

AMENDMENTS TO LB759

Introduced by Nebraska Retirement Systems

1 1. Strike the original sections and insert the following
2 new sections:

3 Section 1. (1) On or before November 1, 2014, each
4 political subdivision which offers a defined benefit plan pursuant
5 to section 401(a) of the Internal Revenue Code which was open to
6 new members on January 1, 2004, shall submit written notification
7 to the Nebraska Retirement Systems Committee of the Legislature
8 that it offers such a plan.

9 (2) Beginning November 15, 2014, and each November 15
10 thereafter, the retirement plan governing entity of each political
11 subdivision that offers such a defined benefit retirement plan
12 shall file with the committee a copy of the most recent annual
13 actuarial valuation of the retirement plan. The valuation report
14 shall be filed electronically.

15 (3) (a) Beginning November 15, 2014, and each November
16 15 thereafter, the governing entity of the retirement plan of
17 each political subdivision that offers such a defined benefit
18 retirement plan shall file a report with the committee if either
19 of the following conditions exist as of the latest annual actuarial
20 valuation of the retirement plan: (i) The contributions do not
21 equal the actuarial requirement for funding; or (ii) the funded
22 ratio is less than eighty percent.

23 (b) The report shall include, but not be limited

1 to, an analysis of the conditions and a recommendation for
2 the circumstances and timing of any future benefit changes,
3 contribution changes, or other corrective action, or any
4 combination of actions, to improve the conditions. The committee
5 may require a governing entity to present its report to the
6 committee at a public hearing. The report shall be submitted
7 electronically.

8 (4) If a governing entity does not file the reports
9 required by subdivision (2) or (3) of this section with the
10 committee by November 15, the Auditor of Public Accounts may audit,
11 or cause to be audited, the political subdivision offering the
12 retirement plan. All costs of the audit shall be paid by the
13 political subdivision.

14 (5) For purposes of this section, political subdivision
15 means any local governmental body formed and organized under state
16 law and any joint entity or joint public agency created under state
17 law to act on behalf of political subdivisions.

18 Sec. 2. Section 2-3228, Reissue Revised Statutes of
19 Nebraska, is amended to read:

20 2-3228 (1) Each district shall have the power and
21 authority to:

22 (a) Receive and accept donations, gifts, grants,
23 bequests, appropriations, or other contributions in money,
24 services, materials, or otherwise from the United States or any of
25 its agencies, from the state or any of its agencies or political
26 subdivisions, or from any person as defined in section 49-801 and
27 use or expend all such contributions in carrying on its operations;

1 (b) Establish advisory groups by appointing persons
2 within the district, pay necessary and proper expenses of such
3 groups as the board shall determine, and dissolve such groups;

4 (c) Employ such persons as are necessary to carry out
5 its authorized purposes and, in addition to other compensation
6 provided, establish and fund a pension plan designed and intended
7 for the benefit of all permanent full-time employees of the
8 district. Any recognized method of funding a pension plan may be
9 employed. Employee contributions shall be required to fund at least
10 fifty percent of the benefits, and past service benefits may be
11 included. The district shall pay all costs of any such past service
12 benefits, which may be retroactive to July 1, 1972, and the plan
13 may be integrated with old age and survivors' insurance, generally
14 known as social security. A uniform pension plan, including the
15 method for jointly funding such plan, shall be established for all
16 districts in the state. A district may elect not to participate in
17 such a plan but shall not establish an independent plan;

18 (d) Purchase liability, property damage, workers'
19 compensation, and other types of insurance as in the judgment of
20 the board are necessary to protect the assets of the district;

21 (e) Borrow money to carry out its authorized purposes;

22 (f) Adopt and promulgate rules and regulations to carry
23 out its authorized purposes; and

24 (g) Invite the local governing body of any municipality
25 or county to designate a representative to advise and counsel with
26 the board on programs and policies that may affect the property,
27 water supply, or other interests of such municipality or county.

1 (2) (a) Beginning December 31, 1998, and each December
2 31 thereafter, the Nebraska Association of Resources Districts as
3 organized under the Interlocal Cooperation Act shall file with
4 the Public Employees Retirement Board an annual report on each
5 retirement plan established pursuant to this section and section
6 401(a) of the Internal Revenue Code and shall submit copies of such
7 report to the Auditor of Public Accounts. The Auditor of Public
8 Accounts may prepare a review of such report pursuant to section
9 84-304.02 but is not required to do so. The annual report shall be
10 in a form prescribed by the Public Employees Retirement Board and
11 shall contain the following information for each such retirement
12 plan:

13 (i) The number of persons participating in the retirement
14 plan;

15 (ii) The contribution rates of participants in the plan;

16 (iii) Plan assets and liabilities;

17 (iv) The names and positions of persons administering the
18 plan;

19 (v) The names and positions of persons investing plan
20 assets;

21 (vi) The form and nature of investments;

22 (vii) For each defined contribution plan, a full
23 description of investment policies and options available to plan
24 participants; and

25 (viii) For each defined benefit plan, the levels of
26 benefits of participants in the plan, the number of members who
27 are eligible for a benefit, and the total present value of such

1 members' benefits, as well as the funding sources which will pay
2 for such benefits.

3 If a plan contains no current active participants, the
4 association may file in place of such report a statement with the
5 Public Employees Retirement Board indicating the number of retirees
6 still drawing benefits, and the sources and amount of funding for
7 such benefits.

8 (b) ~~Beginning December 31, 1998, and every four years~~
9 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
10 which was open to new members on January 1, 2004, in addition to
11 the reports required by section 1 of this act, the association
12 shall cause to be prepared a quadrennial an annual report and
13 shall file the same with the Public Employees Retirement Board and
14 the Nebraska Retirement Systems Committee of the Legislature and
15 submit to the Auditor of Public Accounts a copy of such report.
16 The Auditor of Public Accounts may prepare a review of such report
17 pursuant to section 84-304.02 but is not required to do so. If the
18 association does not submit a copy of the report to the Auditor
19 of Public Accounts within six months after the end of the plan
20 year, the Auditor of Public Accounts may audit, or cause to be
21 audited, the association. All costs of the audit shall be paid
22 by the association. The report shall consist of a full actuarial
23 analysis of each such retirement plan established pursuant to this
24 section. The analysis shall be prepared by an independent private
25 organization or public entity employing actuaries who are members
26 in good standing of the American Academy of Actuaries, and which
27 organization or entity has demonstrated expertise to perform this

1 type of analysis and is unrelated to any organization offering
2 investment advice or which provides investment management services
3 to the retirement plan. The report to the Nebraska Retirement
4 Systems Committee shall be submitted electronically.

5 Sec. 3. Section 12-101, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 12-101 (1) The cemetery in Lincoln, Nebraska, known as
8 Wyuka Cemetery, is hereby declared to be a public charitable
9 corporation. The general control and management of the affairs of
10 such cemetery shall be vested in a board of three trustees until
11 July 1, 2009, and thereafter shall be vested in a board of five
12 trustees. The trustees shall serve without compensation and shall
13 be a body corporate to be known as Wyuka Cemetery, with power
14 to sue and be sued, to contract and to be contracted with, and
15 to acquire, hold, and convey both real and personal property for
16 all purposes consistent with the provisions of sections 12-101 to
17 12-105, and shall have the power of eminent domain to be exercised
18 in the manner provided in section 12-201.

19 (2) The trustees of Wyuka Cemetery shall have the power,
20 by resolution duly adopted by a majority vote, to authorize one
21 of their number to sign a petition for paving, repaving, curbing,
22 recurbing, grading, changing grading, guttering, resurfacing,
23 relaying existing pavement, or otherwise improving any street,
24 streets, alley, alleys, or public ways or grounds abutting cemetery
25 property. When such improvements have been ordered, the trustees
26 shall pay, from funds of the cemetery, such special taxes or
27 assessments as may be properly determined.

1 (3) The trustees of Wyuka Cemetery shall be appointed
2 by the Governor of the State of Nebraska at the expiration of
3 each trustee's term of office. The two trustees appointed for
4 their initial terms of office beginning July 1, 2009, shall be
5 appointed by the Governor to serve a five-year term and a six-year
6 term, respectively. Thereafter, each of the five trustees shall
7 be appointed by the Governor for a term of six years. In the
8 event of a vacancy occurring among the members of the board, the
9 vacancy shall be filled by appointment by the Governor, and such
10 appointment shall continue for the unexpired term.

11 (4) The board of trustees of Wyuka Cemetery shall file
12 with the Auditor of Public Accounts, on or before the second
13 Tuesday in June of each year, an itemized report of all the
14 receipts and expenditures in connection with its management and
15 control of the cemetery.

16 (5) The trustees of Wyuka Cemetery shall have the power
17 to provide, in their discretion, retirement benefits for present
18 and future employees of the cemetery, and to establish, participate
19 in, and administer plans for the benefit of its employees or
20 its employees and their dependents, which may provide disability,
21 hospitalization, medical, surgical, accident, sickness and life
22 insurance coverage, or any one or more coverages, and which shall
23 be purchased from a corporation or corporations authorized and
24 licensed by the Department of Insurance.

25 (6) (a) Beginning December 31, 1998, and each December
26 31 thereafter, the trustees shall file with the Public Employees
27 Retirement Board an annual report on each retirement plan

1 established pursuant to this section and section 401(a) of the
2 Internal Revenue Code and shall submit copies of such report to
3 the Auditor of Public Accounts. The Auditor of Public Accounts
4 may prepare a review of such report pursuant to section 84-304.02
5 but is not required to do so. The annual report shall be in a
6 form prescribed by the Public Employees Retirement Board and shall
7 contain the following information for each such retirement plan:

8 (i) The number of persons participating in the retirement
9 plan;

10 (ii) The contribution rates of participants in the plan;

11 (iii) Plan assets and liabilities;

12 (iv) The names and positions of persons administering the
13 plan;

14 (v) The names and positions of persons investing plan
15 assets;

16 (vi) The form and nature of investments;

17 (vii) For each defined contribution plan, a full
18 description of investment policies and options available to plan
19 participants; and

20 (viii) For each defined benefit plan, the levels of
21 benefits of participants in the plan, the number of members who
22 are eligible for a benefit, and the total present value of such
23 members' benefits, as well as the funding sources which will pay
24 for such benefits.

25 If a plan contains no current active participants, the
26 trustees may file in place of such report a statement with the
27 Public Employees Retirement Board indicating the number of retirees

1 still drawing benefits, and the sources and amount of funding for
2 such benefits.

3 (b) ~~Beginning December 31, 1998, and every four years~~
4 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
5 which was open to new members on January 1, 2004, in addition
6 to the reports required by section 1 of this act, the trustees
7 shall cause to be prepared a ~~quadrennial~~ an annual report and
8 shall file the same with the Public Employees Retirement Board and
9 the Nebraska Retirement Systems Committee of the Legislature and
10 submit to the Auditor of Public Accounts a copy of such report.
11 The Auditor of Public Accounts may prepare a review of such report
12 pursuant to section 84-304.02 but is not required to do so. If
13 the trustees do not submit a copy of the report to the Auditor
14 of Public Accounts within six months after the end of the plan
15 year, the Auditor of Public Accounts may audit, or cause to be
16 audited, Wyuka Cemetery. All costs of the audit shall be paid
17 by Wyuka Cemetery. The report shall consist of a full actuarial
18 analysis of each such retirement plan established pursuant to this
19 section. The analysis shall be prepared by an independent private
20 organization or public entity employing actuaries who are members
21 in good standing of the American Academy of Actuaries, and which
22 organization or entity has demonstrated expertise to perform this
23 type of analysis and is unrelated to any organization offering
24 investment advice or which provides investment management services
25 to the retirement plan. The report to the Nebraska Retirement
26 Systems Committee shall be submitted electronically.

27 Sec. 4. Section 14-567, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2 14-567 (1) Beginning December 31, 1998, and each December
3 31 thereafter, the pension board of a city of the metropolitan
4 class shall file with the Public Employees Retirement Board an
5 annual report on each retirement plan established by such city
6 pursuant to section 401(a) of the Internal Revenue Code and shall
7 submit copies of such report to the Auditor of Public Accounts.
8 The Auditor of Public Accounts may prepare a review of such report
9 pursuant to section 84-304.02 but is not required to do so. The
10 annual report shall be in a form prescribed by the Public Employees
11 Retirement Board and shall contain the following information for
12 each such retirement plan:

13 (a) The number of persons participating in the retirement
14 plan;

15 (b) The contribution rates of participants in the plan;

16 (c) Plan assets and liabilities;

17 (d) The names and positions of persons administering the
18 plan;

19 (e) The names and positions of persons investing plan
20 assets;

21 (f) The form and nature of investments;

22 (g) For each defined contribution plan, a full
23 description of investment policies and options available to plan
24 participants; and

25 (h) For each defined benefit plan, the levels of benefits
26 of participants in the plan, the number of members who are eligible
27 for a benefit, and the total present value of such members'

1 benefits, as well as the funding sources which will pay for such
2 benefits.

3 If a plan contains no current active participants, the
4 pension board may file in place of such report a statement with the
5 Public Employees Retirement Board indicating the number of retirees
6 still drawing benefits, and the sources and amount of funding for
7 such benefits.

8 (2) ~~Beginning December 31, 1998, and every four years~~
9 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
10 which was open to new members on January 1, 2004, in addition to
11 the reports required by section 1 of this act, the pension board
12 of a city of the metropolitan class shall cause to be prepared
13 a ~~quadrennial~~ an annual report and shall file the same with
14 the Public Employees Retirement Board and the Nebraska Retirement
15 Systems Committee of the Legislature and submit to the Auditor
16 of Public Accounts a copy of such report. The Auditor of Public
17 Accounts may prepare a review of such report pursuant to section
18 84-304.02 but is not required to do so. If the pension board does
19 not submit a copy of the report to the Auditor of Public Accounts
20 within six months after the end of the plan year, the Auditor
21 of Public Accounts may audit, or cause to be audited, the city.
22 All costs of the audit shall be paid by the city. The report
23 shall consist of a full actuarial analysis of each such retirement
24 plan established by the city. The analysis shall be prepared by
25 an independent private organization or public entity employing
26 actuaries who are members in good standing of the American Academy
27 of Actuaries, and which organization or entity has demonstrated

1 expertise to perform this type of analysis and is unrelated to
2 any organization offering investment advice or which provides
3 investment management services to the retirement plan. The report
4 to the Nebraska Retirement Systems Committee shall be submitted
5 electronically.

6 Sec. 5. Section 14-1805.01, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 14-1805.01 (1) Beginning December 31, 1998, and each
9 December 31 thereafter, the chairperson of the board shall file
10 with the Public Employees Retirement Board an annual report on each
11 retirement plan established pursuant to section 14-1805 and section
12 401(a) of the Internal Revenue Code and shall submit copies of such
13 report to the Auditor of Public Accounts. The Auditor of Public
14 Accounts may prepare a review of such report pursuant to section
15 84-304.02 but is not required to do so. The annual report shall be
16 in a form prescribed by the Public Employees Retirement Board and
17 shall contain the following information for each such retirement
18 plan:

19 (a) The number of persons participating in the retirement
20 plan;

21 (b) The contribution rates of participants in the plan;

22 (c) Plan assets and liabilities;

23 (d) The names and positions of persons administering the
24 plan;

25 (e) The names and positions of persons investing plan
26 assets;

27 (f) The form and nature of investments;

1 (g) For each defined contribution plan, a full
2 description of investment policies and options available to plan
3 participants; and

4 (h) For each defined benefit plan, the levels of benefits
5 of participants in the plan, the number of members who are eligible
6 for a benefit, and the total present value of such members'
7 benefits, as well as the funding sources which will pay for such
8 benefits.

9 If a plan contains no current active participants, the
10 chairperson may file in place of such report a statement with the
11 Public Employees Retirement Board indicating the number of retirees
12 still drawing benefits, and the sources and amount of funding for
13 such benefits.

14 (2) ~~Beginning December 31, 1998, and every four years~~
15 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
16 which was open to new members on January 1, 2004, in addition
17 to the reports required by section 1 of this act, the authority
18 shall cause to be prepared a quadrennial an annual report and
19 the chairperson shall file the same with the Public Employees
20 Retirement Board and the Nebraska Retirement Systems Committee of
21 the Legislature and submit to the Auditor of Public Accounts a copy
22 of such report. The Auditor of Public Accounts may prepare a review
23 of such report pursuant to section 84-304.02 but is not required
24 to do so. If the authority does not submit a copy of the report
25 to the Auditor of Public Accounts within six months after the end
26 of the plan year, the Auditor of Public Accounts may audit, or
27 cause to be audited, the authority. All costs of the audit shall be

1 paid by the authority. The report shall consist of a full actuarial
2 analysis of each such retirement plan established pursuant to
3 section 14-1805. The analysis shall be prepared by an independent
4 private organization or public entity employing actuaries who are
5 members in good standing of the American Academy of Actuaries, and
6 which organization or entity has demonstrated expertise to perform
7 this type of analysis and is unrelated to any organization offering
8 investment advice or which provides investment management services
9 to the retirement plan. The report to the Nebraska Retirement
10 Systems Committee shall be submitted electronically.

11 Sec. 6. Section 14-2111, Reissue Revised Statutes of
12 Nebraska, is amended to read:

13 14-2111 (1) The board of directors of any metropolitan
14 utilities district may also provide benefits for, insurance of, and
15 annuities for the present and future employees and appointees of
16 the district covering accident, disease, death, total and permanent
17 disability, and retirement, all or any of them, under such terms
18 and conditions as the board may deem proper and expedient from
19 time to time. Any retirement plan adopted by the board of directors
20 shall be upon some contributory basis requiring contributions by
21 both the district and the employee or appointee, except that the
22 district may pay the entire cost of the fund necessary to cover
23 service rendered prior to the adoption of any new retirement plan.
24 Any retirement plan shall take into consideration the benefits
25 provided for employees and appointees of metropolitan utilities
26 districts under the Social Security Act, and any benefits provided
27 under a contributory retirement plan shall be supplemental to the

1 benefits provided under the Social Security Act as defined in
2 section 68-602 if the employees entitled to vote in a referendum
3 vote in favor of old age and survivors' insurance coverage. To
4 effectuate any plan adopted pursuant to this authority, the board
5 of directors of the district is empowered to establish and maintain
6 reserves and funds, provide for insurance premiums and costs, and
7 make such delegation as may be necessary to carry into execution
8 the general powers granted by this section. Except as provided
9 in subsection (4) of this section, payments made to employees and
10 appointees, under the authority in this section, shall be exempt
11 from attachment or other legal process and shall not be assignable.

12 (2) Any retirement plan adopted by the board of directors
13 of any metropolitan utilities district may allow the district
14 to pick up the employee contribution required by this section
15 for all compensation paid on or after January 1, 1986, and
16 the contributions so picked up shall be treated as employer
17 contributions in determining federal tax treatment under the
18 Internal Revenue Code, except that the employer shall continue
19 to withhold federal income taxes based upon such contributions
20 until the Internal Revenue Service or the federal courts rule
21 that, pursuant to section 414(h) of the Internal Revenue Code,
22 such contributions shall not be included as gross income of the
23 employee until such time as they are distributed or made available.
24 The employer shall pay the employee contributions from the same
25 source of funds which is used in paying earnings to the employees.
26 The employer shall pick up the contributions by a salary deduction
27 either through a reduction in the cash salary of the employee or

1 a combination of a reduction in salary and offset against a future
2 salary increase. Employee contributions picked up shall be treated
3 in the same manner and to the same extent as employee contributions
4 made prior to the date picked up.

5 (3) (a) Beginning December 31, 1998, and each December 31
6 thereafter, the chairperson of the board shall file with the Public
7 Employees Retirement Board an annual report on each retirement
8 plan established pursuant to this section and section 401(a) of
9 the Internal Revenue Code and shall submit copies of such report
10 to the Auditor of Public Accounts. The Auditor of Public Accounts
11 may prepare a review of such report pursuant to section 84-304.02
12 but is not required to do so. The annual report shall be in a
13 form prescribed by the Public Employees Retirement Board and shall
14 contain the following information for each such retirement plan:

15 (i) The number of persons participating in the retirement
16 plan;

17 (ii) The contribution rates of participants in the plan;

18 (iii) Plan assets and liabilities;

19 (iv) The names and positions of persons administering the
20 plan;

21 (v) The names and positions of persons investing plan
22 assets;

23 (vi) The form and nature of investments;

24 (vii) For each defined contribution plan, a full
25 description of investment policies and options available to plan
26 participants; and

27 (viii) For each defined benefit plan, the levels of

1 benefits of participants in the plan, the number of members who
2 are eligible for a benefit, and the total present value of such
3 members' benefits, as well as the funding sources which will pay
4 for such benefits.

5 If a plan contains no current active participants, the
6 chairperson may file in place of such report a statement with the
7 Public Employees Retirement Board indicating the number of retirees
8 still drawing benefits, and the sources and amount of funding for
9 such benefits.

10 (b) ~~Beginning December 31, 1998, and every four years~~
11 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
12 which was open to new members on January 1, 2004, in addition
13 to the reports required by section 1 of this act, the board of
14 directors of any metropolitan utilities district shall cause to
15 be prepared a ~~quadrennial~~ an annual report and shall file the
16 same with the Public Employees Retirement Board and the Nebraska
17 Retirement Systems Committee of the Legislature and submit to the
18 Auditor of Public Accounts a copy of such report. The Auditor of
19 Public Accounts may prepare a review of such report pursuant to
20 section 84-304.02 but is not required to do so. If the board of
21 directors does not submit a copy of the report to the Auditor
22 of Public Accounts within six months after the end of the plan
23 year, the Auditor of Public Accounts may audit, or cause to be
24 audited, the metropolitan utilities district. All costs of the
25 audit shall be paid by the metropolitan utilities district. The
26 report shall consist of a full actuarial analysis of each such
27 retirement plan established pursuant to this section. The analysis

1 shall be prepared by an independent private organization or public
2 entity employing actuaries who are members in good standing of the
3 American Academy of Actuaries, and which organization or entity
4 has demonstrated expertise to perform this type of analysis and is
5 unrelated to any organization offering investment advice or which
6 provides investment management services to the retirement plan.
7 The report to the Nebraska Retirement Systems Committee shall be
8 submitted electronically.

9 (4) If an employee or appointee is convicted of or
10 pleads no contest to a felony that is defined as assault, sexual
11 assault, kidnapping, child abuse, false imprisonment, or theft
12 by embezzlement and is found liable for civil damages as a
13 result of such felony, following distribution of the employee's
14 or appointee's benefits or annuities from the retirement plan,
15 the court may order the payment of the employee's or appointee's
16 benefits or annuities under the retirement plan for such civil
17 damages, except that the benefits or annuities to the extent
18 reasonably necessary for the support of the employee or appointee
19 or any of his or her beneficiaries shall be exempt from such
20 payment. Any order for payment of benefits or annuities shall not
21 be stayed on the filing of any appeal of the conviction. If the
22 conviction is reversed on final judgment, all benefits or annuities
23 paid as civil damages shall be forfeited and returned to the
24 employee or appointee. The changes made to this section by Laws
25 2012, LB916, shall apply to persons convicted of or who have pled
26 no contest to such a felony and who have been found liable for
27 civil damages as a result of such felony prior to, on, or after

1 April 7, 2012.

2 Sec. 7. Section 15-1017, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 15-1017 (1) A city of the primary class which has a
5 city pension and retirement plan or fund, or a city fire and
6 police pension plan or fund, or both, may provide by ordinance
7 as authorized by its home rule charter, and not prohibited by the
8 Constitution of Nebraska, for the investment of any plan or fund,
9 and it may provide that (a) such a city shall place in trust any
10 part of such plan or fund, (b) it shall place in trust any part
11 of any such plan or fund with a corporate trustee in Nebraska,
12 or (c) it shall purchase any part of any such plan from a life
13 insurance company licensed to do business in the State of Nebraska.
14 The powers conferred by this section shall be independent of and in
15 addition and supplemental to any other provisions of the laws of
16 the State of Nebraska with reference to the matters covered hereby
17 and this section shall be considered as a complete and independent
18 act and not as amendatory of or limited by any other provision of
19 the laws of the State of Nebraska.

20 (2) (a) Beginning December 31, 1998, and each December 31
21 thereafter, the clerk of a city of the primary class shall file
22 with the Public Employees Retirement Board an annual report on
23 each retirement plan established pursuant to this section, section
24 15-1026, and section 401(a) of the Internal Revenue Code and shall
25 submit copies of such report to the Auditor of Public Accounts.
26 The Auditor of Public Accounts may prepare a review of such report
27 pursuant to section 84-304.02 but is not required to do so. The

1 annual report shall be in a form prescribed by the Public Employees
2 Retirement Board and shall contain the following information for
3 each such retirement plan:

4 (i) The number of persons participating in the retirement
5 plan;

6 (ii) The contribution rates of participants in the plan;

7 (iii) Plan assets and liabilities;

8 (iv) The names and positions of persons administering the
9 plan;

10 (v) The names and positions of persons investing plan
11 assets;

12 (vi) The form and nature of investments;

13 (vii) For each defined contribution plan, a full
14 description of investment policies and options available to plan
15 participants; and

16 (viii) For each defined benefit plan, the levels of
17 benefits of participants in the plan, the number of members who
18 are eligible for a benefit, and the total present value of such
19 members' benefits, as well as the funding sources which will pay
20 for such benefits.

21 If a plan contains no current active participants, the
22 city clerk may file in place of such report a statement with the
23 Public Employees Retirement Board indicating the number of retirees
24 still drawing benefits, and the sources and amount of funding for
25 such benefits.

26 (b) ~~Beginning December 31, 1998, and every four years~~
27 ~~thereafter, if~~ If such retirement plan is a defined benefit plan

1 which was open to new members on January 1, 2004, in addition to
2 the reports required by section 1 of this act, the city council
3 of a city of the primary class shall cause to be prepared a
4 ~~quadrennial~~ an annual report and shall file the same with the
5 Public Employees Retirement Board and the Nebraska Retirement
6 Systems Committee of the Legislature and submit to the Auditor
7 of Public Accounts a copy of such report. The Auditor of Public
8 Accounts may prepare a review of such report pursuant to section
9 84-304.02 but is not required to do so. If the city council
10 does not submit a copy of the report to the Auditor of Public
11 Accounts within six months after the end of the plan year, the
12 Auditor of Public Accounts may audit, or cause to be audited,
13 the city. All costs of the audit shall be paid by the city. The
14 report shall consist of a full actuarial analysis of each such
15 retirement plan established pursuant to this section and section
16 15-1026. The analysis shall be prepared by an independent private
17 organization or public entity employing actuaries who are members
18 in good standing of the American Academy of Actuaries, and which
19 organization or entity has demonstrated expertise to perform this
20 type of analysis and is unrelated to any organization offering
21 investment advice or which provides investment management services
22 to the retirement plan. The report to the Nebraska Retirement
23 Systems Committee shall be submitted electronically.

24 Sec. 8. Section 16-1002, Reissue Revised Statutes of
25 Nebraska, is amended to read:

26 16-1002 For purposes of the Police Officers Retirement
27 Act, unless the context otherwise requires:

1 (1) Actuarial equivalent means equality in value of the
2 aggregate amount of benefit expected to be received under different
3 forms of benefit or at different times determined as of a given
4 date as adopted by the city or the retirement committee for
5 use by the retirement system. Actuarial equivalencies shall be
6 specified in the funding medium established for the retirement
7 system, except that if benefits under the retirement system are
8 obtained through the purchase of an annuity contract, the actuarial
9 equivalent of any such form of benefit shall be the amount of
10 pension benefit which can be purchased or otherwise provided by
11 the police officer's retirement value. All actuarial and mortality
12 assumptions adopted by the city or retirement committee shall be on
13 a sex-neutral basis;

14 (2) Beneficiary means the person or persons designated by
15 a police officer, pursuant to a written instrument filed with the
16 retirement committee before the police officer's death, to receive
17 death benefits which may be payable under the retirement system;

18 (3) Funding agent means any bank, trust company, life
19 insurance company, thrift institution, credit union, or investment
20 management firm selected by the city or retirement committee to
21 hold or invest the funds of the retirement system;

22 (4) Regular interest means the rate of interest earned
23 each calendar year equal to the rate of net earnings realized
24 for the calendar year from investments of the retirement fund.
25 Net earnings means the amount by which income or gain realized
26 from investments of the retirement fund exceeds the amount of any
27 realized losses from such investments during the calendar year;

1 (5) Regular pay means the average salary of the police
2 officer for the period of five consecutive years preceding elective
3 retirement, death, or date of disability which produces the highest
4 average;

5 (6) Salary means all amounts paid to a participating
6 police officer by the employing city for personal services as
7 reported on the participant's federal income tax withholding
8 statement, including the police officer's contributions picked
9 up by the city as provided in subsection (2) of section 16-1005 and
10 any salary reduction contributions which are excludable from income
11 for federal income tax purposes pursuant to section 125 or 457 of
12 the Internal Revenue Code;

13 (7) Sex-neutral basis means the benefit calculation
14 provided to the city of the first class by a licensed domestic
15 or foreign insurance or annuity company with a product available
16 for purchase in Nebraska that utilizes a blended, non-gender
17 specific rate for actuarial assumptions, mortality assumptions,
18 and annuity conversion rates for a particular participant, except
19 that if a blended, non-gender specific rate is not available
20 for purchase in Nebraska the benefit calculation shall be
21 performed using the arithmetic mean of the male-specific actuarial
22 assumptions, mortality assumptions, or annuity conversion rates and
23 the female-specific actuarial assumptions, mortality assumptions,
24 or annuity conversion rates, as applicable, for a particular
25 participant, and the arithmetic mean shall be determined by adding
26 the male-specific actuarial assumptions, mortality assumptions,
27 or annuity conversion rates to the female-specific actuarial

1 assumptions, mortality assumptions, or annuity conversion rates
2 applicable to a particular participant and dividing the sum by two;

3 ~~(7)~~ (8) Retirement committee means the retirement
4 committee created pursuant to section 16-1014;

5 ~~(8)~~ (9) Retirement system means a retirement system
6 established pursuant to the act;

7 ~~(9)~~ (10) Retirement value means the accumulated value of
8 the police officer's employee account and employer account. The
9 retirement value consists of the sum of the contributions made or
10 transferred to such accounts by the police officer and by the city
11 on the police officer's behalf and the regular interest credited to
12 the accounts as of the date of computation, reduced by any realized
13 losses which were not taken into account in determining regular
14 interest in any year, and further adjusted each year to reflect the
15 pro rata share for the accounts of the appreciation or depreciation
16 of the fair market value of the assets of the retirement system
17 as determined by the retirement committee. The retirement value
18 shall be reduced by the amount of all distributions made to or on
19 the behalf of the police officer from the retirement system. Such
20 valuation shall be computed annually as of December 31. If separate
21 investment accounts are established pursuant to subsection (3) of
22 section 16-1004, a police officer's retirement value with respect
23 to such accounts shall be equal to the value of his or her separate
24 investment accounts as determined under such subsection;

25 ~~(10)~~ (11) Annuity contract means the contract or
26 contracts issued by one or more life insurance companies and
27 purchased by the retirement system in order to provide any of the

1 benefits described in the act. Annuity conversion rates contained
2 in any such contract shall be specified on a sex-neutral basis; and

3 ~~(11)~~ (12) Straight life annuity means an ordinary annuity
4 payable for the life of the primary annuitant only and terminating
5 at his or her death without refund or death benefit of any kind.

6 Sec. 9. Section 16-1007, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 16-1007 (1) At any time before the retirement date,
9 the retiring police officer may elect to receive at his or her
10 retirement date a pension benefit either in the form of a straight
11 life annuity or any optional form of annuity benefit established
12 by the retirement committee and provided under a purchased annuity
13 contract. The optional annuity benefit shall be specified in the
14 funding medium for the retirement system and shall include a
15 straight life annuity with a guarantee of at least sixty monthly
16 payments or an annuity payable for the life of the retiring police
17 officer and, after the death of the retiree, monthly payments,
18 as elected by the retiring police officer, of either one hundred
19 percent, seventy-five percent, or fifty percent of the amount of
20 annuity payable to the retiring police officer during his or her
21 life, to the beneficiary selected by the retiring police officer at
22 the time of the original application for an annuity. The optional
23 benefit forms for the retirement system shall include a single
24 lump-sum payment of the police officer's retirement value. The
25 retiring police officer may further elect to defer the date of
26 the first annuity payment or lump-sum payment to the first day of
27 any specified month prior to age seventy. If the retiring police

1 officer elects to receive his or her pension benefit in the form
2 of an annuity, the amount of annuity benefit shall be the amount
3 paid by the annuity contract purchased or otherwise provided by
4 his or her retirement value as of the date of the first payment.
5 Any such annuity contract purchased by the retirement system may
6 be distributed to the police officer and, upon such distribution,
7 all obligations of the retirement system to pay retirement, death,
8 or disability benefits to the police officer and his or her
9 beneficiaries shall terminate, without exception.

10 (2)(a) For all officers employed on January 1, 1984,
11 and continuously employed by the city from such date through the
12 date of their retirement, the amount of the pension benefit, when
13 determined on the straight life annuity basis, shall not be less
14 than the following amounts:

15 (i) If retirement occurs following age sixty and with
16 twenty-five years of service with the city, fifty percent of
17 regular pay; or

18 (ii) If retirement occurs following age fifty-five but
19 before age sixty and with twenty-five years of service with the
20 city, forty percent of regular pay.

21 (b) A police officer entitled to a minimum pension
22 benefit under this subsection may elect to receive such pension
23 benefit in any form permitted by subsection (1) of this section,
24 including a single lump-sum payment. If the minimum pension benefit
25 is paid in a form other than a straight life annuity, such benefit
26 shall be the actuarial equivalent of the straight life annuity that
27 would otherwise be paid to the officer pursuant to this subsection.

1 (c) If the police officer chooses the single lump-sum
2 payment option, the officer can request that the actuarial
3 equivalent be equal to the average of the cost of three annuity
4 contracts ~~purchased on the open market~~, based on products available
5 for purchase in Nebraska. Of the three annuity contracts used for
6 comparison, one shall be chosen by the police officer, one shall be
7 chosen by the retirement committee, and one shall be chosen by the
8 city. The annuity contracts used for comparison shall all use the
9 same type of sex-neutral basis benefit calculation.

10 (3) If the retirement value of an officer entitled to a
11 minimum pension benefit under subsection (2) of this section is not
12 sufficient at the time of the first payment to purchase or provide
13 the required pension benefit, the city shall transfer such funds as
14 may be necessary to the employer account of the police officer so
15 that the retirement value of such officer is sufficient to purchase
16 or provide for the required pension benefit.

17 (4) Any retiring police officer whose pension benefit
18 is less than twenty-five dollars per month on the straight life
19 annuity option shall be paid a lump-sum settlement equal to the
20 retirement value and shall not be entitled to elect to receive
21 annuity benefits.

22 Sec. 10. Section 16-1017, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 16-1017 (1) It shall be the duty of the retirement
25 committee to:

26 (a) Provide each employee a summary of plan eligibility
27 requirements and benefit provisions;

1 (b) Provide, within thirty days after a request is made
2 by a participant, a statement describing the amount of benefits
3 such participant is eligible to receive; and

4 (c) Make available for review an annual report of the
5 retirement system's operations describing both (i) the amount of
6 contributions to the retirement system from both employee and
7 employer sources and (ii) an identification of the total assets of
8 the retirement system.

9 (2)(a) Beginning December 31, 1998, and each December
10 31 thereafter, the chairperson of the retirement committee shall
11 file with the Public Employees Retirement Board a report on each
12 retirement plan established pursuant to section 401(a) of the
13 Internal Revenue Code and administered by a retirement system
14 established pursuant to the Police Officers Retirement Act and
15 shall submit copies of such report to the Auditor of Public
16 Accounts. The Auditor of Public Accounts may prepare a review of
17 such report pursuant to section 84-304.02 but is not required to
18 do so. The annual report shall be in a form prescribed by the
19 Public Employees Retirement Board and shall contain the following
20 information for each such retirement plan:

21 (i) The number of persons participating in the retirement
22 plan;

23 (ii) The contribution rates of participants in the plan;

24 (iii) Plan assets and liabilities;

25 (iv) The names and positions of persons administering the
26 plan;

27 (v) The names and positions of persons investing plan

1 assets;

2 (vi) The form and nature of investments;

3 (vii) For each defined contribution plan, a full
4 description of investment policies and options available to plan
5 participants; and

6 (viii) For each defined benefit plan, the levels of
7 benefits of participants in the plan, the number of members who
8 are eligible for a benefit, and the total present value of such
9 members' benefits, as well as the funding sources which will pay
10 for such benefits.

11 If a plan contains no current active participants, the
12 chairperson may file in place of such report a statement with the
13 Public Employees Retirement Board indicating the number of retirees
14 still drawing benefits and the sources and amount of funding for
15 such benefits.

16 (b) ~~Beginning December 31, 1998, and every four years~~
17 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
18 which was open to new members on January 1, 2004, in addition
19 to the reports required by section 1 of this act, the retirement
20 committee shall cause to be prepared a ~~quadrennial~~ an annual report
21 and the chairperson shall file the same with the Public Employees
22 Retirement Board and the Nebraska Retirement Systems Committee of
23 the Legislature and submit to the Auditor of Public Accounts a copy
24 of such report. The Auditor of Public Accounts may prepare a review
25 of such report pursuant to section 84-304.02 but is not required
26 to do so. If the retirement committee does not submit a copy of
27 the report to the Auditor of Public Accounts within six months

1 after the end of the plan year, the Auditor of Public Accounts may
2 audit, or cause to be audited, the city. All costs of the audit
3 shall be paid by the city. The report shall consist of a full
4 actuarial analysis of each such retirement plan administered by
5 a retirement system established pursuant to the act. The analysis
6 shall be prepared by an independent private organization or public
7 entity employing actuaries who are members in good standing of the
8 American Academy of Actuaries, and which organization or entity
9 has demonstrated expertise to perform this type of analysis and is
10 unrelated to any organization offering investment advice or which
11 provides investment management services to the retirement plan.
12 The report to the Nebraska Retirement Systems Committee shall be
13 submitted electronically.

14 Sec. 11. Section 16-1021, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 16-1021 For the purposes of sections 16-1020 to 16-1042,
17 unless the context otherwise requires:

18 (1) Actuarial equivalent ~~shall mean~~ means equality in
19 value of the aggregate amount of benefit expected to be received
20 under different forms or at different times determined as of a
21 given date as adopted by the city or the retirement committee
22 for use by the retirement system. ~~Such actuarial~~ Actuarial
23 equivalencies shall be specified in the funding medium established
24 for the retirement system, except that if benefits under the
25 retirement system are obtained through the purchase of an annuity
26 contract, the actuarial equivalency of any such form of benefit
27 shall be the amount of pension benefit which can be purchased or

1 otherwise provided by such contract. All actuarial and mortality
2 assumptions adopted by the city or retirement committee shall be on
3 a sex-neutral basis;

4 (2) Annuity contract ~~shall mean~~ means the contract or
5 contracts issued by one or more life insurance companies or
6 designated trusts and purchased by the retirement system in order
7 to provide any of the benefits described in such sections. Annuity
8 conversion rates contained in any such contract shall be specified
9 on a sex-neutral basis;

10 (3) Beneficiary ~~shall mean~~ means the person or persons
11 designated by a firefighter, pursuant to a written instrument filed
12 with the retirement committee before the firefighter's death, to
13 receive death benefits which may be payable under the retirement
14 system;

15 (4) Funding agent ~~shall mean~~ means any bank, trust
16 company, life insurance company, thrift institution, credit union,
17 or investment management firm selected by the retirement committee,
18 subject to the approval of the city, to hold or invest the funds of
19 the retirement system;

20 (5) Regular interest ~~shall mean~~ means the rate of
21 interest earned each calendar year commencing January 1, 1984,
22 equal to the rate of net earnings realized for the calendar year
23 from investments of the retirement fund. Net earnings ~~shall mean~~
24 means the amount by which income or gain realized from investments
25 of the retirement fund exceeds the amount of any realized losses
26 from such investments during the calendar year. The retirement
27 committee shall annually report the amount of regular interest

1 earned for such year;

2 (6) Regular pay ~~shall mean~~ means the salary of a
3 firefighter at the date such firefighter elects to retire or
4 terminate employment with the city;

5 (7) Retirement committee ~~shall mean~~ means the retirement
6 committee created pursuant to section 16-1034;

7 (8) Retirement system ~~shall mean~~ means a retirement
8 system established pursuant to sections 16-1020 to 16-1042;

9 (9) Retirement value ~~shall mean~~ means the accumulated
10 value of the firefighter's employee account and employer account.
11 The retirement value at any time shall consist of the sum of
12 the contributions made or transferred to such accounts by the
13 firefighter and by the city on the firefighter's behalf and the
14 regular interest credited to the accounts through such date,
15 reduced by any realized losses which were not taken into account
16 in determining regular interest in any year, and as further
17 adjusted each year to reflect the accounts' pro rata share of the
18 appreciation or depreciation of the assets of the retirement system
19 as determined by the retirement committee at their fair market
20 values, including any account under subsection (2) of section
21 16-1036. Such valuation shall be undertaken at least annually as of
22 December 31 of each year and at such other times as may be directed
23 by the retirement committee. The value of each account shall be
24 reduced each year by the appropriate share of the investment costs
25 as provided in section 16-1036.01. The retirement value shall be
26 further reduced by the amount of all distributions made to or on
27 the behalf of the firefighter from the retirement system;

1 (10) Salary ~~shall mean~~ means the base rate of pay,
2 excluding overtime, callback pay, clothing allowances, and other
3 such benefits as reported on the participant's federal income
4 tax withholding statement including the firefighters' contributions
5 picked up by the city as provided in subsection (2) of section
6 16-1024 and any salary reduction contributions which are excludable
7 from income for federal income tax purposes pursuant to section 125
8 or 457 of the Internal Revenue Code; ~~and~~

9 (11) Sex-neutral basis means the benefit calculation
10 provided to the city of the first class by a licensed domestic
11 or foreign insurance or annuity company with a product available
12 for purchase in Nebraska that utilizes a blended, non-gender
13 specific rate for actuarial assumptions, mortality assumptions,
14 and annuity conversion rates for a particular participant, except
15 that if a blended, non-gender specific rate is not available
16 for purchase in Nebraska the benefit calculation shall be
17 performed using the arithmetic mean of the male-specific actuarial
18 assumptions, mortality assumptions, or annuity conversion rates and
19 the female-specific actuarial assumptions, mortality assumptions,
20 or annuity conversion rates, as applicable, for a particular
21 participant, and the arithmetic mean shall be determined by adding
22 the male-specific actuarial assumptions, mortality assumptions,
23 or annuity conversion rates to the female-specific actuarial
24 assumptions, mortality assumptions, or annuity conversion rates
25 applicable to a particular participant and dividing the sum by two;
26 and

27 ~~(11)~~ (12) Straight life annuity ~~shall mean~~ means an

1 ordinary annuity payable for the life of the primary annuitant
2 only, and terminating at his or her death without refund or death
3 benefit of any kind.

4 Sec. 12. Section 16-1027, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 16-1027 (1) At any time before the retirement date,
7 the retiring firefighter may elect to receive his or her pension
8 benefit at retirement either in the form of a straight life
9 annuity or any optional form of annuity benefit established by
10 the retirement committee and provided under a purchased annuity
11 contract. Such optional annuity benefit shall be specified in
12 the funding medium for the retirement system and shall include
13 a straight life annuity with a guarantee of at least sixty
14 monthly payments or an annuity payable for the life of the
15 retiring firefighter and, after the death of the retiree, monthly
16 payments, as elected by the retiring firefighter, of one hundred
17 percent, seventy-five percent, or fifty percent of the amount of
18 annuity payable to the retiring firefighter during his or her
19 life, to the beneficiary selected by the retiring firefighter at
20 the time of the original application for an annuity. For any
21 firefighter whose retirement date is on or after January 1, 1997,
22 the optional benefit forms for the retirement system shall include
23 a single lump-sum payment of the firefighter's retirement value.
24 For firefighters whose retirement date is prior to January 1,
25 1997, a single lump-sum payment shall be available only if the
26 city has adopted such distribution option in the funding medium
27 established for the retirement system. The retiring firefighter

1 may further elect to defer the date of the first payment or
2 lump-sum distribution to the first day of any specified month prior
3 to age seventy. In the event the retiring firefighter elects to
4 receive his or her pension benefit in the form of an annuity,
5 the amount of such annuity benefit shall be the amount provided
6 by the annuity contract purchased or otherwise provided by the
7 firefighter's retirement value as of the date of the first payment.
8 Any such annuity contract purchased by the retirement system may
9 be distributed to the retiring firefighter. Upon the payment of a
10 lump sum or the distribution of a paid-up annuity contract, all
11 obligations of the retirement system to pay retirement benefits
12 to the firefighter and his or her beneficiaries shall terminate,
13 without exception.

14 (2) For all firefighters employed on January 1, 1984, the
15 amount of the pension benefit at the retirement date shall not be
16 less than the following amounts:

17 (a) If retirement from the city occurs following age
18 fifty-five with twenty-one years of service with the city, fifty
19 percent of regular pay;

20 (b) If retirement from the city occurs following age
21 fifty but before age fifty-five with at least twenty-one years of
22 service with the city, such firefighter shall receive the actuarial
23 equivalent of the benefit which would otherwise be provided at age
24 fifty-five;

25 (c) If retirement from the city occurs on or after age
26 fifty-five with less than twenty-one years of service with the
27 city, such firefighter shall receive a pension of at least fifty

1 percent of the salary he or she was receiving at the time of
2 retirement multiplied by the ratio of the years of service to
3 twenty-one;

4 (d) For terminations of employment from the city on or
5 after September 9, 1993, if such termination of employment as a
6 firefighter occurs before age fifty-five but after completion of
7 twenty-one years of service with the city, such firefighter shall
8 receive upon the attainment of age fifty-five a pension benefit of
9 fifty percent of regular pay;

10 (e) Unless an optional annuity benefit is selected by the
11 retired firefighter, at the death of any such retired firefighter
12 the same rate of pension as is provided for in this section shall
13 be paid to the surviving spouse of such deceased firefighter during
14 such time as the surviving spouse remains unmarried and, in case
15 there is no surviving spouse, then the minor children, if any, of
16 such deceased firefighter shall equally share such pension benefit
17 during their minority, except that as soon as a child of such
18 deceased firefighter ceases to be a minor, such pension as to such
19 child shall cease; or

20 (f) In the event a retired firefighter or his or her
21 surviving beneficiaries die before the aggregate amount of pension
22 payments received by the firefighter and his or her survivor
23 beneficiaries, if any, equals the total amount in the firefighter's
24 employee account, at the time of the first benefit payment the
25 difference between the total amount in the employee's account and
26 the aggregate amount of pension payments received by the retired
27 firefighter and his or her surviving beneficiaries, if any, shall

1 be paid in a single sum to the firefighter's estate.

2 A firefighter entitled to a minimum pension benefit under
3 this subsection may elect to receive such pension benefit in any
4 form permitted by subsection (1) of this section, including a
5 single lump-sum payment, if the firefighter retires on or after
6 January 1, 1997, or if the city has adopted a lump-sum distribution
7 option for firefighters retiring before January 1, 1997, in the
8 funding medium for the retirement system. If the minimum pension
9 benefit is paid in the form of an optional annuity benefit or
10 a single lump-sum payment, such benefit or payment shall be the
11 actuarial equivalent of the annuity that would otherwise be paid to
12 the firefighter pursuant to this subsection.

13 If the firefighter chooses the single lump-sum payment
14 option, the firefighter may request that the actuarial equivalent
15 be equal to the average of the cost of two annuity contracts
16 purchased on the open market, based on products available for
17 purchase in Nebraska, if the difference between the cost of the
18 two annuity contracts does not exceed five percent. Of the two
19 annuity contracts used for comparison, one shall be chosen by
20 the firefighter and one shall be chosen by the city. If the
21 difference between the two annuity contracts exceeds five percent,
22 the retirement committee shall review the costs of the two annuity
23 contracts and make a recommendation to the city council as to the
24 amount of the lump-sum payment to be made to the firefighter. The
25 city council shall, after a hearing, determine the amount of the
26 single lump-sum payment due the firefighter. The annuity contracts
27 used for comparison shall all use the same type of sex-neutral

1 basis benefit calculation.

2 (3) If the retirement value of a firefighter entitled to
3 a minimum pension benefit under subsection (2) of this section is
4 not sufficient at the time of the first payment to purchase or
5 provide the required pension benefit, the city shall utilize such
6 funds as may be necessary from the unallocated employer account
7 of the retirement system to purchase or provide for the required
8 pension benefit.

9 (4) Any retiring firefighter whose pension benefit is
10 less than twenty-five dollars per month on the straight life
11 annuity option shall be paid a lump-sum settlement equal to the
12 retirement value in lieu of annuity and shall not be entitled to
13 elect to receive annuity benefits.

14 Sec. 13. Section 16-1037, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 16-1037 (1) It shall be the duty of the retirement
17 committee to:

18 (a) Elect a chairperson, a vice-chairperson, and such
19 other officers as the committee deems appropriate;

20 (b) Hold regular quarterly meetings and special meetings
21 upon the call of the chairperson;

22 (c) Conduct meetings pursuant to the Open Meetings Act;

23 (d) Provide each employee a summary of plan eligibility
24 requirements, benefit provisions, and investment options available
25 to such employee;

26 (e) Provide, within thirty days after a request is made
27 by a participant, a statement describing the amount of benefits

1 such participant is eligible to receive; and

2 (f) Make available for review an annual report of the
3 system's operations describing both (i) the amount of contributions
4 to the system from both employee and employer sources and (ii) an
5 identification of the total assets of the retirement system.

6 (2)(a) Beginning December 31, 1998, and each December
7 31 thereafter, the chairperson of the retirement committee shall
8 file with the Public Employees Retirement Board an annual report
9 on each retirement plan established pursuant to section 401(a) of
10 the Internal Revenue Code and administered by a retirement system
11 established pursuant to sections 16-1020 to 16-1042 and shall
12 submit copies of such report to the Auditor of Public Accounts.
13 The Auditor of Public Accounts may prepare a review of such report
14 pursuant to section 84-304.02 but is not required to do so. The
15 annual report shall be in a form prescribed by the Public Employees
16 Retirement Board and shall contain the following information for
17 each such retirement plan:

18 (i) The number of persons participating in the retirement
19 plan;

20 (ii) The contribution rates of participants in the plan;

21 (iii) Plan assets and liabilities;

22 (iv) The names and positions of persons administering the
23 plan;

24 (v) The names and positions of persons investing plan
25 assets;

26 (vi) The form and nature of investments;

27 (vii) For each defined contribution plan, a full

1 description of investment policies and options available to plan
2 participants; and

3 (viii) For each defined benefit plan, the levels of
4 benefits of participants in the plan, the number of members who
5 are eligible for a benefit, and the total present value of such
6 members' benefits, as well as the funding sources which will pay
7 for such benefits.

8 If a plan contains no current active participants, the
9 chairperson may file in place of such report a statement with the
10 Public Employees Retirement Board indicating the number of retirees
11 still drawing benefits, and the sources and amount of funding for
12 such benefits.

13 (b) ~~Beginning December 31, 1998, and every four years~~
14 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
15 which was open to new members on January 1, 2004, in addition
16 to the reports required by section 1 of this act, the retirement
17 committee shall cause to be prepared a ~~quadrennial~~ an annual report
18 and the chairperson shall file the same with the Public Employees
19 Retirement Board and the Nebraska Retirement Systems Committee of
20 the Legislature and submit to the Auditor of Public Accounts a copy
21 of such report. The Auditor of Public Accounts may prepare a review
22 of such report pursuant to section 84-304.02 but is not required to
23 do so. If the retirement committee does not submit a copy of the
24 report to the Auditor of Public Accounts within six months after
25 the end of the plan year, the Auditor of Public Accounts may audit,
26 or cause to be audited, the city. All costs of the audit shall
27 be paid by the city. The report shall consist of a full actuarial

1 analysis of each such retirement plan administered by a system
2 established pursuant to sections 16-1020 to 16-1042. The analysis
3 shall be prepared by an independent private organization or public
4 entity employing actuaries who are members in good standing of the
5 American Academy of Actuaries, and which organization or entity
6 has demonstrated expertise to perform this type of analysis and is
7 unrelated to any organization offering investment advice or which
8 provides investment management services to the retirement plan.
9 The report to the Nebraska Retirement Systems Committee shall be
10 submitted electronically.

11 Sec. 14. Section 19-3501, Reissue Revised Statutes of
12 Nebraska, is amended to read:

13 19-3501 (1) The governing body of cities of the first and
14 second classes and villages may, by appropriate ordinance or proper
15 resolution, establish a pension plan designed and intended for the
16 benefit of the regularly employed or appointed full-time employees
17 of the city. Any recognized method of funding a pension plan may
18 be employed. The plan shall be established by appropriate ordinance
19 or proper resolution, which may provide for mandatory contribution
20 by the employee. The city may also contribute, in addition to any
21 amounts contributed by the employee, amounts to be used for the
22 purpose of funding employee past service benefits. Any two or more
23 cities of the first and second classes and villages may jointly
24 establish such a pension plan by adoption of appropriate ordinances
25 or resolutions. Such a pension plan may be integrated with old
26 age and survivors insurance, otherwise generally known as social
27 security.

1 (2) (a) Beginning December 31, 1998, and each December
2 31 thereafter, the clerk of a city or village with a retirement
3 plan established pursuant to this section and section 401(a) of
4 the Internal Revenue Code shall file with the Public Employees
5 Retirement Board an annual report on such plan and shall submit
6 copies of such report to the Auditor of Public Accounts. The
7 Auditor of Public Accounts may prepare a review of such report
8 pursuant to section 84-304.02 but is not required to do so. The
9 annual report shall be in a form prescribed by the Public Employees
10 Retirement Board and shall contain the following information for
11 each such retirement plan:

12 (i) The number of persons participating in the retirement
13 plan;

14 (ii) The contribution rates of participants in the plan;

15 (iii) Plan assets and liabilities;

16 (iv) The names and positions of persons administering the
17 plan;

18 (v) The names and positions of persons investing plan
19 assets;

20 (vi) The form and nature of investments;

21 (vii) For each defined contribution plan, a full
22 description of investment policies and options available to plan
23 participants; and

24 (viii) For each defined benefit plan, the levels of
25 benefits of participants in the plan, the number of members who
26 are eligible for a benefit, and the total present value of such
27 members' benefits, as well as the funding sources which will pay

1 for such benefits.

2 If a plan contains no current active participants, the
3 city or village clerk may file in place of such report a statement
4 with the Public Employees Retirement Board indicating the number
5 of retirees still drawing benefits, and the sources and amount of
6 funding for such benefits.

7 (b) ~~Beginning December 31, 1998, and every four years~~
8 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
9 which was open to new members on January 1, 2004, in addition to
10 the reports required by section 1 of this act, the city council
11 or village board shall cause to be prepared a ~~quadrennial~~ an
12 annual report and shall file the same with the Public Employees
13 Retirement Board and the Nebraska Retirement Systems Committee of
14 the Legislature and submit to the Auditor of Public Accounts a copy
15 of each report. The Auditor of Public Accounts may prepare a review
16 of such report pursuant to section 84-304.02 but is not required
17 to do so. If the city council or village board does not submit
18 a copy of the report to the Auditor of Public Accounts within
19 six months after the end of the plan year, the Auditor of Public
20 Accounts may audit, or cause to be audited, the city or village.
21 All costs of the audit shall be paid by the city or village. The
22 report shall consist of a full actuarial analysis of each such
23 retirement plan established pursuant to this section. The analysis
24 shall be prepared by an independent private organization or public
25 entity employing actuaries who are members in good standing of the
26 American Academy of Actuaries, and which organization or entity
27 has demonstrated expertise to perform this type of analysis and is

1 unrelated to any organization offering investment advice or which
2 provides investment management services to the retirement plan.
3 The report to the Nebraska Retirement Systems Committee shall be
4 submitted electronically.

5 (3) Subsection (1) of this section shall not apply to
6 firefighters or police officers who are included under an existing
7 pension or retirement system established by the municipality
8 employing such firefighters or police officers or the Legislature.
9 If a city of the first class decreases in population to less than
10 five thousand, as determined by the latest federal census, any
11 police officer or firefighter employed by such city on or prior to
12 the date such city becomes a city of the second class shall retain
13 the level of benefits established by the Legislature for police
14 officers or firefighters employed by a city of the first class on
15 the date such city becomes a city of the second class.

16 Sec. 15. Section 23-1118, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 23-1118 (1) (a) Unless the county has adopted a retirement
19 system pursuant to section 23-2329, the county board of any county
20 having a population of one hundred fifty thousand inhabitants or
21 more, as determined by the most recent federal decennial census,
22 may, in its discretion and with the approval of the voters, provide
23 retirement benefits for present and future employees of the county.
24 The cost of such retirement benefits shall be funded in accordance
25 with sound actuarial principles with the necessary cost being
26 treated in the county budget in the same way as any other operating
27 expense.

1 (b) Except as provided in subdivision (c) of this
2 subsection, each employee shall be required to contribute, or have
3 contributed on his or her behalf, an amount at least equal to the
4 county's contribution to the cost of any such retirement program as
5 to service performed after the adoption of such retirement program,
6 but the cost of any benefits based on prior service shall be borne
7 solely by the county.

8 (c) In a county or municipal county having a population
9 of two hundred thousand or more inhabitants but not more than
10 three hundred thousand inhabitants, as determined by the most
11 recent federal decennial census, the county or municipal county
12 shall establish the employee and employer contribution rates to the
13 retirement program for each year after July 15, 1992. The county or
14 municipal county shall contribute one hundred fifty percent of each
15 employee's mandatory contribution, and for an employee hired on or
16 after July 1, 2012, the county or municipal county shall contribute
17 at least one hundred percent of each such employee's mandatory
18 contribution. The combined contributions of the county or municipal
19 county and its employees to the cost of any such retirement program
20 shall not exceed thirteen percent of the employees' salaries.

21 (2) Before the county board or council provides
22 retirement benefits for the employees of the county or municipal
23 county, such question shall be submitted at a regular general or
24 primary election held within the county or municipal county, and
25 in which election all persons eligible to vote for the officials
26 of the county or municipal county shall be entitled to vote on
27 such question, which shall be submitted in the following language:

1 Shall the county board or council provide retirement benefits for
2 present and future employees of the county or municipal county? If
3 a majority of the votes cast upon such question are in favor of
4 such question, then the county board or council shall be empowered
5 to provide retirement benefits for present and future employees as
6 provided in this section. If such retirement benefits for present
7 and future county and municipal county employees are approved by
8 the voters and authorized by the county board or council, then the
9 funds of such retirement system, in excess of the amount required
10 for current operations as determined by the county board or
11 council, may be invested and reinvested in the class of securities
12 and investments described in section 30-3209.

13 (3) As used in this section, employees shall mean all
14 persons or officers devoting more than twenty hours per week to
15 employment by the county or municipal county, all elected officers
16 of the county or municipal county, and such other persons or
17 officers as are classified from time to time as permanent employees
18 by the county board or council.

19 (4) The county or municipal county may pick up the member
20 contributions required by this section for all compensation paid on
21 or after January 1, 1985, and the contributions so picked up shall
22 be treated as employer contributions in determining federal tax
23 treatment under the Internal Revenue Code, except that the county
24 or municipal county shall continue to withhold federal income taxes
25 based upon these contributions until the Internal Revenue Service
26 or the federal courts rule that, pursuant to section 414(h) of the
27 Internal Revenue Code, these contributions shall not be included as

1 gross income of the member until such time as they are distributed
2 or made available. The county or municipal county shall pay these
3 member contributions from the same source of funds which is used in
4 paying earnings to the member. The county or municipal county shall
5 pick up these contributions by a salary deduction either through a
6 reduction in the cash salary of the member or a combination of a
7 reduction in salary and offset against a future salary increase.
8 Member contributions picked up shall be treated in the same manner
9 and to the same extent as member contributions made prior to the
10 date picked up.

11 (5) (a) Beginning December 31, 1998, and each December
12 31 thereafter, the chairperson of the county board or council
13 with a retirement plan established pursuant to this section and
14 section 401(a) of the Internal Revenue Code shall file with the
15 Public Employees Retirement Board a report on such plan and shall
16 submit copies of such report to the Auditor of Public Accounts.
17 The Auditor of Public Accounts may prepare a review of such report
18 pursuant to section 84-304.02 but is not required to do so. The
19 report shall be in a form prescribed by the Public Employees
20 Retirement Board and shall contain the following information for
21 each such retirement plan:

22 (i) The number of persons participating in the retirement
23 plan;

24 (ii) The contribution rates of participants in the plan;

25 (iii) Plan assets and liabilities;

26 (iv) The names and positions of persons administering the
27 plan;

1 (v) The names and positions of persons investing plan
2 assets;

3 (vi) The form and nature of investments;

4 (vii) For each defined contribution plan, a full
5 description of investment policies and options available to plan
6 participants; and

7 (viii) For each defined benefit plan, the levels of
8 benefits of participants in the plan, the number of members who
9 are eligible for a benefit, and the total present value of such
10 members' benefits, as well as the funding sources which will pay
11 for such benefits.

12 If a plan contains no current active participants, the
13 chairperson may file in place of such report a statement with the
14 Public Employees Retirement Board indicating the number of retirees
15 still drawing benefits, and the sources and amount of funding for
16 such benefits.

17 (b) ~~Beginning December 31, 1998, and every four years~~
18 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
19 which was open to new members on January 1, 2004, in addition
20 to the reports required by section 1 of this act, the county
21 board of a county or council of the municipal county with a
22 retirement plan established pursuant to this section shall cause
23 to be prepared a an annual report and the chairperson shall
24 file the same with the Public Employees Retirement Board and the
25 Nebraska Retirement Systems Committee of the Legislature and submit
26 to the Auditor of Public Accounts a copy of such report. The
27 Auditor of Public Accounts may prepare a review of such report

1 pursuant to section 84-304.02 but is not required to do so. If
2 the county board or council does not submit a copy of the report
3 to the Auditor of Public Accounts within six months after the end
4 of the plan year, the Auditor of Public Accounts may audit, or
5 cause to be audited, the county or municipal county. All costs of
6 the audit shall be paid by the county or municipal county. The
7 report shall consist of a full actuarial analysis of each such
8 retirement plan established pursuant to this section. The analysis
9 shall be prepared by an independent private organization or public
10 entity employing actuaries who are members in good standing of the
11 American Academy of Actuaries, and which organization or entity
12 has demonstrated expertise to perform this type of analysis and is
13 unrelated to any organization offering investment advice or which
14 provides investment management services to the retirement plan.
15 The report to the Nebraska Retirement Systems Committee shall be
16 submitted electronically.

17 Sec. 16. Section 23-2309.01, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 23-2309.01 (1) Each member employed and participating in
20 the retirement system prior to January 1, 2003, who has elected
21 not to participate in the cash balance benefit, shall be allowed
22 to allocate all contributions to his or her employee account to
23 various investment options. The investment options shall include,
24 but not be limited to, the following:

25 (a) An investor select account which shall be invested
26 under the direction of the state investment officer with an asset
27 allocation and investment strategy substantially similar to the

1 investment allocations made by the state investment officer for
2 the defined benefit plans under the retirement systems described
3 in subdivision (1)(a) of section 84-1503. Investments shall most
4 likely include domestic and international equities, fixed income
5 investments, and real estate, as well as potentially additional
6 asset classes;

7 (b) A stable return account which shall be invested by
8 or under the direction of the state investment officer in ~~one or~~
9 ~~more guaranteed investment contracts;~~ a stable value strategy that
10 provides capital preservation and consistent, steady returns;

11 (c) An equities account which shall be invested by or
12 under the direction of the state investment officer in equities;

13 (d) A balanced account which shall be invested by or
14 under the direction of the state investment officer in equities and
15 fixed income instruments;

16 (e) An index fund account which shall be invested by or
17 under the direction of the state investment officer in a portfolio
18 of common stocks designed to closely duplicate the total return
19 of the Standard and Poor's division of The McGraw-Hill Companies,
20 Inc., 500 Index;

21 (f) A fixed income account which shall be invested by or
22 under the direction of the state investment officer in fixed income
23 instruments;

24 (g) A money market account which shall be invested by or
25 under the direction of the state investment officer in short-term
26 fixed income securities; and

27 (h) Beginning July 1, 2006, an age-based account which

1 shall be invested under the direction of the state investment
2 officer with an asset allocation and investment strategy that
3 changes based upon the age of the member. The board shall
4 develop an account mechanism that changes the investments as
5 the employee nears retirement age. The asset allocation and asset
6 classes utilized in the investments shall move from aggressive, to
7 moderate, and then to conservative as retirement age approaches.

8 If a member fails to select an option or combination of
9 options, all of his or her funds shall be placed in the option
10 described in subdivision (b) of this subsection. Each member shall
11 be given a detailed current description of each investment option
12 prior to making or revising his or her allocation.

13 (2) Members of the retirement system may allocate their
14 contributions to the investment options in percentage increments
15 as set by the board in any proportion, including full allocation
16 to any one option. A member under subdivision (1)(a) of section
17 23-2321 or his or her beneficiary may transfer any portion of
18 his or her funds among the options, except for restrictions on
19 transfers to or from the stable return account pursuant to rule
20 or regulation. The board shall adopt and promulgate rules and
21 regulations for changes of a member's allocation of contributions
22 to his or her accounts after his or her most recent allocation and
23 for transfers from one investment account to another.

24 (3) The board shall develop a schedule for the allocation
25 of administrative costs of maintaining the various investment
26 options and shall assess the costs so that each member pays a
27 reasonable fee as determined by the board.

1 (4) In order to carry out this section, the board
2 may enter into administrative services agreements for accounting
3 or record-keeping services. No agreement shall be entered into
4 unless the board determines that it will result in administrative
5 economy and will be in the best interests of the county and its
6 participating employees.

7 (5) The state, the board, the state investment officer,
8 the members of the Nebraska Investment Council, or the county
9 shall not be liable for any investment results resulting from
10 the member's exercise of control over the assets in the employee
11 account.

12 Sec. 17. Section 23-3526, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 23-3526 (1) The board of trustees of each facility, as
15 provided by section 23-3501, shall, upon approval of the county
16 board, have the power and authority to establish and fund a
17 retirement plan for the benefit of its full-time employees. The
18 plan may be funded by any actuarially recognized method approved
19 by the county board. Employees participating in the plan may be
20 required to contribute toward funding the benefits. The facility
21 shall pay all costs of establishing and maintaining the plan. The
22 plan may be integrated with old age and survivor's insurance.

23 (2) (a) Beginning December 31, 1998, and each December 31
24 thereafter, the chairperson of the board of trustees of a facility
25 with a retirement plan established pursuant to this section and
26 section 401(a) of the Internal Revenue Code shall file with the
27 Public Employees Retirement Board an annual report on such plan

1 and shall submit copies of such report to the Auditor of Public
2 Accounts. The Auditor of Public Accounts may prepare a review of
3 such report pursuant to section 84-304.02 but is not required to
4 do so. The annual report shall be in a form prescribed by the
5 Public Employees Retirement Board and shall contain the following
6 information for each such retirement plan:

7 (i) The number of persons participating in the retirement
8 plan;

9 (ii) The contribution rates of participants in the plan;

10 (iii) Plan assets and liabilities;

11 (iv) The names and positions of persons administering the
12 plan;

13 (v) The names and positions of persons investing plan
14 assets;

15 (vi) The form and nature of investments;

16 (vii) For each defined contribution plan which is not
17 administered by a retirement system under the County Employees
18 Retirement Act, a full description of investment policies and
19 options available to plan participants; and

20 (viii) For each defined benefit plan which is not
21 administered by a retirement system under the County Employees
22 Retirement Act, the levels of benefits of participants in the plan,
23 the number of members who are eligible for a benefit, and the total
24 present value of such members' benefits, as well as the funding
25 sources which will pay for such benefits.

26 If a plan which is not administered by a retirement
27 system under the County Employees Retirement Act contains no

1 current active participants, the chairperson may file in place of
2 such report a statement with the Public Employees Retirement Board
3 indicating the number of retirees still drawing benefits, and the
4 sources and amount of funding for such benefits.

5 (b) ~~Beginning December 31, 1998, and every four years~~
6 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
7 which was open to new members on January 1, 2004, in addition
8 to the reports required by section 1 of this act, the board
9 of trustees shall cause to be prepared a ~~quadrennial~~ an annual
10 report for each retirement plan which is not administered by a
11 retirement system under the County Employees Retirement Act, and
12 the chairperson shall file the same with the Public Employees
13 Retirement Board and the Nebraska Retirement Systems Committee of
14 the Legislature and submit to the Auditor of Public Accounts a
15 copy of such report. The Auditor of Public Accounts may prepare
16 a review of such report pursuant to section 84-304.02 but is not
17 required to do so. If the board of trustees does not submit a copy
18 of the report to the Auditor of Public Accounts within six months
19 after the end of the plan year, the Auditor of Public Accounts
20 may audit, or cause to be audited, the facility. All costs of the
21 audit shall be paid by the facility. The report shall consist of
22 a full actuarial analysis of each such retirement plan established
23 pursuant to this section which is not administered by a retirement
24 system under the County Employees Retirement Act. The analysis
25 shall be prepared by an independent private organization or public
26 entity employing actuaries who are members in good standing of the
27 American Academy of Actuaries, and which organization or entity

1 has demonstrated expertise to perform this type of analysis and is
2 unrelated to any organization offering investment advice or which
3 provides investment management services to the retirement plan.
4 The report to the Nebraska Retirement Systems Committee shall be
5 submitted electronically.

6 Sec. 18. Section 30-3209, Revised Statutes Cumulative
7 Supplement, 2012, is amended to read:

8 30-3209 (1) Corporate trustees authorized by Nebraska law
9 to exercise fiduciary powers and holding retirement or pension
10 funds for the benefit of employees or former employees of cities,
11 villages, school districts, ~~public power districts,~~ or other
12 governmental or political subdivisions may invest and reinvest
13 such funds in such securities and investments as are authorized
14 for trustees, guardians, conservators, personal representatives, or
15 administrators under the laws of Nebraska. Retirement or pension
16 funds of such cities, villages, districts, or subdivisions may be
17 invested in annuities issued by life insurance companies authorized
18 to do business in Nebraska. Except as provided in subsection
19 (2) of this section, any other retirement or pension funds
20 of cities, including cities operating under home rule charters,
21 villages, school districts except as provided in section 79-9,107,
22 ~~public power districts,~~ and all other governmental or political
23 subdivisions may be invested and reinvested, as the governing body
24 of such city, village, school district, ~~public power district,~~ or
25 other governmental or political subdivision may determine, in the
26 following classes of securities and investments: (a) Bonds, notes,
27 or other obligations of the United States or those guaranteed

1 by or for which the credit of the United States is pledged
2 for the payment of the principal and interest or dividends
3 thereof; (b) bonds or other evidences of indebtedness of the
4 State of Nebraska and full faith and credit obligations of or
5 obligations unconditionally guaranteed as to principal and interest
6 by any other state of the United States; (c) bonds, notes, or
7 obligations of any municipal or political subdivision of the
8 State of Nebraska which are general obligations of the issuer
9 thereof and revenue bonds or debentures of any city, county, or
10 utility district of this state when the earnings available for
11 debt service have, for a five-year period immediately preceding
12 the date of purchase, averaged not less than one and one-half
13 times such debt service requirements; (d) bonds and debentures
14 issued either singly or collectively by any of the twelve federal
15 land banks, the twelve intermediate credit banks, or the thirteen
16 banks for cooperatives under the supervision of the Farm Credit
17 Administration; (e) certificates of deposit of banks which are
18 members of the Federal Deposit Insurance Corporation or capital
19 stock financial institutions, and if the amount deposited exceeds
20 the amount of insurance available thereon, then the excess shall
21 be secured in the same manner as for the deposit of public funds;
22 (f) accounts with building and loan associations, qualifying mutual
23 financial institutions, or federal savings and loan associations
24 in the State of Nebraska to the extent that such accounts are
25 insured or guaranteed by the Federal Deposit Insurance Corporation;
26 (g) bonds or other interest-bearing obligations of any corporation
27 organized under the laws of the United States or any state thereof

1 if (i) at the time the purchase is made, they are given, by at
2 least one statistical organization whose publication is in general
3 use, one of the three highest ratings given by such organization
4 and (ii) not more than five percent of the fund shall be invested
5 in the obligations of any one issuer; (h) direct short-term
6 obligations, generally classified as commercial paper, of any
7 corporation organized or existing under the laws of the United
8 States or any state thereof with a net worth of ten million dollars
9 or more; and (i) preferred or common stock of any corporation
10 organized under the laws of the United States or of any state
11 thereof with a net worth of ten million dollars or more if (i)
12 not more than fifty percent of the total investments at the time
13 such investment is made is in this class and not more than five
14 percent is invested in each of the first five years and (ii) not
15 more than five percent thereof is invested in the securities of any
16 one corporation. Notwithstanding the percentage limits stated in
17 this subsection, the cash proceeds of the sale of such preferred or
18 common stock may be reinvested in any securities authorized under
19 this subdivision. No city, village, school district, ~~public power~~
20 ~~district~~, or other governmental subdivision or the governing body
21 thereof shall be authorized to sell any securities short, buy on
22 margin, or buy, sell, or engage in puts and calls. Section 77-2366
23 shall apply to deposits in capital stock financial institutions.
24 Section 77-2365.01 shall apply to deposits in qualifying mutual
25 financial institutions.

26 (2) Notwithstanding the limitations prescribed in
27 subsection (1) of this section, trustees or custodians holding

1 retirement or pension funds for the benefit of employees or
2 former employees of any city of the primary class, city of the
3 metropolitan class, metropolitan utilities district, ~~or~~ county in
4 which a city of the metropolitan class is located, or public power
5 district shall invest such funds in investments of the nature which
6 individuals of prudence, discretion, and intelligence acquire or
7 retain in dealing with the property of another. Such investments
8 shall not be made for speculation but for investment, considering
9 the probable safety of their capital as well as the probable
10 income to be derived. The trustees or custodians shall not buy
11 on margin, buy call options, or buy put options. The trustees or
12 custodians may lend any security if cash, United States Government
13 obligations, or United States Government agency obligations with
14 a market value equal to or exceeding the market value of the
15 security lent are received as collateral. If shares of stock are
16 purchased under this subsection, all proxies may be voted by the
17 trustees or custodians. The asset allocation restrictions set forth
18 in subsection (1) of this section shall not be applicable to the
19 funds of pension or retirement systems administered by or on behalf
20 of a city of the primary class, city of the metropolitan class,
21 metropolitan utilities district, ~~or~~ county in which a city of the
22 metropolitan class is located, or public power district.

23 (3) For purposes of subsection (2) of this section, a
24 custodian means a custodian meeting the requirements of section
25 401(f)(2) of the Internal Revenue Code.

26 Sec. 19. Section 71-1631.02, Revised Statutes Cumulative
27 Supplement, 2012, is amended to read:

1 71-1631.02 (1) Beginning December 31, 1998, and each year
2 thereafter, the health director of a board of health with an
3 independent retirement plan established pursuant to section 71-1631
4 and section 401(a) of the Internal Revenue Code shall file with
5 the Public Employees Retirement Board an annual report on such plan
6 and shall submit copies of such report to the Auditor of Public
7 Accounts. The Auditor of Public Accounts may prepare a review of
8 such report pursuant to section 84-304.02 but is not required to
9 do so. The annual report shall be in a form prescribed by the
10 Public Employees Retirement Board and shall contain the following
11 information for each such retirement plan:

12 (a) The number of persons participating in the retirement
13 plan;

14 (b) The contribution rates of participants in the plan;

15 (c) Plan assets and liabilities;

16 (d) The names and positions of persons administering the
17 plan;

18 (e) The names and positions of persons investing plan
19 assets;

20 (f) The form and nature of investments;

21 (g) For each independent defined contribution plan, a
22 full description of investment policies and options available to
23 plan participants; and

24 (h) For each independent defined benefit plan, the levels
25 of benefits of participants in the plan, the number of members who
26 are eligible for a benefit, and the total present value of such
27 members' benefits, as well as the funding sources which will pay

1 for such benefits.

2 If an independent plan contains no current active
3 participants, the health director may file in place of such report
4 a statement with the Public Employees Retirement Board indicating
5 the number of retirees still drawing benefits, and the sources and
6 amount of funding for such benefits.

7 (2) ~~Beginning December 31, 1998, and every four years~~
8 ~~thereafter, if~~ If such retirement plan is a defined benefit plan
9 which was open to new members on January 1, 2004, in addition
10 to the reports required by section 1 of this act, a board of
11 health with an independent retirement plan established pursuant
12 to section 71-1631 shall cause to be prepared a ~~quadrennial~~ an
13 annual report and the health director shall file the same with
14 the Public Employees Retirement Board and the Nebraska Retirement
15 Systems Committee of the Legislature and submit to the Auditor
16 of Public Accounts a copy of such report. The Auditor of Public
17 Accounts may prepare a review of such report pursuant to section
18 84-304.02 but is not required to do so. If the board of health does
19 not submit a copy of the report to the Auditor of Public Accounts
20 within six months after the end of the plan year, the Auditor
21 of Public Accounts may audit, or cause to be audited, the local
22 public health department. All costs of the audit shall be paid
23 by the local public health department. The report shall consist
24 of a full actuarial analysis of each such independent retirement
25 plan established pursuant to section 71-1631. The analysis shall
26 be prepared by an independent private organization or public
27 entity employing actuaries who are members in good standing of the

1 American Academy of Actuaries, and which organization or entity
2 has demonstrated expertise to perform this type of analysis and is
3 unrelated to any organization offering investment advice or which
4 provides investment management services to the retirement plan.
5 The report to the Nebraska Retirement Systems Committee shall be
6 submitted electronically.

7 Sec. 20. Section 72-1263, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 72-1263 ~~The~~ Except as provided in section 72-1264,
10 the state investment officer shall, out of funds available for
11 investment, initially cause to be offered to all banks, capital
12 stock financial institutions, and qualifying mutual financial
13 institutions in this state a time deposit open account in the
14 amount of one million dollars, except that the minimum amount that
15 any bank, capital stock financial institution, or qualifying mutual
16 financial institution may accept is the amount of one hundred
17 thousand dollars. Such deposit shall be available at any investment
18 date to such banks, capital stock financial institutions, or
19 qualifying mutual financial institutions as are willing to meet
20 the rate and other requirements set forth in the Nebraska Capital
21 Expansion Act and make application therefor. No deposit shall be
22 made when doing so would violate a fiduciary obligation of the
23 state or section 72-1268.07. To the extent that the total amount
24 of funds initially offered to all banks, capital stock financial
25 institutions, and qualifying mutual financial institutions is not
26 accepted by such banks, capital stock financial institutions, and
27 qualifying mutual financial institutions, the balance of such

1 funds shall be immediately reoffered to any banks, capital
2 stock financial institutions, and qualifying mutual financial
3 institutions desiring additional funds in an amount not to exceed
4 each bank's, capital stock financial institution's, or qualifying
5 mutual financial institution's pro rata share of the remaining
6 funds, or five million dollars for each bank, capital stock
7 financial institution, or qualifying mutual financial institution,
8 whichever is less. The reoffered funds shall be made available to
9 such banks, capital stock financial institutions, and qualifying
10 mutual financial institutions as are willing to meet the rate and
11 other requirements set forth in the Nebraska Capital Expansion Act.

12 All funds not investable under this section shall be invested as
13 provided by section 72-1246. No one bank, capital stock financial
14 institution, or qualifying mutual financial institution may receive
15 for deposit a sum of more than ~~one~~ six million dollars.

16 Sec. 21. Section 84-304, Revised Statutes Supplement,
17 2013, is amended to read:

18 84-304 It shall be the duty of the Auditor of Public
19 Accounts:

20 (1) To give information electronically to the
21 Legislature, whenever required, upon any subject relating to the
22 fiscal affairs of the state or with regard to any duty of his or
23 her office;

24 (2) To furnish offices for himself or herself and all
25 fuel, lights, books, blanks, forms, paper, and stationery required
26 for the proper discharge of the duties of his or her office;

27 (3) To examine or cause to be examined, at such time as

1 he or she shall determine, books, accounts, vouchers, records, and
2 expenditures of all state officers, state bureaus, state boards,
3 state commissioners, the state library, societies and associations
4 supported by the state, state institutions, state colleges, and
5 the University of Nebraska, except when required to be performed
6 by other officers or persons. Such examinations shall be done in
7 accordance with generally accepted government auditing standards
8 for financial audits and attestation engagements set forth in
9 Government Auditing Standards (2011 Revision), published by the
10 Comptroller General of the United States, Government Accountability
11 Office, and except as provided in subdivision (11) of this section,
12 subdivision (16) of section 50-1205, and section 84-322, shall
13 not include performance audits, whether conducted pursuant to
14 attestation engagements or performance audit standards as set forth
15 in Government Auditing Standards (2011 Revision), published by the
16 Comptroller General of the United States, Government Accountability
17 Office;

18 (4) (a) To examine or cause to be examined, at the expense
19 of the political subdivision, when the Auditor of Public Accounts
20 determines such examination necessary or when requested by the
21 political subdivision, the books, accounts, vouchers, records, and
22 expenditures of any agricultural association formed under Chapter
23 2, article 20, any county agricultural society, any joint airport
24 authority formed under the Joint Airport Authorities Act, any
25 city or county airport authority, any bridge commission created
26 pursuant to section 39-868, any cemetery district, any development
27 district, any drainage district, any health district, any local

1 public health department as defined in section 71-1626, any
2 historical society, any hospital authority or district, any county
3 hospital, any housing agency as defined in section 71-1575, any
4 irrigation district, any county or municipal library, any community
5 mental health center, any railroad transportation safety district,
6 any rural water district, any township, Wyuka Cemetery, the
7 Educational Service Unit Coordinating Council, any entity created
8 pursuant to the Interlocal Cooperation Act which includes either
9 the participation of the Educational Service Unit Coordinating
10 Council or any educational service unit, any village, any political
11 subdivision with the authority to levy a property tax or a toll,
12 or any entity created pursuant to the Joint Public Agency Act which
13 has separately levied a property tax based on legal authority for
14 a joint public agency to levy such a tax independent of the public
15 agencies forming such joint public agency.

16 (b) The Auditor of Public Accounts may waive the
17 audit requirement of subdivision (4)(a) of this section upon
18 the submission by the political subdivision of a written request
19 in a form prescribed by the auditor. The auditor shall notify the
20 political subdivision in writing of the approval or denial of the
21 request for a waiver.

22 (c) The Auditor of Public Accounts may conduct audits
23 under this subdivision for purposes of section 1 of this act
24 and sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,
25 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, and 71-1631.02;

26 (5) To report promptly to the Governor and the
27 appropriate standing committee of the Legislature the fiscal

1 condition shown by such examinations conducted by the auditor,
2 including any irregularities or misconduct of officers or
3 employees, any misappropriation or misuse of public funds or
4 property, and any improper system or method of bookkeeping or
5 condition of accounts. The report submitted to the committee shall
6 be submitted electronically. In addition, if, in the normal course
7 of conducting an audit in accordance with subdivision (3) of this
8 section, the auditor discovers any potential problems related to
9 the effectiveness, efficiency, or performance of state programs,
10 he or she shall immediately report them electronically to the
11 Legislative Performance Audit Committee which may investigate the
12 issue further, report it electronically to the appropriate standing
13 committee of the Legislature, or both;

14 (6) (a) To examine or cause to be examined the books,
15 accounts, vouchers, records, and expenditures of a fire protection
16 district. The expense of the examination shall be paid by the
17 political subdivision.

18 (b) Whenever the expenditures of a fire protection
19 district are one hundred fifty thousand dollars or less per
20 fiscal year, the fire protection district shall be audited no more
21 than once every five years except as directed by the board of
22 directors of the fire protection district or unless the auditor
23 receives a verifiable report from a third party indicating any
24 irregularities or misconduct of officers or employees of the fire
25 protection district, any misappropriation or misuse of public funds
26 or property, or any improper system or method of bookkeeping or
27 condition of accounts of the fire protection district. In the

1 absence of such a report, the auditor may waive the five-year
2 audit requirement upon the submission of a written request by the
3 fire protection district in a form prescribed by the auditor. The
4 auditor shall notify the fire protection district in writing of
5 the approval or denial of a request for waiver of the five-year
6 audit requirement. Upon approval of the request for waiver of the
7 five-year audit requirement, a new five-year audit period shall
8 begin.

9 (c) Whenever the expenditures of a fire protection
10 district exceed one hundred fifty thousand dollars in a fiscal
11 year, the auditor may waive the audit requirement upon the
12 submission of a written request by the fire protection district
13 in a form prescribed by the auditor. The auditor shall notify the
14 fire protection district in writing of the approval or denial of a
15 request for waiver. Upon approval of the request for waiver, a new
16 five-year audit period shall begin for the fire protection district
17 if its expenditures are one hundred fifty thousand dollars or less
18 per fiscal year in subsequent years;

19 (7) To appoint two assistant deputies (a) whose entire
20 time shall be devoted to the service of the state as directed by
21 the auditor, (b) who shall be certified public accountants with at
22 least five years' experience, (c) who shall be selected without
23 regard to party affiliation or to place of residence at the time
24 of appointment, (d) who shall promptly report in duplicate to the
25 auditor the fiscal condition shown by each examination, including
26 any irregularities or misconduct of officers or employees, any
27 misappropriation or misuse of public funds or property, and any

1 improper system or method of bookkeeping or condition of accounts,
2 and it shall be the duty of the auditor to file promptly with the
3 Governor a duplicate of such report, and (e) who shall qualify by
4 taking an oath which shall be filed in the office of the Secretary
5 of State;

6 (8) To conduct audits and related activities for state
7 agencies, political subdivisions of this state, or grantees of
8 federal funds disbursed by a receiving agency on a contractual
9 or other basis for reimbursement to assure proper accounting by
10 all such agencies, political subdivisions, and grantees for funds
11 appropriated by the Legislature and federal funds disbursed by
12 any receiving agency. The auditor may contract with any political
13 subdivision to perform the audit of such political subdivision
14 required by or provided for in section 23-1608 or 79-1229 or this
15 section and charge the political subdivision for conducting the
16 audit. The fees charged by the auditor for conducting audits on a
17 contractual basis shall be in an amount sufficient to pay the cost
18 of the audit. The fees remitted to the auditor for such audits and
19 services shall be deposited in the Auditor of Public Accounts Cash
20 Fund;

21 (9) To conduct all audits and examinations in a timely
22 manner and in accordance with the standards for audits of
23 governmental organizations, programs, activities, and functions
24 published by the Comptroller General of the United States;

25 (10) To develop and maintain an annual budget and actual
26 financial information reporting system for political subdivisions
27 that is accessible online by the public; and

1 (11) When authorized, to conduct joint audits with the
2 Legislative Performance Audit Committee as described in section
3 50-1205.

4 Sec. 22. Section 84-1310.01, Revised Statutes Cumulative
5 Supplement, 2012, is amended to read:

6 84-1310.01 (1) Each member employed and participating in
7 the retirement system prior to January 1, 2003, who has elected
8 not to participate in the cash balance benefit, shall be allowed
9 to allocate all contributions to his or her employee account to
10 various investment options. Such investment options shall include,
11 but not be limited to, the following:

12 (a) An investor select account which shall be invested
13 under the direction of the state investment officer with an asset
14 allocation and investment strategy substantially similar to the
15 investment allocations made by the state investment officer for
16 the defined benefit plans under the retirement systems described
17 in subdivision (1)(a) of section 84-1503. Investments shall most
18 likely include domestic and international equities, fixed income
19 investments, and real estate, as well as potentially additional
20 asset classes;

21 (b) A stable return account which shall be invested by
22 or under the direction of the state investment officer in ~~one or~~
23 ~~more guaranteed investment contracts;~~ a stable value strategy that
24 provides capital preservation and consistent, steady returns;

25 (c) An equities account which shall be invested by or
26 under the direction of the state investment officer in equities;

27 (d) A balanced account which shall be invested by or

1 under the direction of the state investment officer in equities and
2 fixed income instruments;

3 (e) An index fund account which shall be invested by or
4 under the direction of the state investment officer in a portfolio
5 of common stocks designed to closely duplicate the total return
6 of the Standard and Poor's division of The McGraw-Hill Companies,
7 Inc., 500 Index;

8 (f) A fixed income account which shall be invested by or
9 under the direction of the state investment officer in fixed income
10 instruments;

11 (g) A money market account which shall be invested by or
12 under the direction of the state investment officer in short-term
13 fixed income securities; and

14 (h) Beginning on July 1, 2006, an age-based account which
15 shall be invested under the direction of the state investment
16 officer with an asset allocation and investment strategy that
17 changes based upon the age of the member. The board shall
18 develop an account mechanism that changes the investments as
19 the employee nears retirement age. The asset allocation and asset
20 classes utilized in the investments shall move from aggressive, to
21 moderate, and then to conservative as retirement age approaches.

22 If a member fails to select an option or combination of
23 options, all of his or her funds shall be placed in the option
24 described in subdivision (b) of this subsection. Each member shall
25 be given a detailed current description of each investment option
26 prior to making or revising his or her allocation.

27 (2) Members of the retirement system may allocate their

1 contributions to the investment options in percentage increments
2 as set by the board in any proportion, including full allocation
3 to any one option. A member under subdivision (1)(a) of section
4 84-1323 or his or her beneficiary may transfer any portion of
5 his or her funds among the options, except for restrictions on
6 transfers to or from the stable return account pursuant to rule
7 or regulation. The board shall adopt and promulgate rules and
8 regulations for changes of a member's allocation of contributions
9 to his or her accounts after his or her most recent allocation and
10 for transfers from one investment account to another.

11 (3) The board shall develop a schedule for the allocation
12 of administrative costs of maintaining the various investment
13 options and shall assess the costs so that each member pays a
14 reasonable fee as determined by the board.

15 (4) In order to carry out the provisions of this section,
16 the board may enter into administrative services agreements for
17 accounting or record-keeping services. No agreement shall be
18 entered into unless the board determines that it will result
19 in administrative economy and will be in the best interests of the
20 state and its participating employees.

21 (5) The state, the board, the state investment officer,
22 the members of the Nebraska Investment Council, or the agency
23 shall not be liable for any investment results resulting from
24 the member's exercise of control over the assets in the employee
25 account.

26 Sec. 23. Original sections 2-3228, 12-101, 14-567,
27 14-1805.01, 14-2111, 15-1017, 16-1002, 16-1007, 16-1017, 16-1021,

1 16-1027, 16-1037, 19-3501, 23-1118, 23-2309.01, 23-3526, and
2 72-1263, Reissue Revised Statutes of Nebraska, sections 30-3209,
3 71-1631.02, and 84-1310.01, Revised Statutes Cumulative Supplement,
4 2012, and section 84-304, Revised Statutes Supplement, 2013, are
5 repealed.