

**ATTESTATION REPORT
OF THE
NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN**

JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

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Issued on October 1, 2014

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

BACKGROUND

The Nebraska Public Employees Retirement Board (Board) implemented the State of Nebraska Deferred Compensation Plan (Plan) in 1976 in accordance with 26 U.S.C. § 457 under the administrative responsibility of the Nebraska Public Employees Retirement Systems (NPERS).

The Plan is a voluntary defined contribution pension plan available to all State employees and County employees whose County employers do not offer their own deferred compensation plan. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is available to employees upon termination, retirement, death, an unforeseeable emergency, upon reaching the age of 70 ½, if the member meets the “de minimus” status (the member’s account balance is less than \$5,000 and no contributions have been made to the Plan in the prior two years), or the member elects to transfer funds to another qualified plan in accordance with the Plan document.

Participants of the Plan are required to defer a minimum of \$25 each month. Additionally, deferrals must not exceed the lesser of 100% of includible compensation or the annual dollar limit established under Internal Revenue Code (IRC) 457. During calendar year 2013, the annual dollar limit was \$17,500. Exceptions to the maximum deferral rule include the Age 50 Catch-Up and the Section 457 Three Year Catch-Up.

Members at age 50 could elect the Age 50 Catch-Up, which allowed them to defer the Plan ceiling amount of \$17,500, plus an additional amount of \$5,500 for calendar year 2013. Members within three years of retirement were allowed to elect the Section 457 Three Year Catch-Up. Under this election, the member was allowed to defer the lesser of twice the current year’s Plan ceiling, \$35,000, or the Plan ceiling plus the underutilized limitation from prior year contributions. The underutilized limitation is the sum of the current year’s Plan ceiling and the Plan ceiling for any prior years less any compensation deferred during those prior years. The Age 50 Catch-Up and the Section 457 Three Year Catch-Up cannot be utilized at the same time.

Ameritas Life Insurance Company (Ameritas) is a private sector administrator of the Plan, with the exception of the member accounts maintained at MassMutual Retirement Services (MassMutual). MassMutual is also a private sector administrator of the Plan. Originally, the plan invested through the private sector administrator Hartford, until 1997 when NPERS ended new contributions to Hartford and contracted for services with Ameritas. Members were able to maintain their accounts at Hartford or transfer their balances to Ameritas. No additional contributions were allowed in the Hartford funds. In 2013, MassMutual took over the record-keeping services of Hartford, but Hartford continued to provide custodial services.

The Nebraska State Treasurer contracts with State Street Bank (SSB) to be the custodian of the Plan’s funds, with the exception of the assets held at Hartford. Prior to January 1, 2013, Hartford was both the recordkeeper and the custodian for the accounts not maintained by Ameritas. Beginning January 1, 2013, MassMutual took over the recordkeeping services of Hartford, while Hartford continued the custodial services provided to member investments not held at SSB. The investments at Hartford had an approximate value of \$39 million at December 31, 2013.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

BACKGROUND
(Concluded)

The Nebraska Investment Council contracts with several investment managers, who manage each of the funds held at SSB. Each investment manager charges management fees, which are deducted from the returns on the investment funds. Similarly, members with balances in the MassMutual plan have investment options, and the investment managers of those funds also charge management fees, which are deducted from the returns on the investment funds.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

EXIT CONFERENCE

An exit conference was held September 16, 2014, with the Nebraska Public Employees Retirement Systems (NPERS) to discuss the results of our examination. Those in attendance for NPERS were:

NAME	TITLE
Miden Ebert	Benefit Manager
Maria Davis	Retirement Specialist II
Melissa Mendoza	Retirement Specialist II
Dennis Rohren	Accountant III
Randy Gerke	Deputy Director
Teresa Zulauf	Internal Auditor
Denis Blank	Board Chair
Phyllis Chambers	Director
Ron Ecklund	Board Member

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

SUMMARY OF COMMENTS

During our examination of the Nebraska Public Employees Retirement Systems (NPERS) – Deferred Compensation Plan (Plan), we noted certain deficiencies and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Service Organization Control Report:*** NPERS utilized service organizations for recordkeeping and custodian services for a portion of the Plan funds, but it did not obtain a service organization control report for those entities.
2. ***MassMutual Distribution Procedures:*** For 8 of 25 distributions made by MassMutual, NPERS did not have adequate documentation to support NPERS approved the distributions prior to payment. We also noted forms requesting disbursements from MassMutual were not required to be notarized, and NPERS did not follow up with disbursements to ensure MassMutual distributions were made in accordance with the member's request.
3. ***Required Minimum Distribution:*** NPERS did not have procedures in place to ensure required minimum distributions were properly made by MassMutual.
4. ***Annuity Contract Compliance:*** NPERS did not have procedures in place to ensure member elected annuities were calculated in accordance with NPERS' contract.
5. ***MassMutual Manager Fees:*** NPERS did not have procedures to ensure fees charged by MassMutual and the fund managers of the MassMutual investments were reasonable and proper.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths.

Draft copies of this report were furnished to NPERS to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

COMMENTS AND RECOMMENDATIONS

1. Service Organization Control Report

A good internal control plan requires an agency utilizing a service organization to obtain a Service Organization Control (SOC) report for any service organization providing services that are part of the entity's business process. A SOC report provides an independent assessment of the controls at the service organization providing services to the entity. The SOC report also provides information on controls the entity should have to complement the service organization's controls. The entity should review the SOC report to ensure the service organization's controls are operating effectively.

NPERS did not obtain a SOC report for the recordkeeping function performed by MassMutual. A MassMutual recordkeeping SOC report, for the period January 1, 2013, through October 25, 2013, was able to be obtained; however, NPERS did not have procedures in place to obtain and review the report.

During the calendar year 2013, MassMutual utilized Hartford as the custodian of the Nebraska Plan Investments. Hartford did not have a SOC report for the custodial function for the calendar year 2013; thus, NPERS was not able to obtain a SOC report from Hartford for the custodial services it provided to the members invested in the MassMutual Plan.

We also noted NPERS did not have procedures to reconcile the members account balances, in total, per the recordkeeper, MassMutual, to the investments held by the custodian, Hartford.

Without obtaining and reviewing the SOC reports, there is an increased risk the service organization could have control weaknesses that NPERS would not be aware of. In addition, a review of the SOC report is necessary for NPERS to implement controls complementary to the service organization's controls. Lastly, without procedures to reconcile member account balances to the custodian, there is an increased risk member balances may be incorrect. A similar finding was noted in the previous report.

We recommend NPERS work with its service organizations to ensure they receive each SOC report issued. We further recommend NPERS review the reports to ensure its service organization's controls are operating effectively, and NPERS has controls in place to complement the service organization's controls. We also recommend NPERS implement procedures to reconcile member accounts at MassMutual to the investments held by the custodian.

NPERS' Response: NPERS will implement procedures to ensure that SOC reports are received and reviewed in a timely manner. NPERS will work with MassMutual to discuss procedures concerning reconciling member accounts at MassMutual to the investments held by the custodian (Hartford).

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

COMMENTS AND RECOMMENDATIONS
(Continued)

2. MassMutual Distribution Procedures

A good internal control plan and sound accounting practice require that NPERS establish procedures to ensure members' requests for distributions are proper and verified.

During testing of distributions of the Plan, we noted the following:

- All MassMutual requests for distribution are to be sent to NPERS for approval prior to payment; however, we noted 8 of 25 MassMutual Disbursement forms were not on file at NPERS. For the eight members, NPERS did not have the request for disbursement on file signed by the member and approved by NPERS. The eight distributions tested were members requesting periodic distributions that ranged from \$380 to \$5,036.
- We also noted NPERS did not perform procedures to ensure distributions processed by MassMutual were proper. NPERS received reports of distributions from MassMutual but did not performed detailed reviews to ensure the member payments were proper, payment options agreed to member forms, and amounts distributed agreed to member requests.
- In addition, MassMutual's requests for distribution forms were not required to be notarized, and there were no compensating procedures to ensure the individual requesting distributions or changes to their distribution was the valid member. Without procedures to verify individuals requesting distributions are proper, there is an increased risk a member account will be paid in error.
- NPERS did not have procedures to identify and follow up on deceased members with accounts held at MassMutual. MassMutual only performed procedures to identify deceased members if they were notified by the beneficiary. Due to this process, MassMutual could continue to pay member benefits after the member's death, increasing the risk the proper beneficiary would not receive the appropriate amount.

Without adequate procedures to ensure member distributions are proper and valid, there is an increased risk payments will be made in error. Furthermore, without adequate death verification procedures, there is an increased risk a deceased member will continue to receive payments, and NPERS will have to attempt to recoup amounts paid in error to be properly distributed to the member's beneficiary. A similar finding was noted in the previous report.

We recommend NPERS ensure:

- Member distribution requests are properly authorized by NPERS prior to payment by MassMutual, and the documentation is maintained by NPERS.
- Adequate procedures are established to review distribution reports received from MassMutual and to verify payments made are appropriate.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

COMMENTS AND RECOMMENDATIONS

(Continued)

2. MassMutual Distribution Procedures (Concluded)

- A notarized signature is required for all distributions, or verification procedures are established to ensure the requested payment is valid.
- Death verification procedures are established to ensure deceased members are identified and payments are stopped timely.

NPERS' Response: MassMutual provides its own forms that are provided to members when they want to receive a distribution from their account. NPERS utilizes the MassMutual forms. NPERS will implement procedures to ensure distributions are properly made from MassMutual.

3. Required Minimum Distribution

26 U.S.C. § 401(a)(9)(C) sets the required distribution guidance, stating the required begin date is April 1 of the calendar year following the later of: 1) the calendar year in which the employee attains age 70 ½; or 2) the calendar year in which the employee retires.

A good internal control plan requires procedures to ensure the Federal minimum distribution requirements are properly met.

NPERS received an annual report from MassMutual listing members that met the Federal minimum distribution requirements and the amount they were due. NPERS reviewed the members' birth dates to verify whether the active members listed were terminated. We noted the following concerns:

- Members listed with an active employment status on the MassMutual report, but noted by NPERS as terminated, were not communicated to MassMutual to ensure required minimum distributions (RMD) were properly paid in a timely manner.
- If a member was listed on the report but was not in NPERS' system, no further follow up was performed to ensure the member's active status was proper. It is very likely members not in NPERS' system would no longer be active employees, as all active employees were required to contribute to the regular retirement plans and would have had an account on NPERS' system. Therefore, further follow up would be necessary to determine the termination date in order for an RMD to be paid.
- Additionally, NPERS did not perform procedures to verify the distributions performed by MassMutual were calculated and paid in accordance with Federal requirements.

Without adequate procedures to ensure RMD requirements are met, there is an increased risk members will not be paid timely. A similar finding was noted in the previous report.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

COMMENTS AND RECOMMENDATIONS

(Continued)

3. Required Minimum Distribution (Concluded)

We recommend NPERS establish procedures to ensure Federal minimum distribution requirements are properly adhered to. Furthermore, we recommend NPERS establish procedures for the proper review and follow up of the MassMutual RMD report to ensure members are paid in accordance with Federal requirements.

NPERS' Response: NPERS will strengthen our procedures with MassMutual and have additional communication in the future concerning RMD's. MassMutual handles RMD's differently than NPERS, however we will continue to work with MassMutual and ensure RMD's are paid correctly and in a timely manner.

4. Annuity Contract Compliance

A good internal control plan and sound business practice require procedures to ensure vendor compliance with contractual agreements.

NPERS had contracts with United of Omaha and MassMutual to provide annuities to members of the Plan upon retirement. Both contracts specified rates used to calculate member annuities; however, NPERS did not have procedures to ensure the rates specified were used in the calculation. In addition, NPERS did not recalculate or review the annuities to ensure the contracted rates were used. During testing, we recalculated one member's annuity payment, and the rate used agreed to the contract.

Without procedures to ensure rates used in the annuity calculations are proper, there is an increased risk members will not receive the proper annuity payment. A similar finding was noted in the previous report.

We recommend NPERS ensure annuities processed by United of Omaha and MassMutual are in compliance with the contracts established for the Plan.

NPERS' Response: NPERS will work to establish procedures with United of Omaha and MassMutual to ensure annuity payments are in compliance with the contracts established for the plans.

5. MassMutual Manager Fees

A good internal control plan and sound accounting practice require procedures to ensure fees charged are proper and agree to supporting documentation.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

COMMENTS AND RECOMMENDATIONS
(Concluded)

5. MassMutual Manager Fees (Concluded)

NPERS did not have procedures to ensure fees charged by MassMutual and the fund managers of the MassMutual investments were reasonable and proper. Since no SOC report for Hartford, the custodian of the MassMutual investments, was obtained by NPERS, it could not be determined if Hartford performed any review to ensure manager fees were reasonable and proper. Due to this, NPERS was responsible for determining whether fees charged were reasonable.

Without procedures to monitor fees charged against the Plan, there is an increased risk fees will not be proper. A similar finding was noted in the previous report.

As NPERS is the administrator of the funds held at Hartford, we recommend NPERS establish adequate procedures to ensure fees charged against the funds held by Hartford are reasonable and proper.

NPERS' Response: NPERS will work with MassMutual/Hartford to establish procedures to review fees charged against the funds.



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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS DEFERRED COMPENSATION PLAN

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Public Employees Retirement Board
Lincoln, Nebraska

We have examined the accompanying Statement of Plan Net Position – Cash Basis and the Statement of Changes in Plan Net Position – Cash Basis of the Nebraska Public Employees Retirement Systems (NPERS) – Deferred Compensation Plan (Plan) for the period January 1, 2013, through December 31, 2013. NPERS's management is responsible for the Statement of Plan Net Position – Cash Basis and the Statement of Changes in Plan Net Position – Cash Basis. Our responsibility is to express an opinion based on our examination.

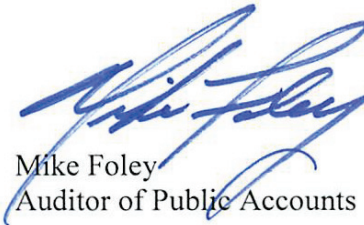
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Statement of Plan Net Position – Cash Basis and the Statement of Changes in Plan Net Position – Cash Basis and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the statements referred to above present, in all material respects, the Statement of Plan Net Position – Cash Basis and the Statement of Changes in Plan Net Position – Cash Basis of the NPERS Plan for the period January 1, 2013, through December 31, 2013, based on the cash basis of accounting, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement of Plan Net Position – Cash Basis and the Statement of Changes in Plan Net Position – Cash Basis and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Statement of Plan Net Position – Cash Basis and the Statement of Changes in Plan Net Position – Cash Basis are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Statement of Plan Net Position – Cash Basis and the Statement of Changes in Plan Net Position – Cash Basis or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

This report is intended solely for the information and use of management, Nebraska Public Employees Retirement Systems Board, others within NPERS, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

September 15, 2014



Mike Foley
Auditor of Public Accounts

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
 DEFERRED COMPENSATION PLAN
STATEMENT OF PLAN NET POSITION - CASH BASIS
 DECEMBER 31, 2013

	<u>DEFERRED COMPENSATION</u>
ASSETS	
Cash	
Operating Fund	\$ 26,349
Cash in State Treasury	<u>26,349</u>
Investments	
Investments	163,206,220
Investments Held at Hartford Life in 2013	<u>39,419,475</u>
Total Investments	<u>202,625,695</u>
TOTAL ASSETS	<u>202,652,044</u>
LIABILITIES	<u>-</u>
NET POSITION RESTRICTED FOR BENEFITS	<u><u>\$ 202,652,044</u></u>

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

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN
STATEMENT OF CHANGES IN PLAN NET POSITION - CASH BASIS
FOR CALENDAR YEAR ENDED DECEMBER 31, 2013

	<u>DEFERRED COMPENSATION</u>
ADDITIONS	
Contributions	
Participant Contributions	\$ 9,679,073
Rollover From Other Sources	2,084,157
Total Contributions	<u>11,763,230</u>
Investment Income/(Loss)	
Net Appreciation (Depreciation) in Fair Value of Investments	32,447,911
Interest and Dividend Income	1,444,554
Investment Expense	(100,465)
Total Investment Income	<u>33,792,000</u>
Additions	
Other Additions	7
Total Additions	<u>45,555,237</u>
DEDUCTIONS	
Distributions to Members	15,182,206
Administrative Expenses	136,089
Total Deductions	<u>15,318,295</u>
NET INCREASE / (DECREASE)	<u>30,236,942</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:	
BEGINNING OF YEAR	<u>172,415,102</u>
END OF YEAR	<u><u>202,652,044</u></u>

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

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

1. Criteria

The accounting and financial reporting treatment applied to the Nebraska Public Employees Retirement Systems (NPERS) – Deferred Compensation Plan (Plan) is determined by its measurement focus and basis of accounting. The accounting records of the Plan are maintained and reported on the basis of cash additions and deductions. As such, the measurement focus includes only those assets and net position arising from cash transactions on the Statement of Plan Net Position – Cash Basis and the Statement of Changes in Plan Net Position – Cash Basis. Additions are recognized when received, and deductions are recognized when warrants are paid.

The NPERS Plan utilizes an operating cash fund, whose resources are used in the administration of the fund, and a trust fund which accounts for the member investments. The cash fund generates revenues from the basis point fees charged to members of the Plan maintained by Ameritas. The basis point fees are then used to pay for the administrative expenses of the Plan. The administrative expenses are incurred by both Ameritas and NPERS. During the calendar year 2013, Ameritas Plan members were charged 6.5 basis points until October 25, 2013, when the fee changed to 3.5 basis points. MassMutual also charges member accounts an administrative fee, but that is deducted directly from the member account and is not received or paid by NPERS. MassMutual charged 35 basis points per member balance during calendar year 2013. In addition to the administrative fees, the investment fund managers also charge fees for the services they provide. The investment fund manager fees are deductions from investments and are not processed through the operating cash fund utilized by NPERS.

The primary addition classifications used by the NPERS Plan are Contributions and Investment Income. Contributions are made by members from their paychecks or are rolled over from a member's other retirement account. Investment Income is the appreciation in investments and investment interest and dividends less fees charged by investment managers.

The primary deduction classifications used by NPERS are Distributions to Members and Administrative Expenses. Distributions to Members are payments to members once they have terminated employment with the State or County. The distributions reported include those made by both Ameritas and MassMutual. Administrative Expenses are expenses incurred to administer the Plan and include expenses of NPERS and the Plan's recordkeeper, Ameritas. These expenses do not include the fees charged by MassMutual, which are charged directly to member accounts and do not flow through NPERS' operating cash fund.

2. Reporting Entity

NPERS was restructured by the Legislature in 1971 to administer the existing Nebraska retirement systems. Currently, NPERS is responsible for the administration of five retirement plans and the Deferred Compensation Plan (Plan). The five retirement plans administered are the School Employees, State Patrol, Judges, State Employees, and County Employees Retirement Plans.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

NOTES TO THE FINANCIAL STATEMENTS
(Concluded)

2. Reporting Entity (Concluded)

NPERS is a part of the State of Nebraska reporting entity. The five retirement plans and the Deferred Compensation Plan are classified as pension trust fund types in the State of Nebraska Comprehensive Annual Financial Report.

Separate reports have been issued for the School Employees, Judges, and State Patrol Retirement Plans and the State and County Employees Retirement Plans.

The financial Statements reflect only the Deferred Compensation Plan and do not reflect all the activity of NPERS.

3. General Cash

General cash accounts 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, which maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

4. Investments

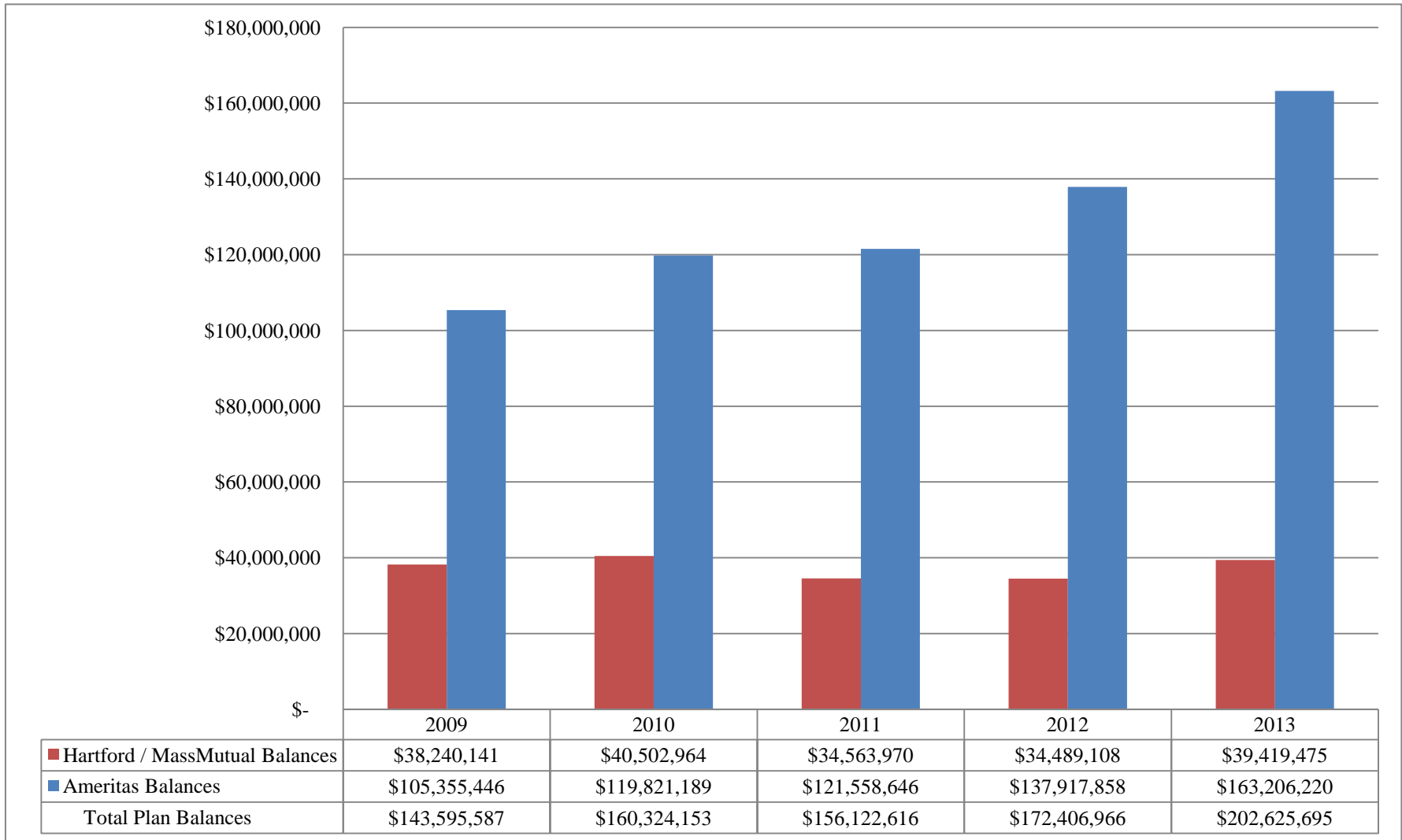
Investments represent the balance of holdings reflected by the NPERS Plan recordkeepers. Plan members are able to invest in various funds offered by MassMutual or Ameritas. The different funds offered by each private sector administrator are identified in the Supplementary Information on the Schedule of Investment Returns.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN

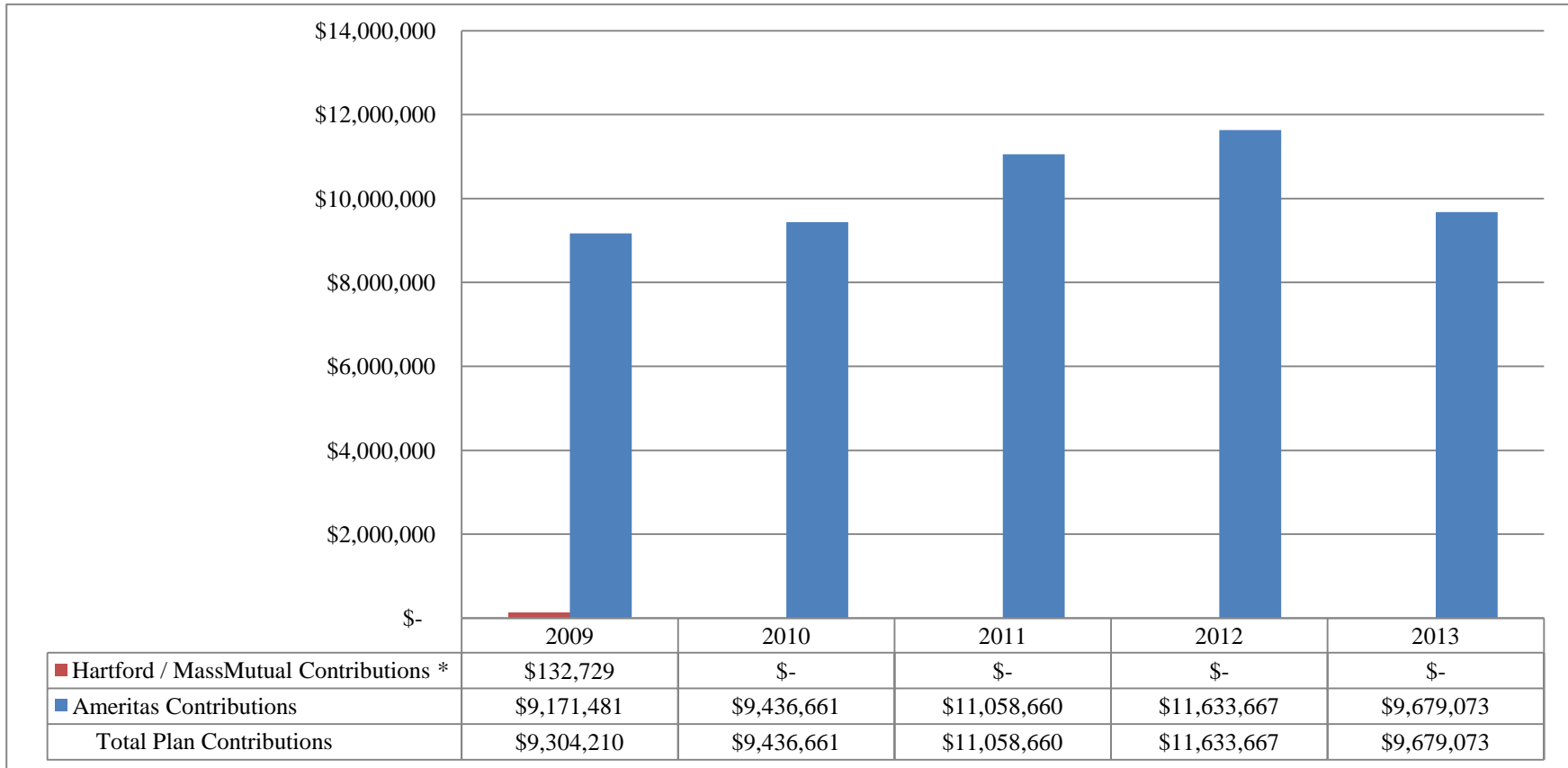
SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Statement of Plan Net Position – Cash Basis and the Statement of Changes to Plan Net Position – Cash Basis. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Statement of Plan Net Position – Cash Basis and the Statement of Changes to Plan Net Position – Cash Basis, and, accordingly, we express no opinion on it.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN
SCHEDULE OF PLAN BALANCES**

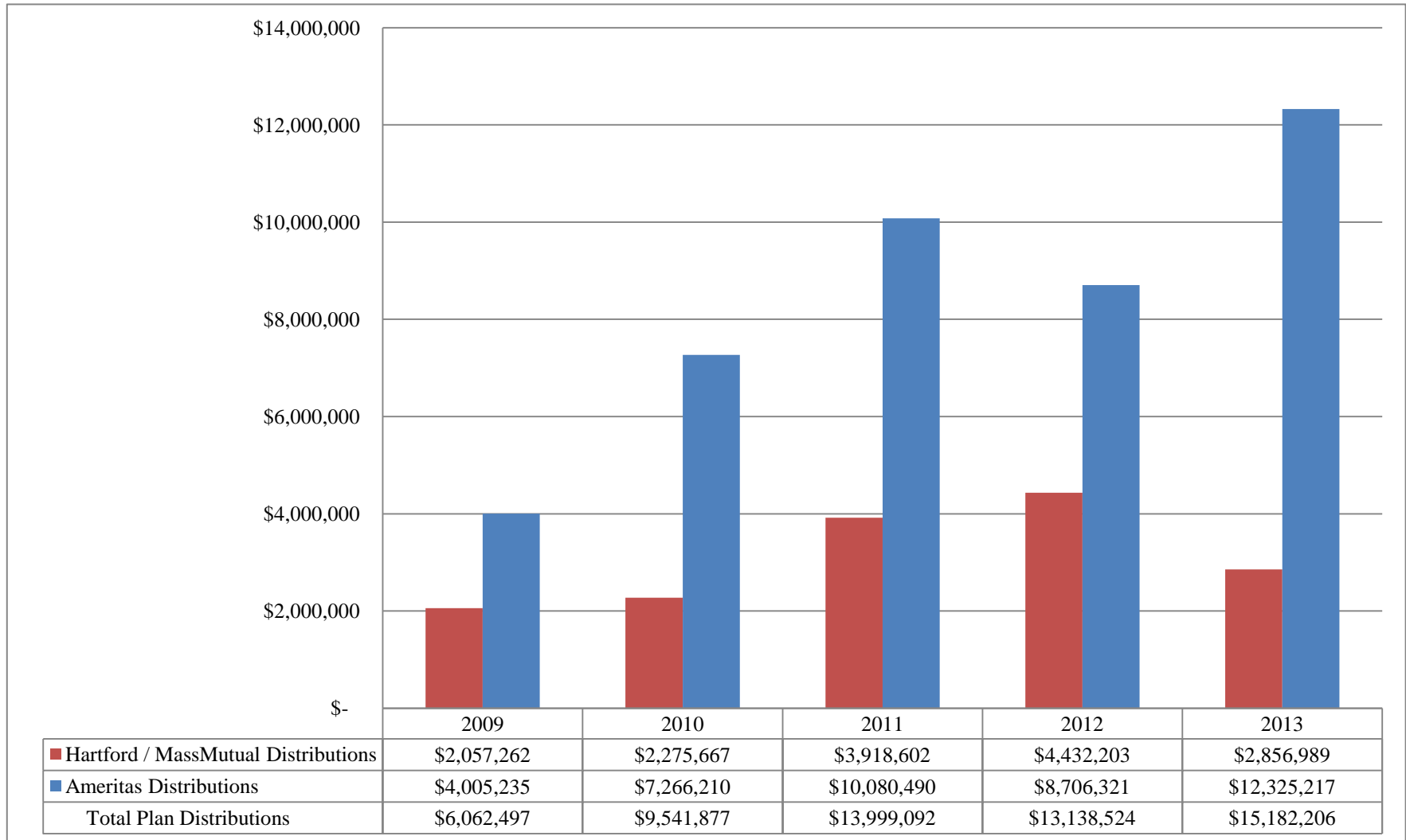


**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN
SCHEDULE OF CONTRIBUTIONS**



* Hartford / MassMutual contributions consist of transfers into existing member accounts from other qualified plans, as members were no longer allowed to contribute to Hartford / MassMutual accounts after 1997.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN
SCHEDULE OF DISBURSEMENTS**



NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
DEFERRED COMPENSATION PLAN
SCHEDULE OF INVESTMENT RETURNS

Fund Name	Investment Returns for Year Ending 12/31/13	Investment Returns for 3 Years Ending 12/31/13	Investment Returns for 5 Years Ending 12/31/13	Investment Returns for 10 Years Ending 12/31/13
<u>Ameritas Funds:</u>				
S&P 500 Stock Index	32.4%	16.2%	18.1%	7.5%
Large Growth Stock Index Fund	33.4%	16.5%	20.5%	7.9%
Large Value Stock Index Fund	32.5%	16.1%	16.8%	7.7%
Small Company Stock Fund	42.2%	17.7%	23.8%	10.1%
International Stock Index	14.5%	5.3%	12.6%	-
Bond Market Index	-1.9%	3.3%	4.5%	4.6%
Stable Value Fund	1.7%	2.3%	2.8%	3.6%
Money Market Fund	0.1%	0.1%	0.2%	1.8%
Conservative Premixed Fund	6.3%	5.6%	7.4%	5.4%
Moderate Premixed Fund	13.9%	8.9%	11.6%	6.8%
Aggressive Premixed Fund	22.1%	11.7%	15.0%	7.5%
Investor Select Fund Fund	17.9%	10.7%	14.1%	-
Average Investment Return	17.9%	9.5%	12.3%	6.3%
<u>Hartford / MassMutual Funds:</u>				
American Century Value	31.1%	14.7%	15.4%	7.3%
American Funds Growth Fund of America	33.8%	15.3%	18.3%	8.3%
Davis New York Venture	34.6%	13.0%	16.4%	6.8%
Goldman Sachs Mid-Cap Value	32.4%	13.4%	19.2%	9.8%
Hartford Capital Appreciation HLS	39.1%	13.4%	19.9%	9.7%
Hartford Dividend & Growth HLS	31.9%	14.9%	16.5%	8.4%
Hartford Small Company HLS	44.4%	17.3%	21.0%	10.6%
Munder Mid-Cap Core Growth	33.4%	15.2%	20.4%	10.2%
Skyline Special Equities Portfolio	51.6%	21.0%	27.8%	10.9%
SSgA Russell 2000 Index	33.4%	14.4%	19.1%	8.3%
SSgA S&P 500 Flagship	31.5%	15.9%	17.6%	6.9%
SSgA S&P MidCap Index	32.5%	14.3%	20.7%	9.5%
T. Rowe Price Growth Stock	38.9%	17.6%	22.1%	8.7%
AllianceBernstein International Value	22.1%	3.6%	9.1%	3.9%
American Funds EuroPacific Growth	20.2%	7.4%	13.5%	8.9%
Franklin Mutual Discovery	25.3%	11.3%	13.1%	9.8%
Hartford International Opportunities HLS	21.6%	7.9%	13.9%	9.1%
Hartford Total Return Bond HLS	-1.4%	4.3%	7.0%	4.3%
Hartford General Account	-	-	-	-
Loomis Sayles Bond	5.5%	7.8%	14.2%	7.7%
Putnum High-Yield Advantage	6.8%	8.2%	16.3%	8.0%
Hartford Balance HLS	21.2%	11.4%	15.1%	6.1%
Oakmark Equity & Income	23.8%	10.5%	12.0%	8.0%
SSgA DJ Target 2015 Fund	4.2%	4.3%	-	-
SSgA DJ Target 2025 Fund	11.4%	6.8%	11.2%	5.9%
SSgA DJ Target 2035 Fund	18.3%	8.9%	14.4%	6.7%
SSgA DJ Target 2045 Fund	22.0%	10.0%	15.7%	7.3%
Average Investment Return	25.8%	11.6%	16.4%	8.0%

Source: Nebraska Investment Council 2013 Annual Report