances	<u>\$ 195,087</u>	<u>\$ 54,355</u>	<u>\$ 8,988</u>

GAME AND PARKS	ENVIRONMENTAL QUALITY	ENERGY CONSERVATION	OTHER SPECIAL REVENUE	TOTALS
\$ 36,990	\$ 69,835	\$ 3,516	\$ 76,239	\$ 256,189
-	-	-	91	91
98,643	184,854	9,298	211,025	666,463
8,300	15,703	790	17,202	55,811
-	-	-	-	1,716
1,501	-	-	119	1,620
-	320,796	24,500	116	346,649
2,027	1,314	67	6,429	15,911
255	-	-	11,565	12,036
411	-	-	1,983	2,399
45	-	-	63	117
-	-	-	15	3,120
<u>\$ 148,172</u>	<u>\$ 592,502</u>	<u>\$ 38,171</u>	<u>\$ 324,847</u>	<u>\$ 1,362,122</u>
\$ 9,276	\$ 4,088	\$ 1,016	\$ 8,937	\$ 31,765
-	-	-	(1,757)	2,029
271	11	1	7,441	10,759
8,300	15,703	790	17,202	55,811
<u>17,847</u>	<u>19,802</u>	<u>1,807</u>	<u>31,823</u>	<u>100,364</u>
456	-	-	2,046	2,516
-	-	-	29,159	29,159
-	-	-	2,459	2,459
91,685	572,637	36,364	61,520	762,206
-	-	-	-	8,806
-	-	-	1,542	157,781
-	-	-	5,887	51,438
-	-	-	97,550	97,550
38,184	-	-	12,036	50,220
-	62	-	74,115	74,177
-	-	-	174	174
-	-	-	818	818
-	1	-	-	1
-	-	-	-	18,630
-	-	-	-	105
-	-	-	3,033	3,033
-	-	-	78	78
-	-	-	2,607	2,607
<u>130,325</u>	<u>572,700</u>	<u>36,364</u>	<u>293,024</u>	<u>1,261,758</u>
<u>\$ 148,172</u>	<u>\$ 592,502</u>	<u>\$ 38,171</u>	<u>\$ 324,847</u>	<u>\$ 1,362,122</u>

State of Nebraska

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

	LICENSING AND REGULATION	ECONOMIC DEVELOPMENT	AIRPORT DEVELOPMENT
REVENUES			
Sales and Use Taxes	\$ -	\$ 5,323	\$ -
Petroleum Taxes	11,295	553	1,445
Excise Taxes	15,265	26,024	-
Business and Franchise Taxes	5,002	100	-
Other Taxes	-	-	-
Federal Grants and Contracts	6	-	-
Licenses, Fees and Permits	75,892	608	13
Charges for Services	1,493	671	854
Investment Income	9,133	2,504	172
Rental Income	-	-	496
Surcharge	44,884	-	-
Other	12,052	475	17
Total Revenues	<u>175,022</u>	<u>36,258</u>	<u>2,997</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Conservation of Natural Resources	-	-	-
Culture – Recreation	-	-	-
Economic Development and Assistance	-	40,543	-
Education	-	-	-
Health and Social Services	-	-	-
Public Safety	-	-	-
Regulation of Business and Professions	104,937	-	-
Transportation	-	-	3,230
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>104,937</u>	<u>40,543</u>	<u>3,230</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>70,085</u>	<u>(4,285)</u>	<u>(233)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	2,892	4,205	167
Transfers Out	(52,767)	(102)	-
Proceeds from Other Financing Arrangements	-	-	-
Total Other Financing Sources (Uses)	<u>(49,875)</u>	<u>4,103</u>	<u>167</u>
Net Change in Fund Balances	20,210	(182)	(66)
FUND BALANCES, JULY 1 (as restated)	<u>154,665</u>	<u>45,838</u>	<u>8,880</u>
FUND BALANCES, JUNE 30	<u>\$ 174,875</u>	<u>\$ 45,656</u>	<u>\$ 8,814</u>

GAME AND PARKS	ENVIRONMENTAL QUALITY	ENERGY CONSERVATION	OTHER SPECIAL REVENUE	TOTALS
\$ 4,462	\$ -	\$ -	\$ 14,017	\$ 23,802
-	-	300	19	13,612
1,309	2,766	-	4,720	50,084
-	2,315	-	26,788	34,205
-	-	-	3,896	3,896
(123)	-	-	4,974	4,857
33,226	6,384	-	49,830	165,953
2,055	-	34	60,146	65,253
7,227	13,267	664	13,822	46,789
12,074	-	-	1,646	14,216
-	-	-	-	44,884
11,782	10,235	2	5,240	39,803
<u>72,012</u>	<u>34,967</u>	<u>1,000</u>	<u>185,098</u>	<u>507,354</u>
-	4,683	-	84,459	89,142
40,333	9,449	342	21,989	72,113
30,189	-	-	3,919	34,108
-	-	-	428	40,971
-	-	-	20,751	20,751
-	-	-	18,929	18,929
-	-	-	65,499	65,499
-	-	-	823	105,760
-	-	-	-	3,230
-	3,860	-	-	3,860
-	55	-	-	55
<u>70,522</u>	<u>18,047</u>	<u>342</u>	<u>216,797</u>	<u>454,418</u>
<u>1,490</u>	<u>16,920</u>	<u>658</u>	<u>(31,699)</u>	<u>52,936</u>
18,735	16,196	-	135,788	177,983
-	(270)	-	(16,173)	(69,312)
-	3,919	-	-	3,919
<u>18,735</u>	<u>19,845</u>	<u>-</u>	<u>119,615</u>	<u>112,590</u>
20,225	36,765	658	87,916	165,526
110,100	535,935	35,706	205,108	1,096,232
<u>\$ 130,325</u>	<u>\$ 572,700</u>	<u>\$ 36,364</u>	<u>\$ 293,024</u>	<u>\$ 1,261,758</u>

State of Nebraska

**COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS**

June 30, 2020

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS' AID	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
Assets						
Cash and Cash Equivalents	\$ -	\$ 24	\$ 429	\$ 125	\$ 90	\$ 668
Investments	7,146	55,108	1,423	3,132	365	67,174
Securities Lending Collateral	1,256	870	22	49	6	2,203
Other Receivables, net of allowance	39	3,114	83	178	21	3,435
Total Assets	<u>\$ 8,441</u>	<u>\$ 59,116</u>	<u>\$ 1,957</u>	<u>\$ 3,484</u>	<u>\$ 482</u>	<u>\$ 73,480</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ 4,696	\$ 127	\$ 277	\$ 33	\$ 5,133
Obligations under Securities Lending	1,256	870	22	49	6	2,203
Total Liabilities	<u>1,256</u>	<u>5,566</u>	<u>149</u>	<u>326</u>	<u>39</u>	<u>7,336</u>
Fund Balances:						
Nonspendable:						
Endowment Principal	6,195	12,000	503	722	95	19,515
Restricted for:						
Education	-	-	1,305	2,436	248	3,989
Health and Social Services	-	41,550	-	-	-	41,550
Transportation	990	-	-	-	-	990
Other Purposes	-	-	-	-	100	100
Total Fund Balances	<u>7,185</u>	<u>53,550</u>	<u>1,808</u>	<u>3,158</u>	<u>443</u>	<u>66,144</u>
Total Liabilities and Fund Balances	<u>\$ 8,441</u>	<u>\$ 59,116</u>	<u>\$ 1,957</u>	<u>\$ 3,484</u>	<u>\$ 482</u>	<u>\$ 73,480</u>

State of Nebraska

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS' AID	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
REVENUES						
Investment Income	\$ 686	\$ 1,142	\$ 38	\$ 67	\$ 8	\$ 1,941
Total Revenues	<u>686</u>	<u>1,142</u>	<u>38</u>	<u>67</u>	<u>8</u>	<u>1,941</u>
EXPENDITURES						
General Government	-	-	-	-	1	1
Education	-	-	27	59	6	92
Health and Social Services	-	1,807	-	-	-	1,807
Transportation	6	-	-	-	-	6
Total Expenditures	<u>6</u>	<u>1,807</u>	<u>27</u>	<u>59</u>	<u>7</u>	<u>1,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	680	(665)	11	8	1	35
OTHER FINANCING SOURCES (USES)						
Transfers Out	(167)	-	-	-	-	(167)
Net Change in Fund Balances	513	(665)	11	8	1	(132)
FUND BALANCES, JULY 1	<u>6,672</u>	<u>54,215</u>	<u>1,797</u>	<u>3,150</u>	<u>442</u>	<u>66,276</u>
FUND BALANCES, JUNE 30	<u>\$ 7,185</u>	<u>\$ 53,550</u>	<u>\$ 1,808</u>	<u>\$ 3,158</u>	<u>\$ 443</u>	<u>\$ 66,144</u>



NONMAJOR ENTERPRISE FUNDS

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

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

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

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

State of Nebraska

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

June 30, 2020

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 8,875	\$ 18,777	\$ 8,420	\$ 36,072
Receivables, net of allowance	7,397	8,147	1,663	17,207
Due from Other Funds	-	-	1,897	1,897
Inventories	-	-	3,489	3,489
Prepaid Items	75	-	-	75
Other	308	-	-	308
Total Current Assets	<u>16,655</u>	<u>26,924</u>	<u>15,469</u>	<u>59,048</u>
Noncurrent Assets:				
Restricted Long-Term Deposits	2,769	-	-	2,769
Long-Term Investments	-	77,293	-	77,293
Securities Lending Collateral	-	1,189	-	1,189
Capital Assets:				
Land	-	-	315	315
Buildings and Equipment	561	-	15,510	16,071
Less Accumulated Depreciation	(331)	-	(8,831)	(9,162)
Total Capital Assets	<u>230</u>	<u>-</u>	<u>6,994</u>	<u>7,224</u>
Total Noncurrent Assets	<u>2,999</u>	<u>78,482</u>	<u>6,994</u>	<u>88,475</u>
Total Assets	<u>\$ 19,654</u>	<u>\$ 105,406</u>	<u>\$ 22,463</u>	<u>\$ 147,523</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 11,678	\$ 12,182	\$ 1,193	\$ 25,053
Due to Other Funds	18	-	56	74
Claims, Judgments and Compensated Absences	29	12,476	71	12,576
Unearned Revenue	-	5,241	-	5,241
Total Current Liabilities	<u>11,725</u>	<u>29,899</u>	<u>1,320</u>	<u>42,944</u>
Noncurrent Liabilities:				
Claims, Judgments and Compensated Absences	259	23,904	577	24,740
Obligations under Securities Lending	-	1,189	-	1,189
Total Noncurrent Liabilities	<u>259</u>	<u>25,093</u>	<u>577</u>	<u>25,929</u>
Total Liabilities	<u>\$ 11,984</u>	<u>\$ 54,992</u>	<u>\$ 1,897</u>	<u>\$ 68,873</u>
NET POSITION				
Net Investment in Capital Assets	\$ 230	\$ -	\$ 6,994	\$ 7,224
Restricted for:				
Lottery Prizes	2,769	-	-	2,769
Unrestricted	4,671	50,414	13,572	68,657
Total Net Position	<u>\$ 7,670</u>	<u>\$ 50,414</u>	<u>\$ 20,566</u>	<u>\$ 78,650</u>

State of Nebraska

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
OPERATING REVENUES				
Charges for Services	\$ 183,076	\$ 8,797	\$ 11,340	\$ 203,213
Total Operating Revenues	<u>183,076</u>	<u>8,797</u>	<u>11,340</u>	<u>203,213</u>
OPERATING EXPENSES				
Personal Services	1,615	-	5,803	7,418
Services and Supplies	30,711	544	8,570	39,825
Lottery Prizes	108,270	-	-	108,270
Insurance Claims	-	15,974	-	15,974
Depreciation	81	-	513	594
Total Operating Expenses	<u>140,677</u>	<u>16,518</u>	<u>14,886</u>	<u>172,081</u>
Operating Income (Loss)	<u>42,399</u>	<u>(7,721)</u>	<u>(3,546)</u>	<u>31,132</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	385	6,281	247	6,913
Gain (Loss) on Sale of Capital Assets	8	-	4	12
Total Nonoperating Revenues (Expenses)	<u>393</u>	<u>6,281</u>	<u>251</u>	<u>6,925</u>
Income (Loss) Before Transfers	42,792	(1,440)	(3,295)	38,057
Transfers Out	(42,406)	-	-	(42,406)
Change in Net Position	<u>386</u>	<u>(1,440)</u>	<u>(3,295)</u>	<u>(4,349)</u>
NET POSITION, JULY 1	<u>7,284</u>	<u>51,854</u>	<u>23,861</u>	<u>82,999</u>
NET POSITION, JUNE 30	<u>\$ 7,670</u>	<u>\$ 50,414</u>	<u>\$ 20,566</u>	<u>\$ 78,650</u>

State of Nebraska

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2020

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	CORNHUSKER STATE INDUSTRIES	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 181,975	\$ 9,495	\$ 1,955	\$ 193,425
Cash Received from Interfund Charges	-	-	8,865	8,865
Cash Paid to Employees	(1,565)	-	(5,669)	(7,234)
Cash Paid to Suppliers	(29,357)	(18,256)	(8,523)	(56,136)
Cash Paid for Lottery Prizes	(107,187)	-	-	(107,187)
Cash Paid for Insurance Claims	-	(10,342)	-	(10,342)
Cash Paid for Interfund Services	(288)	(98)	(444)	(830)
Net Cash Flows from Operating Activities	<u>43,578</u>	<u>(19,201)</u>	<u>(3,816)</u>	<u>20,561</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers Out	(42,406)	-	-	(42,406)
Net Cash Flows from Noncapital Financing Activities	<u>(42,406)</u>	<u>-</u>	<u>-</u>	<u>(42,406)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING:				
Acquisition and Construction of Capital Assets	(233)	-	(197)	(430)
Proceeds from Sale of Capital Assets	8	-	10	18
Net Cash Flows from Capital and Related Financing Activities	<u>(225)</u>	<u>-</u>	<u>(187)</u>	<u>(412)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investment Securities	-	(131,637)	-	(131,637)
Proceeds from Sale of Investment Securities	-	148,633	-	148,633
Interest and Dividend Income	383	2,943	289	3,615
Net Cash Flows from Investing Activities	<u>383</u>	<u>19,939</u>	<u>289</u>	<u>20,611</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,330	738	(3,714)	(1,646)
CASH AND CASH EQUIVALENTS, JULY 1	<u>7,545</u>	<u>18,039</u>	<u>12,134</u>	<u>37,718</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 8,875</u>	<u>\$ 18,777</u>	<u>\$ 8,420</u>	<u>\$ 36,072</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 42,399	\$ (7,721)	\$ (3,546)	\$ 31,132
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	81	-	513	594
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(1,101)	-	(529)	(1,630)
(Increase) Decrease in Due from Other Funds	-	-	9	9
(Increase) Decrease in Inventories	-	-	(711)	(711)
(Increase) Decrease in Prepaid Items	38	-	-	38
(Increase) Decrease in Long-Term Deposits	46	-	-	46
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,115	(17,810)	435	(15,260)
Increase (Decrease) in Due to Other Funds	-	-	13	13
Increase (Decrease) in Claims Payable	-	5,632	-	5,632
Increase (Decrease) in Unearned Revenue	-	698	-	698
Total adjustments	<u>1,179</u>	<u>(11,480)</u>	<u>(270)</u>	<u>(10,571)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 43,578</u>	<u>\$ (19,201)</u>	<u>\$ (3,816)</u>	<u>\$ 20,561</u>
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:				
Change in Fair Value of Investments	\$ -	\$ 3,414	\$ -	\$ 3,414

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

State of Nebraska

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

June 30, 2020

(Dollars in Thousands)

	BUILDINGS AND GROUNDS	GENERAL SERVICES	OFFICE OF THE CIO
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 12,538	\$ 4,002	\$ 9,260
Receivables, net of allowance:			
Accounts	12	85	793
Accrued Interest	84	23	38
Due from Other Funds	66	1,692	17,120
Inventories	1,945	478	47
Prepaid Items	1,476	608	-
Total Current Assets	<u>16,121</u>	<u>6,888</u>	<u>27,258</u>
Noncurrent Assets:			
Capital Assets:			
Buildings and Equipment	6,070	7,222	89,698
Less Accumulated Depreciation	(1,044)	(4,939)	(76,993)
Total Capital Assets	<u>5,026</u>	<u>2,283</u>	<u>12,705</u>
Total Assets	<u>\$ 21,147</u>	<u>\$ 9,171</u>	<u>\$ 39,963</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 2,147	\$ 1,813	\$ 12,715
Due to Other Funds	162	15	54
Capital Lease Obligations	-	-	9,795
Claims, Judgments and Compensated Absences	112	58	515
Unearned Revenue	-	-	59
Total Current Liabilities	<u>2,421</u>	<u>1,886</u>	<u>23,138</u>
Noncurrent Liabilities:			
Capital Lease Obligations	-	-	19,630
Claims, Judgments and Compensated Absences	903	470	4,167
Total Noncurrent Liabilities	<u>903</u>	<u>470</u>	<u>23,797</u>
Total Liabilities	<u>\$ 3,324</u>	<u>\$ 2,356</u>	<u>\$ 46,935</u>
NET POSITION			
Net Investment in Capital Assets	\$ 5,026	\$ 2,283	\$ (16,720)
Unrestricted	12,797	4,532	9,748
Total Net Position	<u>\$ 17,823</u>	<u>\$ 6,815</u>	<u>\$ (6,972)</u>

TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 3,782	\$ 93,559	\$ 2,428	\$ 5,150	\$ 130,719
-	922	2	748	2,562
20	528	52	28	773
1,169	81	-	831	20,959
-	-	-	-	2,470
-	-	-	3	2,087
<u>4,971</u>	<u>95,090</u>	<u>2,482</u>	<u>6,760</u>	<u>159,570</u>
23,213	-	2,630	439	129,272
(11,291)	-	(1,464)	(306)	(96,037)
<u>11,922</u>	<u>-</u>	<u>1,166</u>	<u>133</u>	<u>33,235</u>
<u>\$ 16,893</u>	<u>\$ 95,090</u>	<u>\$ 3,648</u>	<u>\$ 6,893</u>	<u>\$ 192,805</u>
\$ 1,671	\$ 1,213	\$ 165	\$ 1,240	\$ 20,964
74	28	139	804	1,276
605	-	-	-	10,400
12	45,204	42	33	45,976
-	-	-	-	59
<u>2,362</u>	<u>46,445</u>	<u>346</u>	<u>2,077</u>	<u>78,675</u>
1,235	-	-	-	20,865
95	41,899	338	267	48,139
<u>1,330</u>	<u>41,899</u>	<u>338</u>	<u>267</u>	<u>69,004</u>
<u>\$ 3,692</u>	<u>\$ 88,344</u>	<u>\$ 684</u>	<u>\$ 2,344</u>	<u>\$ 147,679</u>
\$ 10,082	\$ -	\$ 1,166	\$ 133	\$ 1,970
3,119	6,746	1,798	4,416	43,156
<u>\$ 13,201</u>	<u>\$ 6,746</u>	<u>\$ 2,964</u>	<u>\$ 4,549</u>	<u>\$ 45,126</u>

State of Nebraska

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

	BUILDINGS AND GROUNDS	GENERAL SERVICES	OFFICE OF THE CIO
OPERATING REVENUES			
Charges for Services	\$ 43,682	\$ 16,613	\$ 121,327
Other	858	24	-
Total Operating Revenues	<u>44,540</u>	<u>16,637</u>	<u>121,327</u>
OPERATING EXPENSES			
Personal Services	9,169	3,729	30,771
Services and Supplies	35,513	11,507	85,355
Insurance Claims	-	-	-
Depreciation	195	783	7,624
Total Operating Expenses	<u>44,877</u>	<u>16,019</u>	<u>123,750</u>
Operating Income (Loss)	<u>(337)</u>	<u>618</u>	<u>(2,423)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	343	86	112
Gain (Loss) on Sale of Capital Assets	9	74	(86)
Other	-	-	(914)
Total Nonoperating Revenues (Expenses)	<u>352</u>	<u>160</u>	<u>(888)</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	15	778	(3,311)
NET POSITION, JULY 1 (as restated)	<u>17,808</u>	<u>6,037</u>	<u>(3,661)</u>
NET POSITION, JUNE 30	<u>\$ 17,823</u>	<u>\$ 6,815</u>	<u>\$ (6,972)</u>

TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 5,908	\$ 235,225	\$ 6,953	\$ 13,516	\$ 443,224
-	-	2	106	990
<u>5,908</u>	<u>235,225</u>	<u>6,955</u>	<u>13,622</u>	<u>444,214</u>
657	271	2,552	7,963	55,112
3,918	862	3,047	5,107	145,309
-	229,345	-	-	229,345
2,538	-	388	25	11,553
<u>7,113</u>	<u>230,478</u>	<u>5,987</u>	<u>13,095</u>	<u>441,319</u>
(1,205)	4,747	968	527	2,895
91	1,931	210	94	2,867
(5)	-	4	(1)	(5)
(31)	-	-	-	(945)
<u>55</u>	<u>1,931</u>	<u>214</u>	<u>93</u>	<u>1,917</u>
-	-	22	-	22
-	-	(4,557)	-	(4,557)
(1,150)	6,678	(3,353)	620	277
<u>14,351</u>	<u>68</u>	<u>6,317</u>	<u>3,929</u>	<u>44,849</u>
<u>\$ 13,201</u>	<u>\$ 6,746</u>	<u>\$ 2,964</u>	<u>\$ 4,549</u>	<u>\$ 45,126</u>

State of Nebraska

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2020

(Dollars in Thousands)

	BUILDINGS AND GROUNDS	GENERAL SERVICES	OFFICE OF THE CIO
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 312	\$ 876	\$ 5,009
Cash Received from Interfund Charges	44,298	15,749	118,982
Cash Paid to Employees	(9,031)	(3,657)	(30,012)
Cash Paid to Suppliers	(35,494)	(11,708)	(75,245)
Cash Paid for Insurance Claims	-	-	-
Cash Paid for Interfund Services	(2,355)	(266)	(6,380)
Net Cash Flows from Operating Activities	<u>(2,270)</u>	<u>994</u>	<u>12,354</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund Loans	-	-	-
Cigarette Tax Proceeds	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Net Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(338)	(7,267)	(2,064)
Proceeds from Sale of Capital Assets	922	6,763	25
Principal Paid on Capital Leases	-	-	(11,110)
Interest Paid on Capital Leases	-	-	(914)
Net Cash Flows from Capital and Related Financing Activities	<u>584</u>	<u>(504)</u>	<u>(14,063)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Income	375	91	141
Net Cash Flows from Investing Activities	<u>375</u>	<u>91</u>	<u>141</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,311)	581	(1,568)
CASH AND CASH EQUIVALENTS, JULY 1	<u>13,849</u>	<u>3,421</u>	<u>10,828</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 12,538</u>	<u>\$ 4,002</u>	<u>\$ 9,260</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (337)	\$ 618	\$ (2,423)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	195	783	7,624
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables	31	(67)	100
(Increase) Decrease in Due from Other Funds	39	55	2,706
(Increase) Decrease in Inventories	(1,911)	(32)	8
(Increase) Decrease in Prepaid Items	(117)	(323)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(202)	(41)	4,507
Increase (Decrease) in Due to Other Funds	32	1	(26)
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Unearned Revenue	-	-	(142)
Total Adjustments	<u>(1,933)</u>	<u>376</u>	<u>14,777</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (2,270)</u>	<u>\$ 994</u>	<u>\$ 12,354</u>
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 Capital Leases	\$ -	\$ -	\$ 4,820

TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 47	\$ 15,461	\$ -	\$ 15,114	\$ 36,819
5,605	219,367	6,956	(1,957)	409,000
(646)	(264)	(2,544)	(7,923)	(54,077)
(1,714)	(263)	(1,731)	(4,121)	(130,276)
-	(230,209)	-	-	(230,209)
(1,605)	(457)	(1,587)	(233)	(12,883)
<u>1,687</u>	<u>3,635</u>	<u>1,094</u>	<u>880</u>	<u>18,374</u>
-	-	-	-	-
-	-	-	-	-
-	-	22	-	22
-	-	(4,557)	-	(4,557)
-	-	(4,535)	-	(4,535)
(3,324)	-	(1,554)	(30)	(14,577)
299	-	1,167	-	9,176
(595)	-	-	-	(11,705)
(31)	-	-	-	(945)
<u>(3,651)</u>	<u>-</u>	<u>(387)</u>	<u>(30)</u>	<u>(18,051)</u>
112	2,080	272	96	3,167
<u>112</u>	<u>2,080</u>	<u>272</u>	<u>96</u>	<u>3,167</u>
(1,852)	5,715	(3,556)	946	(1,045)
5,634	87,844	5,984	4,204	131,764
<u>\$ 3,782</u>	<u>\$ 93,559</u>	<u>\$ 2,428</u>	<u>\$ 5,150</u>	<u>\$ 130,719</u>
\$ (1,205)	\$ 4,747	\$ 968	\$ 527	\$ 2,895
2,538	-	388	25	11,553
9	(813)	1	(351)	(1,090)
(265)	444	-	(114)	2,865
-	-	-	-	(1,935)
-	-	-	(3)	(443)
579	149	(179)	73	4,886
31	(28)	(84)	723	649
-	(864)	-	-	(864)
-	-	-	-	(142)
<u>2,892</u>	<u>(1,112)</u>	<u>126</u>	<u>353</u>	<u>15,479</u>
<u>\$ 1,687</u>	<u>\$ 3,635</u>	<u>\$ 1,094</u>	<u>\$ 880</u>	<u>\$ 18,374</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,820



FIDUCIARY FUNDS

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

PENSION TRUST FUNDS

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

PRIVATE PURPOSE TRUST FUNDS

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

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

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

AGENCY FUNDS

Local Government Fund. This fund receives money for redistribution to counties and other political subdivisions.

Other Agency Funds. Library Services, Severance Tax Fund, Court Ordered Settlement, County Court Trust Funds, Comprehensive Health Insurance Pool, the Department of Correctional Services Inmate Trust Funds and the Health and Human Services System Trust Funds. Also included are the investments for the Alabama Enable Savings Plan.

Omaha School Retirement Fund. This fund holds retirement contributions held by the State for Omaha School Employees Retirement Systems.

State of Nebraska

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

June 30, 2020

(Dollars in Thousands)

	DEFERRED COMPENSATION	STATE EMPLOYEES RETIREMENT	
		DEFINED CONTRIBUTION	CASH BALANCE
ASSETS			
Cash and Cash Equivalents	\$ 113	\$ 158	\$ 237
Investments:			
U.S. Treasury Notes and Bonds	-	-	56,984
U.S. Treasury Bills	-	-	-
Government Agency Securities	-	-	1,583
Corporate Bonds	-	-	129,787
International Bonds	-	-	38,538
Equity Securities	-	-	261,453
Private Equity	-	-	94,843
Options	-	-	(1)
Mortgages	-	-	107,349
Private Real Estate	-	-	105,598
Asset Backed Securities	-	-	15,083
Bank Loans	-	-	43,026
Municipal Bonds	-	-	940
Opportunistic Credit	-	-	6,255
Commingled Funds	231,357	733,359	949,502
Short Term Investments	8,327	9,880	28,011
Total Investments	<u>239,684</u>	<u>743,239</u>	<u>1,838,951</u>
Securities Lending Collateral	-	-	24,625
Receivables:			
Contributions	-	355	1,860
Interest and Dividends	-	150	2,441
Other	-	52	86,151
Total Receivables	-	<u>557</u>	<u>90,452</u>
Due from Other Funds	-	-	-
Capital Assets:			
Buildings and Equipment	131	528	463
Less Accumulated Depreciation	(131)	(528)	(462)
Total Capital Assets	-	-	1
Total Assets	<u>\$ 239,797</u>	<u>\$ 743,954</u>	<u>\$ 1,954,266</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 4	\$ 83	\$ 139,812
Due to Other Funds	4	7	29
Obligations under Securities Lending	-	-	24,625
Accrued Compensated Absences	9	15	57
Total Liabilities	<u>\$ 17</u>	<u>\$ 105</u>	<u>\$ 164,523</u>
NET POSITION			
Net Position Restricted for Pensions	<u>\$ 239,780</u>	<u>\$ 743,849</u>	<u>\$ 1,789,743</u>

COUNTY EMPLOYEES RETIREMENT		CASH BALANCE	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
DEFINED CONTRIBUTION						
\$ 61	\$ 144	\$ 9,578	\$ 128	\$ 209	\$ 10,628	
-	18,269	277,647	4,407	9,719	367,026	
-	-	4,799	76	168	5,043	
-	508	11,083	176	388	13,738	
-	41,610	1,093,477	17,356	38,277	1,320,507	
-	12,355	297,561	4,723	10,416	363,593	
-	83,822	1,625,788	25,805	56,910	2,053,778	
-	30,407	655,644	10,407	22,951	814,252	
-	-	(24)	-	-	(25)	
-	34,416	707,161	11,225	24,754	884,905	
-	33,855	770,160	12,224	26,959	948,796	
-	4,836	82,092	1,303	2,874	106,188	
-	13,794	283,091	4,493	9,909	354,313	
-	301	10,670	169	374	12,454	
-	2,005	34,852	553	1,220	44,885	
228,172	304,410	6,459,546	102,530	230,130	9,239,006	
2,629	9,584	160,764	2,552	5,662	227,409	
<u>230,801</u>	<u>590,172</u>	<u>12,474,311</u>	<u>197,999</u>	<u>440,711</u>	<u>16,755,868</u>	
-	7,895	173,789	2,758	6,083	215,150	
301	1,977	25,092	248	8	29,841	
44	785	16,623	263	579	20,885	
14	<u>27,620</u>	<u>931,318</u>	<u>14,782</u>	<u>32,600</u>	<u>1,092,537</u>	
359	30,382	973,033	15,293	33,187	1,143,263	
-	-	43,076	349	4,144	47,569	
264	265	4,792	66	66	6,575	
(264)	(264)	(4,785)	(66)	(66)	(6,566)	
-	1	7	-	-	9	
<u>\$ 231,221</u>	<u>\$ 628,594</u>	<u>\$ 13,673,794</u>	<u>\$ 216,527</u>	<u>\$ 484,334</u>	<u>\$ 18,172,487</u>	
\$ 26	\$ 45,231	\$ 1,213,754	\$ 19,241	\$ 42,407	\$ 1,460,558	
5	21	160	2	5	233	
-	7,895	173,789	2,758	6,083	215,150	
10	36	297	4	7	435	
<u>\$ 41</u>	<u>\$ 53,183</u>	<u>\$ 1,388,000</u>	<u>\$ 22,005</u>	<u>\$ 48,502</u>	<u>\$ 1,676,376</u>	
<u>\$ 231,180</u>	<u>\$ 575,411</u>	<u>\$ 12,285,794</u>	<u>\$ 194,522</u>	<u>\$ 435,832</u>	<u>\$ 16,496,111</u>	

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

	DEFERRED COMPENSATION	STATE EMPLOYEES RETIREMENT DEFINED CONTRIBUTION	CASH BALANCE
ADDITIONS			
Contributions:			
Participant Contributions	\$ 13,143	\$ 5,934	\$ 31,334
State Contributions	-	9,255	48,890
Political Subdivision Contributions	-	-	-
Court Fees	-	-	-
Total Contributions	<u>13,143</u>	<u>15,189</u>	<u>80,224</u>
Investment Income:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	10,733	124,364	261,176
Interest and Dividend Income	2	4,241	31,436
Securities Lending Income	-	-	856
Total Investment Income	<u>10,735</u>	<u>128,605</u>	<u>293,468</u>
Investment Expenses	-	707	6,579
Securities Lending Expenses	-	-	694
Total Investment Expense	<u>-</u>	<u>707</u>	<u>7,273</u>
Net Investment Income	<u>10,735</u>	<u>127,898</u>	<u>286,195</u>
Other Additions	<u>126</u>	<u>3</u>	<u>10</u>
Total Additions	<u>24,004</u>	<u>143,090</u>	<u>366,429</u>
DEDUCTIONS			
Benefits	27,808	45,569	113,827
Refunds	-	-	-
Administrative Expenses	344	296	1,374
Other Deductions	-	-	-
Total Deductions	<u>28,152</u>	<u>45,865</u>	<u>115,201</u>
TRANSFERS			
Transfers In (Out)	-	(5,372)	5,372
Change in Net Position Restricted for Pensions	(4,148)	91,853	256,600
NET POSITION-BEGINNING OF YEAR	<u>243,928</u>	<u>651,996</u>	<u>1,533,143</u>
NET POSITION-END OF YEAR	<u>\$ 239,780</u>	<u>\$ 743,849</u>	<u>\$ 1,789,743</u>

COUNTY EMPLOYEES RETIREMENT		SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
DEFINED CONTRIBUTION	CASH BALANCE				
\$ 2,133	\$ 12,924	\$ 203,866	\$ 1,963	\$ 4,971	\$ 276,268
3,136	19,125	43,076	349	9,084	132,915
-	-	203,023	-	-	203,023
-	-	-	3,548	-	3,548
<u>5,269</u>	<u>32,049</u>	<u>449,965</u>	<u>5,860</u>	<u>14,055</u>	<u>615,754</u>
38,398	83,640	132,639	2,117	4,724	657,791
1,249	10,055	196,800	3,144	7,041	253,968
-	275	4,170	66	146	5,513
<u>39,647</u>	<u>93,970</u>	<u>333,609</u>	<u>5,327</u>	<u>11,911</u>	<u>917,272</u>
214	2,107	45,691	729	1,625	57,652
-	223	3,040	48	106	4,111
<u>214</u>	<u>2,330</u>	<u>48,731</u>	<u>777</u>	<u>1,731</u>	<u>61,763</u>
<u>39,433</u>	<u>91,640</u>	<u>284,878</u>	<u>4,550</u>	<u>10,180</u>	<u>855,509</u>
1	4	89	-	37	270
<u>44,703</u>	<u>123,693</u>	<u>734,932</u>	<u>10,410</u>	<u>24,272</u>	<u>1,471,533</u>
17,296	39,519	643,774	11,497	22,357	921,647
-	-	15,144	-	2,605	17,749
161	755	3,352	83	121	6,486
-	-	1,721	-	-	1,721
<u>17,457</u>	<u>40,274</u>	<u>663,991</u>	<u>11,580</u>	<u>25,083</u>	<u>947,603</u>
(1,618)	1,618	-	-	-	-
<u>25,628</u>	<u>85,037</u>	<u>70,941</u>	<u>(1,170)</u>	<u>(811)</u>	<u>523,930</u>
<u>205,552</u>	<u>490,374</u>	<u>12,214,853</u>	<u>195,692</u>	<u>436,643</u>	<u>15,972,181</u>
<u>\$ 231,180</u>	<u>\$ 575,411</u>	<u>\$ 12,285,794</u>	<u>\$ 194,522</u>	<u>\$ 435,832</u>	<u>\$ 16,496,111</u>

State of Nebraska

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

June 30, 2020

(Dollars in Thousands)

	ESCHEAT TRUST	COLLEGE SAVINGS PLAN	OTHER	TOTALS
ASSETS				
Cash and Cash Equivalents	\$ 15,214	\$ 8,444	\$ 5,259	\$ 28,917
Investments:				
Commingled Funds	-	4,898,064	4,419	4,902,483
Short Term Investments	-	757,228	4,036	761,264
Receivables:				
Interest and Dividends	83	-	28	111
Other Assets	11,169	-	875	12,044
Total Assets	<u>\$ 26,466</u>	<u>\$ 5,663,736</u>	<u>\$ 14,617</u>	<u>\$ 5,704,819</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 444	\$ 9,964	\$ 779	\$ 11,187
Deposits	-	-	(272)	(272)
Due to Other Funds	19	-	-	19
Total Liabilities	<u>\$ 463</u>	<u>\$ 9,964</u>	<u>\$ 507</u>	<u>\$ 10,934</u>
NET POSITION				
Restricted for:				
College Savings Plan	\$ -	\$ 5,653,772	\$ -	\$ 5,653,772
Other Purposes	26,003	-	14,110	40,113
Total Net Position	<u>\$ 26,003</u>	<u>\$ 5,653,772</u>	<u>\$ 14,110</u>	<u>\$ 5,693,885</u>

State of Nebraska

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

For the Year Ended June 30, 2020

(Dollars in Thousands)

	ESCHEAT TRUST	COLLEGE SAVINGS PLAN	OTHER	TOTALS
ADDITIONS				
Contributions:				
Participant Contributions	\$ -	\$ 503,684	\$ 4,702	\$ 508,386
Investment Income:				
Net Appreciation (Depreciation) in				
Fair Value of Investments	-	863,901	743	864,644
Interest and Dividend Income	398	-	105	503
Total Investment Income	398	863,901	848	865,147
Investment Expenses	-	21,876	41	21,917
Net Investment Income	398	842,025	807	843,230
Escheat Revenue	16,758	-	-	16,758
Other Additions	1	-	58	59
Total Additions	17,157	1,345,709	5,567	1,368,433
DEDUCTIONS				
Benefits	-	458,005	2,099	460,104
Amounts Distributed to Outside Parties	13,085	-	21	13,106
Administrative Expenses	1,909	-	57	1,966
Total Deductions	14,994	458,005	2,177	475,176
Change in Net Position Restricted for:				
College Savings Plan	-	887,704	-	887,704
Other Purposes	2,163	-	3,390	5,553
NET POSITION-BEGINNING OF YEAR (as restated)	23,840	4,766,068	10,720	4,800,628
NET POSITION-END OF YEAR	\$ 26,003	\$ 5,653,772	\$ 14,110	\$ 5,693,885

State of Nebraska

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS**

June 30, 2020

(Dollars in Thousands)

	LOCAL GOVERNMENT FUND	OTHER	OMAHA SCHOOL RETIREMENT	TOTALS
ASSETS				
Cash and Cash Equivalents	\$ 40,114	\$ 62,606	\$ 6,929	\$ 109,649
Investments:				
U.S. Treasury Notes and Bonds	-	-	26,967	26,967
U.S. Treasury Bills	-	-	303	303
Government Agency Securities	-	-	1,279	1,279
Corporate Bonds	-	-	87,872	87,872
International Bonds	-	-	7,718	7,718
Equity Securities	-	-	133,918	133,918
Private Equity	-	-	159,936	159,936
Options	-	-	(3)	(3)
Mortgages	-	-	75,486	75,486
Private Real Estate	-	-	133,237	133,237
Asset Backed Securities	-	-	6,732	6,732
Municipal Bonds	-	-	900	900
Commingled Funds	-	795	609,699	610,494
Short Term Investments	-	700	20,411	21,111
Total Investments	-	1,495	1,264,455	1,265,950
Securities Lending Collateral	-	-	13,297	13,297
Receivables:				
Interest and Dividends Receivable	336	138	1,389	1,863
Other	-	328	51,045	51,373
Total Receivables	336	466	52,434	53,236
Due from Other Funds	1,624	-	7,302	8,926
Total Assets	<u>\$ 42,074</u>	<u>\$ 64,567</u>	<u>\$ 1,344,417</u>	<u>\$ 1,451,058</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 199	\$ 27,216	\$ 77,398	\$ 104,813
Obligations under Securities Lending	-	-	13,297	13,297
Due to Other Governments	41,875	-	-	41,875
Other Liabilities	-	37,351	1,253,722	1,291,073
Total Liabilities	<u>\$ 42,074</u>	<u>\$ 64,567</u>	<u>\$ 1,344,417</u>	<u>\$ 1,451,058</u>

State of Nebraska

**COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the Year Ended June 30, 2020

(Dollars in Thousands)	BALANCE July 1, 2019 (as restated)	ADDITIONS	REDUCTIONS	BALANCE June 30, 2020
LOCAL GOVERNMENT FUND				
ASSETS				
Cash and Cash Equivalents	\$ 50,812	\$ 1,020,045	\$ 1,030,743	\$ 40,114
Receivables:				
Interest and Dividends Receivable	499	1,065	1,228	336
Other	-	2	2	-
Due from Other Funds	<u>1,543</u>	<u>1,624</u>	<u>1,543</u>	<u>1,624</u>
Total Assets	<u>\$ 52,854</u>	<u>\$ 1,022,736</u>	<u>\$ 1,033,516</u>	<u>\$ 42,074</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 319	\$ 382,183	\$ 382,303	\$ 199
Due to Other Governments	52,535	640,553	651,213	41,875
Total Liabilities	<u>\$ 52,854</u>	<u>\$ 1,022,736</u>	<u>\$ 1,033,516</u>	<u>\$ 42,074</u>
OTHER				
ASSETS				
Cash and Cash Equivalents	\$ 46,993	\$ 485,803	\$ 470,190	\$ 62,606
Investments	616	879	-	1,495
Receivables:				
Interest and Dividends Receivable	182	837	881	138
Other	440	32,500	32,612	328
TOTAL ASSETS	<u>\$ 48,231</u>	<u>\$ 520,019</u>	<u>\$ 503,683</u>	<u>\$ 64,567</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 26,308	\$ 75,492	\$ 74,584	\$ 27,216
Other Liabilities	21,923	444,527	429,099	37,351
TOTAL LIABILITIES	<u>\$ 48,231</u>	<u>\$ 520,019</u>	<u>\$ 503,683</u>	<u>\$ 64,567</u>
OMAHA SCHOOL RETIREMENT				
ASSETS				
Cash and Cash Equivalents	\$ 6,618	\$ 162,736	\$ 162,425	\$ 6,929
Investments	1,284,650	27,229	47,424	1,264,455
Securities Lending Collateral	16,288	36,631	39,622	13,297
Receivables:				
Interest and Dividends Receivable	1,634	1,389	1,634	1,389
Other	113,874	51,045	113,874	51,045
Due from Other Funds	7,420	7,302	7,420	7,302
TOTAL ASSETS	<u>\$ 1,430,484</u>	<u>\$ 286,332</u>	<u>\$ 372,399</u>	<u>\$ 1,344,417</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 140,975	\$ 242,228	\$ 305,805	\$ 77,398
Obligations under Securities Lending	16,288	36,631	39,622	13,297
Other Liabilities	1,273,221	7,473	26,972	1,253,722
TOTAL LIABILITIES	<u>\$ 1,430,484</u>	<u>\$ 286,332</u>	<u>\$ 372,399</u>	<u>\$ 1,344,417</u>
TOTALS				
ASSETS				
Cash and Cash Equivalents	\$ 104,423	\$ 1,668,584	\$ 1,663,358	\$ 109,649
Investments	1,285,266	28,108	47,424	1,265,950
Securities Lending Collateral	16,288	36,631	39,622	13,297
Receivables:				
Interest and Dividends Receivable	2,315	3,291	3,743	1,863
Other	114,314	83,547	146,488	51,373
Due from Other Funds	8,963	8,926	8,963	8,926
Total Assets	<u>\$ 1,531,569</u>	<u>\$ 1,829,087</u>	<u>\$ 1,909,598</u>	<u>\$ 1,451,058</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 167,602	\$ 699,903	\$ 762,692	\$ 104,813
Obligations under Securities Lending	16,288	36,631	39,622	13,297
Due to Other Governments	52,535	640,553	651,213	41,875
Other Liabilities	1,295,144	452,000	456,071	1,291,073
Total Liabilities	<u>\$ 1,531,569</u>	<u>\$ 1,829,087</u>	<u>\$ 1,909,598</u>	<u>\$ 1,451,058</u>

BUDGETARY COMPARISON SCHEDULES



State of Nebraska

BUDGETARY COMPARISON SCHEDULE

CASH FUNDS

For the Year Ended June 30, 2020

(Dollars in Thousands)

	CASH FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 187,521	\$ 187,521	\$ 187,521	\$ -
Federal Grants and Contracts	536,032	536,032	536,032	-
Sales and Charges	698,931	698,931	698,931	-
Other	234,453	234,453	234,453	-
Total Revenues	<u>1,656,937</u>	<u>1,656,937</u>	<u>1,656,937</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	374,015	378,296	358,344	19,952
Conservation of Natural Resources	211,881	211,831	84,984	126,847
Culture – Recreation	77,086	77,111	33,576	43,535
Economic Development and Assistance	85,765	85,865	40,055	45,810
Education	768,133	773,064	522,069	250,995
Health and Social Services	200,626	200,626	149,319	51,307
Public Safety	75,329	158,949	67,683	91,266
Regulation of Business and Professions	171,930	171,880	105,607	66,273
Transportation	1,113,425	1,113,425	1,037,147	76,278
Capital Projects	45,795	45,795	20,445	25,350
Total Expenditures	<u>3,123,985</u>	<u>3,216,842</u>	<u>2,419,229</u>	<u>797,613</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,467,048)</u>	<u>(1,559,905)</u>	<u>(762,292)</u>	<u>797,613</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,573,548	1,573,548	1,573,548	-
Transfers Out	(670,051)	(670,051)	(670,051)	-
Other	2,090	2,090	2,090	-
Total Other Financing Sources (Uses)	<u>905,587</u>	<u>905,587</u>	<u>905,587</u>	<u>-</u>
Net Change in Fund Balance	(561,461)	(654,318)	143,295	797,613
FUND BALANCES, JULY 1	<u>1,286,500</u>	<u>1,286,500</u>	<u>1,286,500</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 725,039</u>	<u>\$ 632,182</u>	<u>\$ 1,429,795</u>	<u>\$ 797,613</u>

A reconciliation of the budgetary basis versus GAAP fund balance for the Major Funds as of June 30, 2020, follows :

Actual Fund Balances, budgetary basis, June 30, 2020

Cash	\$ 1,429,795
Construction	72,627
Federal	1,099,037
Revolving	359,910
Budgetary fund balances	<u>2,961,369</u>
Unbudgeted fund balances	2,100,820
Non-major fund balances	(1,496,966)
Differences due to basis of accounting	<u>(515,900)</u>
GAAP fund balance, June 30, 2020	<u>\$ 3,049,323</u>
Actual Fund Balances of Major Funds, June 30, 2020	
Highway	\$ 227,152
Federal	11,340
Health and Social Services	555,338
Permanent School	<u>2,255,493</u>
GAAP fund balance, June 30, 2020	<u>\$ 3,049,323</u>

State of Nebraska

BUDGETARY COMPARISON SCHEDULE

CONSTRUCTION FUNDS

For the Year Ended June 30, 2020

(Dollars in Thousands)

	CONSTRUCTION FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	-	-	-	-
Sales and Charges	29	29	29	-
Other	2,133	2,133	2,133	-
Total Revenues	<u>2,162</u>	<u>2,162</u>	<u>2,162</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Culture – Recreation	-	-	-	-
Economic Development and Assistance	-	-	-	-
Education	308	308	212	96
Health and Social Services	-	-	-	-
Public Safety	-	-	-	-
Regulation of Business and Professions	-	-	-	-
Transportation	-	-	-	-
Capital Projects	112,527	112,527	37,430	75,097
Total Expenditures	<u>112,835</u>	<u>112,835</u>	<u>37,642</u>	<u>75,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(110,673)</u>	<u>(110,673)</u>	<u>(35,480)</u>	<u>75,193</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Other	-	-	-	-
Net Change in Fund Balance	(110,673)	(110,673)	(35,480)	75,193
FUND BALANCES, JULY 1	<u>108,107</u>	<u>108,107</u>	<u>108,107</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ (2,566)</u>	<u>\$ (2,566)</u>	<u>\$ 72,627</u>	<u>\$ 75,193</u>

State of Nebraska

BUDGETARY COMPARISON SCHEDULE**FEDERAL FUNDS**

For the Year Ended June 30, 2020

(Dollars in Thousands)

	FEDERAL FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ -	\$ -	\$ -	-
Federal Grants and Contracts	4,054,664	4,054,664	4,054,664	-
Sales and Charges	23,409	23,409	23,409	-
Other	11,448	11,448	11,448	-
Total Revenues	<u>4,089,521</u>	<u>4,089,521</u>	<u>4,089,521</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	6,681	10,859	6,541	4,318
Conservation of Natural Resources	55,809	63,291	52,441	10,850
Culture – Recreation	6,313	7,134	3,130	4,004
Economic Development and Assistance	74,470	74,470	55,825	18,645
Education	1,061,167	1,220,719	934,377	286,342
Health and Social Services	2,097,298	2,105,082	1,826,065	279,017
Public Safety	65,612	1,219,773	148,684	1,071,089
Regulation of Business and Professions	3,680	4,483	2,173	2,310
Transportation	-	-	-	-
Capital Projects	51,320	51,320	-	51,320
Total Expenditures	<u>3,422,350</u>	<u>4,757,131</u>	<u>3,029,236</u>	<u>1,727,895</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>667,171</u>	<u>(667,610)</u>	<u>1,060,285</u>	<u>1,727,895</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	32,903	32,903	32,903	-
Transfers Out	(29,754)	(29,754)	(29,754)	-
Other	110	110	110	-
Total Other Financing Sources (Uses)	<u>3,259</u>	<u>3,259</u>	<u>3,259</u>	<u>-</u>
Net Change in Fund Balance	670,430	(664,351)	1,063,544	1,727,895
FUND BALANCES, JULY 1	<u>35,493</u>	<u>35,493</u>	<u>35,493</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 705,923</u>	<u>\$ (628,858)</u>	<u>\$ 1,099,037</u>	<u>\$ 1,727,895</u>

State of Nebraska

BUDGETARY COMPARISON SCHEDULE**REVOLVING FUNDS**

For the Year Ended June 30, 2020

(Dollars in Thousands)

	REVOLVING FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ (2)	\$ (2)	\$ (2)	-
Federal Grants and Contracts	14,327	14,327	14,327	-
Sales and Charges	615,226	615,226	615,226	-
Other	198,125	198,125	198,125	-
Total Revenues	<u>827,676</u>	<u>827,676</u>	<u>827,676</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	265,837	265,833	241,497	24,336
Conservation of Natural Resources	-	-	-	-
Culture – Recreation	-	-	-	-
Economic Development and Assistance	691	691	243	448
Education	737,562	738,278	597,750	140,528
Health and Social Services	1	1	-	1
Public Safety	24,580	24,580	16,131	8,449
Regulation of Business and Professions	-	-	-	-
Transportation	-	-	-	-
Capital Projects	5,354	5,354	-	5,354
Total Expenditures	<u>1,034,025</u>	<u>1,034,737</u>	<u>855,621</u>	<u>179,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(206,349)</u>	<u>(207,061)</u>	<u>(27,945)</u>	<u>179,116</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	196,264	196,264	196,264	-
Transfers Out	(208,622)	(208,622)	(208,622)	-
Other	1,225	1,225	1,225	-
Total Other Financing Sources (Uses)	<u>(11,133)</u>	<u>(11,133)</u>	<u>(11,133)</u>	<u>-</u>
Net Change in Fund Balance	(217,482)	(218,194)	(39,078)	179,116
FUND BALANCES, JULY 1	<u>398,988</u>	<u>398,988</u>	<u>398,988</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 181,506</u>	<u>\$ 180,794</u>	<u>\$ 359,910</u>	<u>\$ 179,116</u>



STATISTICAL SECTION

STATISTICAL SECTION TABLE OF CONTENTS

For the Year Ended June 30, 2020

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

FINANCIAL TRENDS INFORMATION

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

	Page
Net Position by Component	159
Changes in Net Position	160
Fund Balances - Governmental Funds	165
Changes in Fund Balances - Governmental Funds	166

REVENUE CAPACITY INFORMATION

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

Individual Income Tax Rates	168
Individual Income Tax Liability by Income Level	169
Taxable Sales by Industry	170

DEBT CAPACITY INFORMATION

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

Schedule of Ratios of Outstanding Debt	171
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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Comparative Unemployment, Nebraska and United States	172
Population, Personal and Per Capita Income, Nebraska and United States	173
Ten Largest Employers	173
Public and State Operated School Enrollment, Prekindergarten-Grade 12	174
Public Higher Education Institutions Total Fall Headcount Enrollment	174

OPERATING INFORMATION

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

Full Time Equivalent Permanent Employees by Function	175
Operating Indicators by Function	176
Capital Asset Statistics by Function	177

MISCELLANEOUS DATA	178
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

State of Nebraska

NET POSITION BY COMPONENT

2011 - 2020

(Dollars in Thousands)

	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 7,982,821	\$ 8,041,150	\$ 8,468,618	\$ 8,571,554	\$ 8,673,916
Restricted	2,006,750	2,083,822	2,217,372	2,431,057	2,495,373
Unrestricted	806,676	905,503	1,193,571	1,401,782	1,156,733
Total governmental activities net position	<u>\$ 10,796,247</u>	<u>\$ 11,030,475</u>	<u>\$ 11,879,561</u>	<u>\$ 12,404,393</u>	<u>\$ 12,326,022</u>
Business-type activities					
Net investment in capital assets	\$ 6,809	\$ 6,379	\$ 7,362	\$ 7,255	\$ 7,030
Restricted	345,731	405,135	440,849	462,064	466,735
Unrestricted	65,690	77,262	80,149	87,763	87,538
Total business-type activities net position	<u>\$ 418,230</u>	<u>\$ 488,776</u>	<u>\$ 528,360</u>	<u>\$ 557,082</u>	<u>\$ 561,303</u>
Primary government					
Net investment in capital assets	\$ 7,989,630	\$ 8,047,529	\$ 8,475,980	\$ 8,578,809	\$ 8,680,946
Restricted	2,352,481	2,488,957	2,658,221	2,893,121	2,962,108
Unrestricted	872,366	982,765	1,273,720	1,489,545	1,244,271
Total primary government net position	<u>\$ 11,214,477</u>	<u>\$ 11,519,251</u>	<u>\$ 12,407,921</u>	<u>\$ 12,961,475</u>	<u>\$ 12,887,325</u>

(Dollars in Thousands)

	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$ 8,757,532	\$ 8,888,705	\$ 9,046,411	\$ 9,148,273	\$ 9,168,580
Restricted	2,554,449	2,708,755	4,063,574	4,180,690	4,362,140
Unrestricted	968,515	550,525	503,722	737,992	949,044
Total governmental activities net position	<u>\$ 12,280,496</u>	<u>\$ 12,147,985</u>	<u>\$ 13,613,707</u>	<u>\$ 14,066,955</u>	<u>\$ 14,479,764</u>
Business-type activities					
Net investment in capital assets	\$ 6,870	\$ 7,682	\$ 7,769	\$ 7,394	\$ 7,224
Restricted	490,408	502,646	516,332	537,553	539,923
Unrestricted	87,761	78,185	79,943	72,769	68,657
Total business-type activities net position	<u>\$ 585,039</u>	<u>\$ 588,513</u>	<u>\$ 604,044</u>	<u>\$ 617,716</u>	<u>\$ 615,804</u>
Primary government					
Net investment in capital assets	\$ 8,764,402	\$ 8,896,387	\$ 9,054,180	\$ 9,155,667	\$ 9,175,804
Restricted	3,044,857	3,211,401	4,579,906	4,718,243	4,902,063
Unrestricted	1,056,276	628,710	583,665	810,761	1,017,701
Total primary government net position	<u>\$ 12,865,535</u>	<u>\$ 12,736,498</u>	<u>\$ 14,217,751</u>	<u>\$ 14,684,671</u>	<u>\$ 15,095,568</u>

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

State of Nebraska

CHANGES IN NET POSITION (Continued)

2011 - 2020

(Dollars in Thousands)

	2011	2012	2013	2014
Governmental Activities:				
EXPENSES				
General Government	\$ 476,622	\$ 460,612	\$ 458,483	\$ 507,065
Conservation of Natural Resources	155,692	151,318	143,437	143,324
Culture - Recreation	28,837	24,752	31,114	30,532
Economic Development and Assistance	111,096	102,839	96,433	89,109
Education	1,807,170	1,570,235	1,645,097	1,712,015
Higher Education - Colleges and University	561,090	557,162	572,341	618,033
Health and Social Services	3,069,195	3,139,786	3,195,733	3,241,947
Public Safety	361,921	366,084	384,081	376,449
Regulation of Business and Professions	121,616	122,211	134,172	123,879
Transportation	696,727	905,498	859,289	919,679
Interest on Long-term Debt	1,153	1,204	784	627
Net OPEB Expense	-	-	-	-
Net Pension Expense	-	-	-	-
Total expenses	<u>7,391,119</u>	<u>7,401,701</u>	<u>7,520,964</u>	<u>7,762,659</u>
PROGRAM REVENUES				
Charges for Services:				
General Government	88,550	95,899	82,247	90,336
Conservation of Natural Resources	36,263	32,804	37,019	34,550
Culture - Recreation	18,657	22,984	20,513	20,225
Economic Development and Assistance	1,007	4,126	1,245	2,529
Education	36,545	36,831	47,751	46,522
Health and Social Services	112,145	120,745	128,012	125,285
Public Safety	26,973	26,322	33,012	33,265
Regulation of Business and Professions	135,820	131,312	140,910	131,969
Transportation	98,151	110,842	107,008	112,175
Operating grants and contributions	2,939,166	2,646,825	2,704,464	2,622,119
Capital grants and contributions	29,234	15,789	20,040	18,657
Total program revenues	<u>3,522,511</u>	<u>3,244,479</u>	<u>3,322,221</u>	<u>3,237,632</u>
Total Governmental Activities				
Net Program Expense	<u>(3,868,608)</u>	<u>(4,157,222)</u>	<u>(4,198,743)</u>	<u>(4,525,027)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Taxes				
Income taxes	1,889,796	2,064,233	2,362,511	2,387,039
Sales and use taxes	1,545,494	1,638,610	1,661,208	1,792,176
Petroleum taxes	321,919	322,284	323,519	344,335
Excise taxes	135,250	136,825	130,725	128,281
Business and franchise taxes	65,630	73,849	78,204	104,366
Other taxes	9,243	9,818	7,849	7,579
Total taxes	<u>3,967,332</u>	<u>4,245,619</u>	<u>4,564,016</u>	<u>4,763,776</u>
Unrestricted investment earnings	214,054	92,037	96,522	223,246
Miscellaneous	2,590	-	1,518	3,322
Contributions to permanent fund principal	23,635	17,719	26,453	21,241
Federal CARES	-	-	-	-
Transfers	32,055	36,075	40,014	38,274
Total general revenues and other changes in net position	<u>4,239,666</u>	<u>4,391,450</u>	<u>4,728,523</u>	<u>5,049,859</u>
Total Governmental Activities				
Change in Net Position	<u>\$ 371,058</u>	<u>\$ 234,228</u>	<u>\$ 529,780</u>	<u>\$ 524,832</u>

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

	2015	2016	2017	2018	2019	2020
\$	548,000	\$ 631,739	\$ 650,253	\$ 656,287	\$ 700,965	\$ 931,855
	149,492	144,326	145,919	143,915	133,662	143,941
	31,410	37,118	37,513	43,410	37,182	53,679
	109,318	99,611	102,348	103,259	103,015	114,913
	1,723,893	1,799,893	1,811,058	1,845,719	1,843,170	1,908,483
	651,138	676,456	663,979	651,636	651,933	669,227
	3,350,345	3,477,627	3,616,020	3,634,539	3,719,897	3,962,425
	408,096	409,403	395,782	389,694	401,747	590,081
	125,207	118,005	116,590	107,763	99,339	115,602
	981,999	1,096,243	1,040,906	1,012,181	1,099,649	1,278,059
	1,289	192	559	645	(3,476)	1,005
	-	-	-	1,381	898	-
	29,409	79,670	81,603	97,889	148,150	-
	<u>8,109,596</u>	<u>8,570,283</u>	<u>8,662,530</u>	<u>8,688,318</u>	<u>8,936,131</u>	<u>9,769,270</u>
	90,319	95,871	99,001	107,412	117,859	119,665
	33,624	39,476	39,880	38,672	43,147	39,947
	22,752	25,725	28,569	36,163	26,171	35,022
	1,758	1,065	1,234	1,479	1,403	1,901
	49,350	51,790	50,208	50,671	49,826	48,888
	130,645	124,134	127,310	123,593	93,202	131,482
	34,918	37,731	38,369	42,021	38,486	38,363
	139,275	129,750	128,818	122,817	126,820	135,722
	109,427	110,984	125,831	130,688	124,377	125,584
	2,648,173	2,719,366	2,765,857	2,755,954	2,844,493	3,271,794
	3,320	946	1,067	1,133	5,203	3,220
	<u>3,263,561</u>	<u>3,336,838</u>	<u>3,406,144</u>	<u>3,410,603</u>	<u>3,470,987</u>	<u>3,951,588</u>
	<u>(4,846,035)</u>	<u>(5,233,445)</u>	<u>(5,256,386)</u>	<u>(5,277,715)</u>	<u>(5,465,144)</u>	<u>(5,817,682)</u>
	2,578,226	2,520,240	2,507,059	2,686,510	2,992,575	2,907,528
	1,829,956	1,827,206	1,834,043	1,925,312	1,980,173	2,189,486
	345,357	363,824	371,744	388,349	407,169	410,940
	129,390	133,620	132,308	131,355	129,161	131,786
	85,959	109,649	100,595	117,590	112,248	135,558
	7,117	6,404	8,271	2,002	7,238	6,696
	<u>4,976,005</u>	<u>4,960,943</u>	<u>4,954,020</u>	<u>5,251,118</u>	<u>5,628,564</u>	<u>5,781,994</u>
	88,736	144,734	108,912	(2,670)	257,096	263,430
	1,548	2,159	3,733	5,444	2,533	2,168
	19,331	24,712	(868)	10,273	17,158	20,385
	-	-	-	-	(22,008)	48,343
	56,299	49,414	43,590	48,432	50,181	49,974
	<u>5,141,919</u>	<u>5,181,962</u>	<u>5,109,387</u>	<u>5,312,597</u>	<u>5,933,524</u>	<u>6,166,294</u>
\$	<u>295,884</u>	<u>\$ (51,483)</u>	<u>\$ (146,999)</u>	<u>\$ 34,882</u>	<u>\$ 468,380</u>	<u>\$ 348,612</u>

State of Nebraska

CHANGES IN NET POSITION (Concluded)

2011 - 2020

(Dollars in Thousands)

	2011	2012	2013	2014
Business-type Activities:				
EXPENSES				
Unemployment Insurance	\$ 329,576	\$ 261,750	\$ 167,957	\$ 122,351
Lottery	101,625	113,935	120,515	121,046
Excess Liability	19,623	672	3,850	1,174
Cornhusker State Industries	13,451	11,621	9,271	11,582
Total expenses	<u>464,275</u>	<u>387,978</u>	<u>301,593</u>	<u>256,153</u>
REVENUES				
Charges for services:				
Unemployment Insurance	422,977	310,188	194,996	133,665
Lottery	131,919	150,612	160,753	157,896
Excess Liability	8,943	5,509	4,946	5,478
Cornhusker State Industries	15,568	12,053	10,299	11,336
Total revenues	<u>579,407</u>	<u>478,362</u>	<u>370,994</u>	<u>308,375</u>
Total Business-type Activities				
Net Program Expense	<u>115,132</u>	<u>90,384</u>	<u>69,401</u>	<u>52,222</u>
OTHER CHANGES IN NET POSITION				
Unrestricted investment earnings	16,254	16,237	10,197	14,772
Miscellaneous	-	-	-	2
Federal CARES	-	-	-	-
Transfers	(32,055)	(36,075)	(40,014)	(38,274)
Total other changes in net position	<u>(15,801)</u>	<u>(19,838)</u>	<u>(29,817)</u>	<u>(23,500)</u>
Total Business-type Activities				
Change in Net Position	<u>\$ 99,331</u>	<u>70,546</u>	<u>39,584</u>	<u>28,722</u>
Total Primary Government				
Change in Net Position	<u>\$ 470,389</u>	<u>304,774</u>	<u>569,364</u>	<u>553,554</u>

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

	2015	2016	2017	2018	2019	2020
\$	93,612	\$ 78,747	\$ 75,593	\$ 73,003	\$ 65,984	\$ 820,754
	123,278	135,819	132,417	138,483	146,030	140,677
	5,755	9,010	21,131	5,564	20,041	16,518
	13,066	13,830	17,018	12,666	13,326	14,886
	<u>235,711</u>	<u>237,406</u>	<u>246,159</u>	<u>229,716</u>	<u>245,381</u>	<u>992,835</u>
	107,613	97,748	81,154	80,507	76,289	647,520
	159,968	179,473	173,819	183,368	192,182	183,076
	4,519	3,928	5,319	6,238	7,561	8,797
	12,099	13,505	21,633	12,578	12,594	11,340
	<u>284,199</u>	<u>294,654</u>	<u>281,925</u>	<u>282,691</u>	<u>288,626</u>	<u>850,733</u>
	48,488	57,248	35,766	52,975	43,245	(142,102)
	12,018	15,882	11,254	10,974	21,029	21,376
	14	20	44	14	9	12
	-	-	-	-	-	168,798
	(56,299)	(49,414)	(43,590)	(48,432)	(50,181)	(49,996)
	<u>(44,267)</u>	<u>(33,512)</u>	<u>(32,292)</u>	<u>(37,444)</u>	<u>(29,143)</u>	<u>140,190</u>
\$	<u>4,221</u>	<u>23,736</u>	<u>3,474</u>	<u>15,531</u>	<u>14,102</u>	\$ <u>(1,912)</u>
\$	<u>300,105</u>	<u>(27,747)</u>	<u>(143,525)</u>	<u>50,413</u>	<u>482,482</u>	\$ <u>346,700</u>



State of Nebraska
FUND BALANCES
GOVERNMENTAL FUNDS
2011 - 2020

(Dollars in Thousands)

	2011	2012	2013	2014	2015
General Fund					
Nonspendable	785	953	1,114	1,802	1,580
Committed	313,202	383,379	384,121	719,065	727,835
Unassigned	419,460	430,466	648,092	540,891	614,763
Total general fund	<u>\$ 733,447</u>	<u>\$ 814,798</u>	<u>\$ 1,033,327</u>	<u>\$ 1,261,758</u>	<u>\$ 1,344,178</u>
All Other Governmental Funds					
Unreserved					
Nonspendable	468,363	490,928	514,985	536,087	550,082
Restricted	1,543,263	1,601,306	1,697,151	1,889,186	1,931,112
Committed	69,619	73,327	135,605	124,154	99,358
Assigned	32,439	37,032	45,708	46,813	50,094
Total all other governmental funds	<u>\$ 2,113,684</u>	<u>\$ 2,202,593</u>	<u>\$ 2,393,449</u>	<u>\$ 2,596,240</u>	<u>\$ 2,630,646</u>

(Dollars in Thousands)

	2016	2017	2018	2019	2020
General Fund					
Nonspendable	1,087	2,239	1,898	2,456	3,621
Committed	730,655	680,655	339,990	333,549	426,308
Unassigned	396,669	67,443	314,760	617,381	750,768
Total general fund	<u>\$ 1,128,411</u>	<u>\$ 750,337</u>	<u>\$ 656,648</u>	<u>\$ 953,386</u>	<u>\$ 1,180,697</u>
All Other Governmental Funds					
Nonspendable	555,720	575,587	586,636	603,586	624,592
Restricted	1,983,398	2,120,008	3,464,633	3,565,196	3,727,013
Committed	113,034	71,320	134,940	119,577	86,014
Assigned	46,237	43,057	37,635	29,827	25,620
Total all other governmental funds	<u>\$ 2,698,389</u>	<u>\$ 2,809,972</u>	<u>\$ 4,223,844</u>	<u>\$ 4,318,186</u>	<u>\$ 4,463,239</u>

NOTE: The classification of fund balances changed in 2011 with the implementation of GASB Statement No. 54.

State of Nebraska
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
2011 - 2020

(Dollars in Thousands)

	2011	2012	2013	2014
REVENUES				
Taxes:				
Income	\$ 1,889,223	\$ 2,063,322	\$ 2,362,392	\$ 2,387,255
Sales and Use	1,544,303	1,634,346	1,659,029	1,784,367
Petroleum	326,016	327,295	328,253	350,648
Excise	135,250	136,825	130,725	128,281
Business and Franchise	65,630	73,849	78,204	104,366
Other	9,243	9,818	7,849	7,579
Total Taxes	3,969,665	4,245,455	4,566,452	4,762,496
Federal Grants and Contracts	2,967,939	2,662,605	2,724,454	2,639,975
Licenses, Fees and Permits	282,078	295,286	333,431	312,889
Charges for Services	96,779	102,633	85,517	94,454
Investment Income	209,509	87,948	93,086	220,595
Rental Income	55,158	57,838	67,487	65,471
Other	123,754	124,973	122,788	110,879
Total Revenues	7,704,882	7,576,738	7,993,215	8,206,759
EXPENDITURES				
Current:				
General Government	450,474	420,143	422,689	465,818
Conservation of Natural Resources	156,268	150,970	144,284	144,628
Culture – Recreation	30,290	28,434	30,550	31,014
Economic Development and Assistance	113,506	102,902	96,759	89,382
Education	1,810,806	1,581,956	1,641,158	1,708,712
Higher Education - Colleges and University	561,090	557,162	572,341	618,033
Health and Social Services	3,079,889	3,139,042	3,194,565	3,217,372
Public Safety	375,334	378,982	395,095	377,086
Regulation of Business and Professions	122,852	122,025	134,223	123,349
Transportation	832,394	932,445	974,324	1,025,623
Capital Projects	16,676	28,123	21,070	12,164
Debt Service				
Principal	3,380	2,865	4,755	2,110
Interest	647	684	344	260
Total Expenditures	7,553,606	7,445,733	7,632,157	7,815,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	151,276	131,005	361,058	391,208
OTHER FINANCING SOURCES (USES)				
Transfers In	175,684	170,673	204,413	127,212
Transfers Out	(143,629)	(134,598)	(164,399)	(88,938)
Other	5,195	1,505	1,440	1,740
Net Change in Fund Balances	188,526	168,585	402,512	431,222
Restatements	-	-	6,873	1,675
BEGINNING FUND BALANCE	2,658,605	2,847,131	3,015,716	3,425,101
ENDING FUND BALANCE	\$ 2,847,131	\$ 3,015,716	\$ 3,425,101	\$ 3,857,998
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<1%	<1%	<1%	<1%

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

	2015	2016	2017	2018	2019	2020
\$	2,576,621	\$ 2,517,537	\$ 2,506,432	\$ 2,683,270	\$ 2,967,877	\$ 2,880,793
	1,833,701	1,828,465	1,834,868	1,926,292	1,982,210	2,188,414
	349,721	365,695	373,685	390,600	409,595	412,627
	129,390	133,620	132,308	131,355	129,161	131,786
	85,959	109,649	100,595	117,590	112,248	135,558
	7,117	6,404	8,271	2,002	7,238	6,696
	4,982,509	4,961,370	4,956,159	5,251,109	5,608,329	5,755,874
	2,651,355	2,720,258	2,766,923	2,756,999	2,849,697	3,323,355
	318,198	322,736	341,758	340,482	300,902	296,736
	109,207	112,984	117,265	123,906	116,542	134,957
	86,211	141,897	106,374	(5,389)	253,684	260,563
	70,910	74,941	72,672	74,223	70,965	68,860
	116,072	111,279	88,774	102,114	122,316	165,711
	8,334,462	8,445,465	8,449,925	8,643,444	9,322,435	10,006,056
	551,297	623,393	628,342	668,578	686,699	781,697
	151,308	145,218	146,814	144,509	134,630	140,475
	38,653	44,313	42,613	49,941	46,270	43,299
	109,976	100,007	102,623	103,713	103,214	112,094
	1,774,095	1,842,774	1,853,583	1,877,539	1,896,643	1,954,727
	651,138	676,456	663,979	651,636	651,933	669,227
	3,355,065	3,477,074	3,655,813	3,630,632	3,713,711	3,934,180
	414,235	417,785	398,090	407,059	418,722	576,050
	125,099	117,894	116,982	107,957	101,125	111,441
	1,076,805	1,175,832	1,114,119	1,114,902	1,161,938	1,330,631
	19,824	28,174	37,527	46,340	56,512	51,944
	6,995	1,425	2,025	2,560	3,300	3,860
	1,090	7	6	6	56	55
	8,275,580	8,650,352	8,762,516	8,805,372	8,974,753	9,709,680
	58,882	(204,887)	(312,591)	(161,928)	347,682	296,376
	249,057	249,761	205,177	320,590	219,855	250,160
	(192,758)	(200,347)	(161,587)	(272,158)	(169,674)	(195,629)
	1,645	1,492	2,195	5,119	3,300	3,919
	116,826	(153,981)	(266,806)	(108,377)	401,163	354,826
	-	5,957	315	1,428,560	(10,083)	17,538
	3,857,998	3,974,824	3,826,800	3,560,309	4,880,492	5,271,572
\$	3,974,824	\$ 3,826,800	\$ 3,560,309	\$ 4,880,492	\$ 5,271,572	\$ 5,643,936
	<1%	<1%	<1%	<1%	<1%	<1%

State of Nebraska
INDIVIDUAL INCOME TAX RATES
 2011 - 2020

	Tax Brackets			
	Bracket 1	Bracket 2	Bracket 3	Bracket 4
Single				
2011 - 2013 Income Range	\$0-2,400	\$2,400-17,500	\$17,500-27,000	Over \$27,000
2014 Income Range	\$0-3,000	\$3,000-18,000	\$18,000-29,000	Over \$29,000
2015 Income Range	\$0-3,050	\$3,050-18,280	\$18,280-29,460	Over \$29,460
2016 Income Range	\$0-3,060	\$3,060-18,370	\$18,370-29,590	Over \$29,590
2017 Income Range	\$0-3,090	\$3,090-18,510	\$18,510-29,830	Over \$29,830
2018 Income Range	\$0-3,150	\$3,150-18,880	\$18,880-30,420	Over \$30,420
2019 Income Range	\$0-3,230	\$3,230-19,330	\$19,330-31,160	Over \$31,160
2020 Income Range	\$0-3,290	\$3,290-19,700	\$19,700-31,750	Over \$31,750
2011- 2012 Rates	2.56%	3.57%	5.12%	6.84%
2013 - 2020 Rates	2.46%	3.51%	5.01%	6.84%
Heads of Household				
2011 - 2013 Income Range	\$0-4,500	\$4,500-28,000	\$28,000-40,000	Over \$40,000
2014 Income Range	\$0-5,600	\$5,600-28,800	\$28,800-43,000	Over \$43,000
2015 Income Range	\$0-5,690	\$5,690-29,260	\$29,260-43,680	Over \$43,680
2016 Income Range	\$0-5,710	\$5,710-29,390	\$29,390-43,880	Over \$43,880
2017 Income Range	\$0-5,760	\$5,760-29,620	\$29,620-44,230	Over \$44,230
2018 Income Range	\$0-5,870	\$5,870-30,210	\$30,210-45,110	Over \$45,110
2019 Income Range	\$0-6,020	\$6,020-30,940	\$30,940-46,200	Over \$46,200
2020 Income Range	\$0-6,130	\$6,130-31,530	\$31,530-47,080	Over \$47,080
2011- 2012 Rates	2.56%	3.57%	5.12%	6.84%
2013 - 2020 Rates	2.46%	3.51%	5.01%	6.84%
Married Filing Joint				
2011 - 2013 Income Range	\$0-4,800	\$4,800-35,000	\$35,000-54,000	Over \$54,000
2014 Income Range	\$0-6,000	\$6,000-36,000	\$36,000-58,000	Over \$58,000
2015 Income Range	\$0-6,090	\$6,090-36,570	\$36,570-58,920	Over \$58,920
2016 Income Range	\$0-6,120	\$6,120-36,730	\$36,730-59,180	Over \$59,180
2017 Income Range	\$0-6,170	\$6,170-37,030	\$37,030-59,660	Over \$59,660
2018 Income Range	\$0-6,290	\$6,290-37,760	\$37,760-60,840	Over \$60,840
2019 Income Range	\$0-6,440	\$6,440-38,680	\$38,680-62,320	Over \$62,320
2020 Income Range	\$0-6,570	\$6,570-39,410	\$39,410-63,500	Over \$63,500
2011- 2012 Rates	2.56%	3.57%	5.12%	6.84%
2013 - 2020 Rates	2.46%	3.51%	5.01%	6.84%
Married Filing Separate				
2011 - 2013 Income Range	\$0-2,400	\$2,400-17,500	\$17,500-27,000	Over \$27,000
2014 Income Range	\$0-3,000	\$3,000-18,000	\$18,000-29,000	Over \$29,000
2015 Income Range	\$0-3,050	\$3,050-18,280	\$18,280-29,460	Over \$29,460
2016 Income Range	\$0-3,060	\$3,060-18,370	\$18,370-29,590	Over \$29,590
2017 Income Range	\$0-3,090	\$3,090-18,510	\$18,510-29,830	Over \$29,830
2018 Income Range	\$0-3,150	\$3,150-18,880	\$18,880-30,420	Over \$30,420
2019 Income Range	\$0-3,230	\$3,230-19,330	\$19,330-31,160	Over \$31,160
2020 Income Range	\$0-3,290	\$3,290-19,700	\$19,700-31,750	Over \$31,750
2011- 2012 Rates	2.56%	3.57%	5.12%	6.84%
2013 - 2020 Rates	2.46%	3.51%	5.01%	6.84%

SOURCE: Nebraska Department of Revenue

State of Nebraska

INDIVIDUAL INCOME TAX LIABILITY BY INCOME LEVEL

Tax Years 2009 and 2018

2009				
Federal Adjusted Gross Income Level	Number of Returns	Net Liability After Nonrefundable Credits	Number of Returns With Liability	Net Liability Percent
Less Than \$10,000	152,451	\$ 3,043,656	51,530	0.20%
\$10,000 - 24,999	196,244	\$ 30,913,530	180,565	2.06%
\$25,000 - 49,999	226,250	\$ 164,136,257	221,304	10.91%
\$50,000 - 99,999	219,761	\$ 453,696,683	216,707	30.16%
\$100,000 and Over	112,350	\$ 852,424,111	108,254	56.67%
State Total	907,056	\$ 1,504,214,237	778,360	100.00%

2018				
Federal Adjusted Gross Income Level	Number of Returns	Net Liability After Nonrefundable Credits	Number of Returns With Liability	Net Liability Percent
Less Than \$10,000	125,644	\$ 4,622,372	32,871	0.19%
\$10,000 - 24,999	175,415	\$ 22,189,952	160,368	0.91%
\$25,000 - 49,999	246,699	\$ 170,272,463	240,752	7.00%
\$50,000 - 99,999	250,735	\$ 526,952,640	246,479	21.66%
\$100,000 and Over	210,890	\$ 1,708,856,418	203,891	70.24%
State Total	1,009,383	\$ 2,432,893,846	884,361	100.00%

SOURCE: Department of Revenue 2009 and 2018 Annual Reports; www.revenue.nebraska.gov

NOTE: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue. Tax year 2018 is the most recent year for which data is available.

State of Nebraska
TAXABLE SALES BY INDUSTRY
 Calendar Years 2010 and 2019

	2010	2019
Agriculture, Forestry, Fishing & Hunting	\$ 73,012,753	\$ 70,770,093
Mining	40,639,079	61,161,647
Utilities	2,136,245,569	2,555,552,818
Construction	478,307,014	722,280,669
Manufacturing	462,710,699	582,986,187
Wholesale Trade	1,413,865,803	1,713,073,743
Retail Trade	9,176,368,814	11,277,325,627
Transportation	92,468,536	440,836,914
Warehousing Services	39,117,794	33,688,790
Information	845,049,798	770,302,097
Finance & Insurance	24,988,530	19,292,261
Real Estate, Rental & Leasing Services	212,953,365	324,094,180
Professional, Scientific & Technical Services	321,435,629	373,621,263
Management of Companies & Enterprises Services	4,295,689	10,197,751
Administration, Support, Waste Management, Remedial Services	471,538,510	544,403,802
Educational Services	26,427,929	22,224,303
Health Care & Social Assistance Services	43,889,274	51,047,393
Arts, Entertainment & Recreation Services	308,837,926	421,524,238
Accommodation & Food Services	2,690,055,839	3,909,371,322
Other Services	833,511,239	1,108,785,360
Public Administration	217,332,039	284,417,277
Unclassified	3,343,392	1,886,855
Nebraska Total	<u>19,916,395,220</u>	<u>25,298,844,590</u>
Non-Nebraska (1)	<u>3,745,636,335</u>	<u>8,178,041,349</u>
Nebraska - Total Sales	<u>\$ 23,662,031,555</u>	<u>\$ 33,476,885,939</u>
Direct sales tax rate	Jan. 1 - Dec. 31 5.5%	Jan. 1 - Dec. 31 5.5%

SOURCE: Nebraska Department of Revenue - Annual Report
 Sales Tax Statistics by Nebraska Business Classification

NOTES: (1) Sales made by non-Nebraska vendors, goods delivered to Nebraska, sales tax remitted to Nebraska.

State of Nebraska

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

2011 - 2020

(Dollars in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Capital leases under certificates of participation	27,308	25,358	22,716	18,175	15,475	34,780	29,450	33,455	38,445	31,430
Obligations under other financing arrangements	16,220	14,860	6,315	5,565	-	-	-	-	-	-
Total Primary Government	\$ 43,528	\$ 40,218	\$ 29,031	\$ 23,740	\$ 15,475	\$ 34,780	\$ 29,450	\$ 33,455	\$ 38,445	\$ 31,430
Debt as a Percentage of Personal Income	0.06%	0.05%	0.03%	0.03%	0.02%	0.04%	0.03%	0.03%	0.04%	0.03%
Amount of Debt per Capita	\$ 24	\$ 22	\$ 16	\$ 13	\$ 8	\$ 18	\$ 15	\$ 17	\$ 20	\$ 16

NOTE: Details regarding Lease Commitments, Obligations Under Other Financing Arrangements, and Bonds Payable can be found in CAFR Notes 8, 9 & 15 of the financial statements.
Population figures from the Population, Personal and Per Capita Income schedule.

State of Nebraska

**COMPARATIVE UNEMPLOYMENT
NEBRASKA AND UNITED STATES**

2010 - 2019

YEAR	NEBRASKA			NEBRASKA UNEMPLOYMENT AS PERCENT OF LABOR FORCE	UNITED STATES UNEMPLOYMENT AS PERCENT OF LABOR FORCE
	TOTAL LABOR FORCE	TOTAL EMPLOYMENT	UNEMPLOYMENT		
2010	993,506	947,155	46,351	5.0%	9.6%
2011	1,003,452	958,813	44,639	4.4	8.9
2012	1,015,087	974,138	40,949	4.0	8.1
2013	1,018,435	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

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 2010 – 2019

YEAR	NEBRASKA			UNITED STATES		
	POPULATION	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	POPULATION	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME
2010	1,830,429	72,620	39,674	309,349,689	12,357,113	39,945
2011	1,842,641	78,220	42,450	311,591,917	12,949,905	41,560
2012	1,855,525	83,521	45,012	313,914,040	13,729,063	43,735
2013	1,868,516	86,013	46,033	316,128,839	14,081,242	44,543
2014	1,881,503	88,569	47,073	318,857,056	14,708,582	46,129
2015	1,896,190	92,048	48,544	321,418,820	15,463,981	48,112
2016	1,907,116	95,411	50,029	323,127,513	15,912,777	49,246
2017	1,920,076	97,557	50,809	325,719,178	16,820,250	51,640
2018	1,929,268	102,759	53,263	327,167,434	17,813,035	54,446
2019	1,934,408	105,454	54,515	328,239,523	18,542,262	56,490

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

State of Nebraska

TEN LARGEST EMPLOYERS

2019 and 2010

NAME OF COMPANY	RANK	December 2019		RANK	December 2010	
		NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT		NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT
US Government (excluding Department of Defense*)	1	24,960	2.540	1	22,754	2.537
State of Nebraska (excluding University)	2	17,914	1.823	2	17,944	2.001
University of Nebraska **	3	13,709	1.395	3	13,592	1.515
Alegent Health/CHI	4	11,424	1.163	10	5,489	0.612
Creighton University	5	10,299	1.048	4	9,585	1.069
City of Omaha	6	10,178	1.036	8	6,117	0.682
Omaha Public Schools	7	9,897	1.007			
Werner Enterprises	8	9,500	0.967	5	9,500	1.059
Hy-Vee Food Stores	9	7,886	0.803			
Valmont	10	7,689	0.783	9	6,029	0.672
Wal-Mart				6	7,165	0.799
Bryan Medical Center				7	6,970	0.777

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**

2010/11 – 2019/20

ACADEMIC YEAR	PRE KDG. AND KDG.	GRADES 1 – 3	GRADES 4 – 6	GRADES 7 – 9	GRADES 10 – 12	TOTAL ALL GRADES
2010 – 2011	36,171	67,702	64,688	64,429	65,560	298,550
2011 – 2012	36,682	68,470	65,974	64,341	65,850	301,317
2012 – 2013	35,926	69,224	66,951	65,127	66,277	303,505
2013 – 2014	38,482	68,140	68,182	66,369	66,504	307,677
2014 - 2015	39,204	69,398	68,988	67,843	67,202	312,635
2015 - 2016	39,039	69,979	69,688	68,560	68,749	316,015
2016 - 2017	38,750	71,445	69,071	70,133	69,795	319,194
2017 - 2018	40,745	70,624	70,383	70,911	71,103	323,766
2018 - 2019	41,582	69,814	71,122	71,747	71,899	326,164
2019 - 2020	42,984	69,552	72,540	71,272	72,942	329,290

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

State of Nebraska

**PUBLIC HIGHER EDUCATION INSTITUTIONS
TOTAL FALL HEADCOUNT ENROLLMENT**

2010 - 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
COLLEGES AND UNIVERSITIES:										
Chadron State College	2,759	2,851	2,994	3,056	3,033	2,993	2,977	2,737	2,448	2,407
Peru State College	2,518	2,358	2,390	2,422	2,499	2,506	2,571	2,349	2,114	2,109
Wayne State College	3,569	3,517	3,555	3,506	3,470	3,431	3,357	3,292	3,633	3,890
University of Nebraska										
Lincoln (1)	24,993	24,926	24,538	24,745	25,390	25,772	26,239	26,396	26,155	25,721
Omaha	14,665	14,712	14,786	15,227	15,227	15,526	15,627	15,731	15,431	15,153
Kearney	6,753	7,100	7,199	7,052	6,902	6,747	6,788	6,644	6,327	6,279
Medical Center	3,494	3,625	3,655	3,681	3,696	3,790	3,862	3,908	3,972	4,055
TOTAL COLLEGES AND UNIVERSITIES	58,751	59,089	59,117	59,689	60,217	60,765	61,421	61,057	60,080	59,614
COMMUNITY COLLEGES										
Central CC	7,527	7,521	7,283	6,906	6,377	6,227	6,316	6,082	6,354	6,368
Metropolitan CC	18,523	18,518	17,376	15,752	14,675	14,812	14,788	14,954	14,913	14,300
Mid-Plains CC	2,988	2,623	2,591	2,491	2,143	2,235	2,276	2,221	2,216	2,125
Northeast CC	5,377	5,161	5,251	5,145	5,061	5,051	5,075	5,086	5,016	5,258
Southeast CC	12,242	11,479	10,168	9,751	9,392	9,248	9,262	9,412	9,240	9,756
Western CC	2,395	2,240	2,230	1,960	1,836	1,534	1,719	1,905	1,825	1,722
TOTAL COMMUNITY COLLEGES	49,052	47,542	44,899	42,005	39,484	39,107	39,436	39,660	39,564	39,529
TOTAL ALL INSTITUTIONS	107,803	106,631	104,016	101,694	99,701	99,872	100,857	100,717	99,644	99,143

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**
2010 - 2019

FUNCTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Conservation	329	323	328	321	316	313	318	309	314	300
Regulation	357	350	355	358	353	360	355	348	351	353
Economic Development	441	459	430	426	439	440	444	1,029	1,082	1,093
Culture and Recreation	519	495	503	512	510	504	502	490	503	533
Education	598	586	578	579	603	608	605	588	565	549
Transportation	2,147	2,118	2,102	2,118	2,103	2,113	2,083	2,003	1,970	1,980
General Government	2,692	2,706	2,687	2,840	2,919	2,975	3,057	3,055	3,070	3,319
Public Safety	3,409	3,369	3,333	3,381	3,436	3,406	3,320	3,307	3,333	3,365
Health & Social Services	5,524	5,433	5,586	5,748	5,700	5,726	5,476	4,781	4,670	4,651
	<u>16,016</u>	<u>15,839</u>	<u>15,902</u>	<u>16,283</u>	<u>16,379</u>	<u>16,445</u>	<u>16,160</u>	<u>15,910</u>	<u>15,858</u>	<u>16,143</u>

SOURCE: Nebraska State Government - State Personnel Division - 2020 Almanac

State of Nebraska
OPERATING INDICATORS BY FUNCTION
 2011 - 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Department of Revenue										
Percentage of returns filed electronically	85.0%	88.0%	88.5%	89.9%	90.8%	90.8%	90.7%	91.6%	92.4%	93.1%
Percentage of direct deposit refunds	71.0%	80.5%	77.3%	78.9%	77.8%	78.2%	77.5%	80.0%	81.2%	81.1%
Department of Transportation										
Percentage of Roads in very good or good condition (1)	74%	74%	74%	75%	82%	84%	84%	84%	82%	82%
Conservation of Natural Resources										
Department of Environmental Quality										
Inspections by field office staff										
Air Quality	148	139	90	82	216	184	139	141	164	132
Water Quality	1,502	1,591	1,801	1,113	1,396	1,552	1,682	1,219	1,234	1,075
Waste Management	146	153	172	145	135	130	126	156	138	107
Culture - Recreation										
Game and Parks Commission										
Park visitors (1,2)	9,703,332	10,597,549	11,684,965	12,426,891	11,654,110	13,469,281	12,746,003	10,086,731	9,497,926	N/A
Hatchery fish raised (in millions) (1)	35.5	40.4	39.4	48.6	49.7	48.0	47.0	50.2	10.4	N/A
Education										
Department of Education										
Fall Enrollment										
Pre-K to 12th grade	301,317	303,505	307,677	312,635	316,015	319,194	323,766	326,164	329,290	N/A
State Colleges and Universities	59,089	59,117	59,689	60,217	60,765	61,421	61,057	60,080	59,614	N/A
Public Community Colleges	47,542	44,899	42,005	39,484	39,107	39,436	39,660	39,564	39,529	N/A
Health and Social Services										
Health and Human Services										
Child Support Payments										
Number of Payments Received	1,486,397	1,517,767	1,505,288	1,381,831	1,513,974	1,537,522	1,501,372	1,472,013	1,490,642	1,502,975
Number of Payments Disbursed	1,362,598	1,387,684	1,379,810	1,400,860	1,414,213	1,415,392	1,400,110	1,380,588	1,378,498	1,401,680
Medicaid (average monthly)										
Medicaid recipients	235,353	237,543	240,639	235,496	235,355	232,795	237,309	241,966	242,316	244,010
Percentage of Nebraska population	12.8%	12.8%	12.9%	12.5%	12.4%	12.2%	12.4%	12.5%	12.5%	N/A
Supplemental Nutrition Assistance Program										
Number of households	75,460	76,776	78,743	78,051	76,989	78,370	78,788	77,122	74,031	72,425
Percentage of Nebraska households	10.2%	9.6%	9.8%	9.6%	9.4%	9.5%	9.4%	9.1%	8.7%	N/A
Public Safety										
Department of Correctional Services										
Inmate population (average monthly) (1)	5,602	5,975	6,224	6,544	6,659	6,641	6,588	6,611	5,629	N/A
Percentage of Nebraska population	0.30%	0.32%	0.33%	0.35%	0.35%	0.35%	0.34%	0.34%	0.29%	N/A
Total Admissions (1)	2,956	3,258	3,351	3,242	2,608	2,504	2,315	2,239	2,463	N/A
Total Releases (1)	2,861	3,251	3,113	2,985	2,555	2,094	2,372	2,402	2,519	N/A
State Patrol										
Traffic Stops	N/A	N/A	N/A	N/A	N/A	N/A	182,935	149,232	115,210	N/A
Transportation										
Department of Motor Vehicles										
Motor Vehicle Registrations (1)										
Automobiles	1,158,374	1,161,629	1,174,669	1,188,368	1,205,595	1,220,465	1,239,329	1,242,548	1,203,304	N/A
Trucks										
Farm	171,458	173,649	176,910	177,796	180,150	180,697	182,312	182,481	164,281	N/A
Commercial / Other	400,746	403,846	411,037	417,049	428,617	439,291	448,501	454,098	406,225	N/A
Motorcycles	53,773	55,461	55,833	55,475	55,585	55,340	54,863	53,566	50,647	N/A

NOTES: (1) Data is provided on a calendar basis.
 (2) Park visitation is counted in daily visits.
 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

2011 - 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Department of Administrative Services										
Buildings	278	277	271	266	267	263	270	269	267	255
Vehicles	1,077	1,083	1,007	1,050	1,058	1,046	1,062	1,120	1,096	1,176
Conservation of Natural Resources										
Game and Parks Commission										
Acres of state park and wildlife land (in thousands)	150	151	152	152	152	154	151	158	148	148
Culture - Recreation										
Game and Parks Commission										
State Parks	8	8	8	8	8	8	8	8	8	8
Historical Parks	10	10	9	9	9	9	9	10	10	10
Recreation and wildlife areas	323	321	322	322	347	350	350	357	350	347
Fish hatcheries	5	5	5	5	5	5	5	5	5	5
Education										
NETV Commission										
Towers, antennas and transmitters	42	42	42	42	42	45	51	46	45	45
Public Safety										
State Patrol										
Pursuit Vehicles	384	436	486	486	526	339	310	554	384	249
Department of Corrections										
Buildings	134	135	134	130	150	149	134	148	146	151
Transportation										
Department of Transportation										
Highway miles (calendar year)	9,945	9,946	9,946	9,945	9,942	9,944	9,945	9,945	9,944	N/A
Heavy trucks, plows and graders	1,109	1,063	1,054	1,052	1,022	1,025	1,064	1,049	1,052	1,031

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, 2020

Date Entered Union	March 1, 1867 (37th State)
Form of Government	Legislative – Executive – Judicial
Land Area	77,358 square miles (16th largest in U.S.)
Elevation	840 to 5,424 feet above sea level
Capital	Lincoln
Largest City	Omaha
Origin of Name	From Oto Indian word "Nebrathka" meaning "flat water"
Nickname	Cornhusker State (from method of harvesting or "husking" corn by hand)

SOURCE: Nebraska Blue Book, 2018-2019

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