Nebraska Liquid Asset Fund

Exclusively for School Districts, Educational Service Units, Community Colleges, Public Agencies and Other Governmental Subdivisions

Annual Report

May 31, 2021

NLAF is sponsored by the:
Nebraska Council of School Administrators
Nebraska Association of School Boards

NEBRASKA LIQUID ASSET FUND

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RSM US LLP

Independent Auditor's Report

Board of Trustees
Nebraska Liquid Asset Fund

Report on the Financial Statements
We have audited the accompanying financial statements of the Nebraska Liquid Asset Fund (the Fund), which comprise the statement of net position as of May 31, 2021, the related statement of changes in net position for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nebraska Liquid Asset Fund as of May 31, 2021, and the changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Investments of the Fund as of May 31, 2021, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Philadelphia, Pennsylvania
September 27, 2021

Management's Discussion and Analysis

We are pleased to present the Annual Report for the Nebraska Liquid Asset Fund (the "Fund") for the year ended May 31, 2021. Management's Discussion and Analysis is designed to focus the reader on significant financial items and provides an overview of the Fund's financial statements for the year ended May 31, 2021. The Fund's financial statements have been prepared in conformity with the reporting framework prescribed by the Governmental Accounting Standards Board ("GASB") for local government investment pools.

Economic Update

After a tumultuous first half of the fiscal year, the U.S. remained in the throes of the coronavirus despite glimpses of an ongoing economic recovery. Moving forward, the distribution and efficacy of the approved vaccines will be crucial as the nation works to mitigate the damage caused to the physical health and financial well-being of the population at large. Americans started to return to work in some capacity in the spring of 2020. This was reflected in the unemployment data, which showed a marked decline from its April 2020 high. With this metric improving and businesses and consumers starting to settle into "the new normal," third quarter Gross Domestic Product (GDP) experienced a sizeable recovery from its second quarter decline.

On August 27, 2020, Federal Reserve (the Fed) Chairman, Jerome Powell, announced a major shift in the Fed's stance on inflation: over the coming years, the monetary policymaking body will allow the inflation rate to temporarily run above the traditional 2% target. This creates opportunities for extended periods of low interest rates as the Fed will no longer be pressured to raise rates following a period of high inflation. In this same meeting, Chairman Powell announced a new approach to the second half of the dual mandate. Employment numbers that breach the estimated maximum sustainable level will no longer be a sole cause for policy concerns or discussions. In 2021, we have no reason to believe that the Fed will deviate from these policies and that rates will remain, at least by historical standards, at or near their lows until at least 2023.

Optimism began to rise in the fourth quarter of 2020 as key economic indicators showed economic recovery. Throughout the quarter, the yield curve steepened with long-term rates rising due to increased long-term inflation expectations. The steepening was also caused by the prospect for further stimulus measures, which came to fruition as the $1.9 trillion American Rescue Plan Act of 2021 was passed in early March 2021. The bill is meant to directly address the public health and economic crises by establishing nationwide stimulus and assistance programs and funding vaccine distributions. November and December marked what many believe to be the beginning of the end of the pandemic. Both the Pfizer-BioNTech and Moderna vaccines were shown to be effective, and both received FDA emergency use authorization in December. Since then, more than 170 million people have received at least one vaccination. How effectively the federal and individual state governments can continue to distribute these vaccines and achieve the necessary herd immunity is the key question, as only then will our economy truly begin to recover in earnest.

With the public health situation drastically improving and pent-up consumer demand being released, personal consumption in the first quarter of 2021 grew at the second-fastest pace since the 1960s. Over 500,000 jobs were added in May with notable gains in leisure and hospitality, public and private education, and health care. With more Americans continuing to find jobs, the number of Americans filing for first-time unemployment benefits fell below 400,000 for the first time in over a year. Due to the quicker than expected recovery, the April 2021 Federal Open Market Committee (FOMC) meeting minutes revealed that some FOMC officials have begun to contemplate timing and communication around a potential tapering of asset purchases. The FOMC remains "attuned and attentive" to the inflation outlook amid supply shortages and other risk factors.

Despite significant progress toward a comprehensive economic recovery, headwinds persist and mixed signals remain. Demand is recovering faster than supply, triggering supply chain bottlenecks and wage-price pressures. Inflation is rising sooner than in previous cycles, with core consumer prices recently showing the sharpest monthly increase since 1982. With stronger inflation data being released, interest rate-sensitive industries such as housing may witness some stunted growth. In addition, there remain marked and growing societal concerns over racial and wealth inequality. Looking forward, economists and strategists have modest long-term growth projections as uncertainty remains a key characteristic of our current environment. Perhaps the term "cautious optimism" best describes the current mood as we near what we hope to be the final innings of the pandemic.

Portfolio Strategy

An ultra-low short-term interest rate environment presents unique challenges in managing the portfolio since opportunities are limited and there is fierce competition for income-earning assets. We actively managed the Fund with a priority on defending against the volatile markets that we have witnessed over the period. The strategy during much of 2020 and into the first months of 2021 focused on positioning the portfolio to take advantage of continued Fed intervention and identifying relative value between allowable sectors, as well as selecting securities that fit the objectives of the portfolio. Over the fiscal year, our sector preferences shifted as market conditions evolved. For example, in the summer and fall of 2020, Federal Agencies offered relative value over comparable U.S. Treasury securities with consistent supply of new issuances that lasted until the end of 2020, at which point we began to favor the use of repurchase agreements.

The combination of the Fed's new rate policy, its stance on inflation and full employment, and its willingness to provide liquidity and support to the markets has reduced volatility and restored market liquidity. Moreover, a yield premium surfaced in longer-maturity securities while short-term rates remain relatively flat. This type of environment requires a keen focus on active management and relative value strategies. Given that short-term interest rates are highly dependent on the economic outlook and monetary policy, we monitor these factors and stand ready to manage the portfolio accordingly. As always, our primary objectives are to protect the value of the shares of the portfolio and to provide liquidity for investors. We will continue to work hard to achieve these goals, while focusing on maintaining and/or increasing investment yields in a prudent manner during these trying and volatile times.

Financial Statement Overview

The financial statements for the Fund include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements. In addition, a Schedule of Investments for the Fund is included as unaudited Other Information following the Notes to Financial Statements.

Condensed Financial Information and Analysis

The Statement of Net Position presents the financial position of the Fund as of May 31, 2021 and includes all assets and liabilities of the Fund. Total assets of the Fund fluctuate as investable assets rise and fall when capital shares are issued and redeemed. The difference between total assets and total liabilities, which is equal to the investors' interest in the Fund's net position, is shown below for the current and prior fiscal year-end dates:

	May 31, 2021	May 31, 2020
Total Assets	$ 795,957,941	$ 663,313,707
Total Liabilities	(98,915)	(5,257,258)
Net Position	$ 795,859,026	$ 658,056,449

The increase in total assets of the Fund is primarily comprised of a $48,504,565 increase in investments, a $12,974,869 increase in cash and cash equivalents and a $75,000,000 increase in receivables for securities matured which was net of a $4,999,358 decrease in receivables for securities sold. The cash and cash equivalents as of May 31, 2021 includes $60,000,000 of time deposits yielding 0.12%-0.35%, which were classified as cash equivalents since they are available on demand with one-day notice. The decrease in total liabilities is primarily due to a $4,997,594 payable for securities purchased in the prior year that settled in the beginning of the current year.

The Statement of Changes in Net Position presents the Fund's activity for the year ended May 31, 2021. Yearly changes in the Fund's net position primarily relate to net capital shares issued/(redeemed) and net investment income for the year. The investment income of the Fund is driven by a combination of the amount of investable assets and the general short-term interest rate environment that impacts the yields on investments the Fund can purchase. Realized gains or losses on sale of investments occur whenever investments are sold for more or less than their carrying value. Activity within the Fund is outlined below for the current and prior fiscal years:

	Year Ended	
	May 31, 2021	May 31, 2020
Investment Income	$ 1,282,316	$ 8,997,053
Net Expenses	(1,149,728)	(1,863,217)
Net Investment Income	132,588	7,133,836
Net Realized Gain on Sale of Investments	9,042	28,787
Net Capital Shares Issued	137,660,947	63,405,404
Change in Net Position	$ 137,802,577	$ 70,568,027

The Fund's net position increased approximately 21% year-over-year, which is reflected above in the net capital shares issued. Its average net assets increased approximately 39% year-over-year. While investable assets increased, the fall in yields in short-term investment rates resulted in investment income decreasing by approximately 86% year-over-year. A significant portion of the Fund's gross expenses are calculated as a percentage of net assets, and as such, gross expenses increased by approximately 37% from the prior year. However, for the year ended May 31, 2021, net expenses were reduced by waivers of investment advisory fees, administration fees, marketing fees, consulting fees and custodian fees totaling $433,074, $611,767, $65,529, $272,709 and $4,200, respectively, due to market conditions. During the prior year, there were no such fee waivers.

The total return of the Fund for the year ended May 31, 2021 was 0.02%, down from 1.44% for the year ended May 31, 2020. Select financial highlights for the Fund for the current fiscal year, as compared to the prior fiscal year, are as follows:

	Year Ended	
	May 31, 2021	**May 31, 2020**
Ratio of Expenses to Average Net Assets	0.17%	0.37%
Ratio of Expenses to Average Net Assets, Before Fees Waived and Expenses Paid Indirectly	0.37%	0.37%
Ratio of Net Investment Income to Average Net Assets	0.02%	1.42%
Ratio of Net Investment Income to Average Net Assets, Before Fees Waived and Expenses Paid Indirectly	(0.18%)	1.42%

The ratio of expenses to average net assets decreased by 0.20% from the prior year after factoring in investment advisory, administration, marketing, consulting and custodian fees waived. The ratio of net investment income to average net assets, both before and after factoring in fees waived and expenses paid indirectly, dropped year-over-year due to the decreased interest rates previously noted.

Statement of Net Position

May 31, 2021

Assets	
Investments	$ 655,246,378
Cash and Cash Equivalents[(1)]	64,063,095
Accrued Interest Receivable	1,635,513
Receivable for Matured Securities	75,000,000
Prepaid Expenses	12,955
Total Assets	795,957,941
Liabilities	
Redemptions Payable	12,046
Marketing Fees Payable	31,665
Consulting Fees Payable	5,386
Custodian Fees Payable	5,543
Audit Fees Payable	27,853
Other Expenses Payable	16,422
Total Liabilities	98,915
Net Position	$ 795,859,026
(applicable to 795,859,026 outstanding shares of beneficial interest; unlimited authorization; no par value; equivalent to $1.00 per share)	

(1) Includes cash and bank deposit accounts which are subject to a one-day put. Guaranteed by Federal Home Loan Bank letters of credit.

The accompanying notes are an integral part of this financial statement.

Statement of Changes in Net Position

For the Year Ended May 31, 2021

Income	
Investment Income	$ 1,282,316
Expenses	
Investment Advisory Fees	696,319
Administration Fees	696,319
Marketing Fees	626,687
Consulting Fees	417,791
Custodian Fees	57,113
Legal Fees	19,236
Audit Fees	27,735
Other Expenses	14,401
Total Expenses	2,555,601
Investment Advisory Fees Waived	(433,074)
Administration Fees Waived	(611,767)
Marketing Fees Waived	(65,529)
Consulting Fees Waived	(272,709)
Custodian Fees Waived	(4,200)
Expenses Paid Indirectly	(18,594)
Net Expenses	1,149,728
Net Investment Income	132,588
Other Income	
Net Realized Gain on Sale of Investments	9,042
Net Increase from Investment Operations Before Capital Transactions	141,630
Capital Shares Issued	1,046,656,832
Capital Shares Redeemed	(908,995,885)
Change in Net Position	137,802,577
Net Position – Beginning of Year	658,056,449
Net Position – End of Year	$ 795,859,026

The accompanying notes are an integral part of this financial statement.

Notes to Financial Statements

A. Organization and Reporting Entity

The Nebraska Liquid Asset Fund (the "Fund"), was established on March 23, 1988 as the Nebraska School District Liquid Asset Fund Plus, pursuant to the Interlocal Cooperation Act and Article XV, Section 18 of the Nebraska State Constitution. Under its original Declaration of Trust and Interlocal Agreement ("Declaration of Trust") establishing the Fund, shares of the Fund were offered exclusively to Nebraska school districts, educational service units and technical community colleges. The Declaration of Trust was amended, restated and readopted effective February 5, 2008, to change the name of the Fund to Nebraska Liquid Asset Fund and to expand the authorized Participants of the Fund to add Nebraska public agencies and other political subdivisions. The objective of the Fund is to provide a high yield for the Participants while maintaining liquidity and preserving capital by investing only in instruments permitted by Nebraska law. The Fund commenced operations on May 27, 1988.

An objective of the Fund is to maintain a net asset value of $1 per share, but there can be no assurance that the net asset value will not vary from $1. Shares are issued and redeemed at the net asset value per share next determined after receipt of a request. The Fund has not provided or obtained any legally binding guarantees to support the value of the shares. All participation in the Fund is voluntary. The Fund is not required to register as an investment company with the Securities & Exchange Commission ("SEC").

B. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements.

Measurement Focus and Basis of Accounting

The Fund reports transactions and balances using the economic resources management focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents

The Fund reflects cash on deposit in bank accounts which is available within one business day as cash and cash equivalents. Certificates of deposit are disclosed separately as investments in the financial statements.

Valuation of Investments

In accordance with the authoritative guidance on fair value measurements and disclosures under GASB Statement No. 72, as amended, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Inputs other than quoted prices that are observable for the asset, including quoted prices for similar investments based on interest rates, credit risk and like factors.

Level 3 – Unobservable inputs for the assets, including the Fund's own assumption for determining fair value.

The Fund's investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. In accordance with GASB Statement No. 79, the Fund's securities are valued at amortized cost, which approximates fair value. GASB Statement No. 79 requires a comparison of the Fund's investments on an amortized cost basis to fair values determined on a market value basis at least monthly. The market prices used to determine fair values in this comparison are derived from closing bid prices as of the last business day of the month as supplied by third-party pricing services. Where prices are not available from these generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Since the value is not obtained from a quoted price in an active market, all securities held by the Fund at May 31, 2021 are categorized as Level 2.

Investment Transactions

Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Costs used in determining realized gains and losses on the sale of investment securities are those of specific securities sold. Interest income is recorded using the accrual method. Discounts and premiums are accreted and amortized, respectively, to interest income over the lives of the respective securities.

Repurchase Agreements

Repurchase agreements entered into with broker-dealers are secured by U.S. government or agency obligations. The Fund's custodian takes possession of the collateral pledged for investments in repurchase agreements. The Fund also enters into tri-party repurchase agreements. Collateral pledged for tri-party repurchase agreements is held for the Fund by an independent third-party custodian bank until the maturity of the repurchase agreement. Repurchase agreements are collateralized at 102% of the obligation's principal and interest value. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. If the seller defaults and the value of the collateral declines, realization of the value of the obligation by the Fund may be delayed. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to delays from legal proceedings.

Share Valuation and Participant Transactions

The net asset value ("NAV") per share of the Nebraska Liquid Asset Fund is calculated as of the close of business each business day by dividing the net position of the Fund by the number of outstanding shares. It is the Fund's objective to maintain a NAV of $1.00 per share; however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Dividends and Distributions

On a daily basis, the Fund declares dividends and distributions from its net investment income and net realized gains or losses from securities transactions, if any. Such dividends and distributions are payable to investors of record at the time of the previous computation of the Fund's net asset value and are distributed to each investor's account by purchase of additional shares of the Fund on the last business day of each month. For the year ended May 31, 2021, the Fund distributed dividends totaling $141,630.

Redemption Restrictions

Shares of the Fund are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as an investor has a sufficient number of shares to meet their redemption request. The Fund's Board of Trustees may temporarily suspend the right of withdrawal or postpone the date of payment of redemption proceeds for the whole or any part of any period: (1) during which there shall have occurred any state of war, national emergency, banking moratorium or suspension of payments by banks in the State of Nebraska or any general suspension of trading or limitation or prices on the New York or American Stock Exchange or (2) during which any financial emergency situation exists as a result of which disposal by the Fund of fund property is not reasonably practicable because of the substantial losses which might be incurred or it is not reasonably practicable for the Fund to determine value of its net assets.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Tax Status

The Fund is not subject to Federal or State income tax upon the income realized by it. Accordingly, no provision for income taxes is required in the Fund's financial statements.

Representations and Indemnifications

In the normal course of business, the Fund may enter into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

Subsequent Events Evaluation

The Fund has evaluated subsequent events through September 27, 2021, the date through which procedures were performed to prepare the financial statements for issuance. With the exception of the Transaction noted in Footnote D, no other events have taken place that meet the definition of a subsequent event requiring adjustment or disclosure in these financial statements.

C. Investment Risks

Under GASB Statement No. 40, as amended, State and Local governments and other municipal entities are required to disclose credit risk, concentration of credit risk, and interest rate risk for investment portfolios. The following risk disclosures of the Fund as of May 31, 2021 have been provided for the information of the Fund's investors.

Credit Risk

The Fund's investment policy, as outlined in its Information Statement, limits the Fund's investments to certain fixed income instruments which school entities are permitted to invest in under Nebraska law.

As of May 31, 2021, the Fund's investment portfolio was comprised of investments which were, in aggregate, rated by S&P Global Ratings ("S&P") as follows:

S&P Rating	%
AA+	28.18%
A-1+	5.96%
A-1	4.18%
Exempt(1)	58.63%
Not Rated(2)	3.05%

(1) Represents investments in U.S. Treasury securities, which are not considered to be subject to overall credit risk per GASB.

(2) Represents investments in certificates of deposit insured by the FDIC.

The ratings of the investments in the preceding table include the ratings of collateral underlying repurchase agreements in effect at May 31, 2021. Securities with a long-term rating of A or higher are equivalent to the highest short-term rating category based on S&P rating methodology.

Concentration of Credit Risk

As outlined in the Fund's Information Statement, the Fund's investment policy establishes certain restrictions on investments and limitations on portfolio composition. At May 31, 2021, the Fund included the following issuers, aggregated by affiliated issuers where applicable, which individually represented greater than 5% of the Fund's total investment portfolio:

Issuer	%
BNP Paribas (NY)(1)	5.34%
Federal Farm Credit Bank	21.11%
Federal Home Loan Bank	8.09%
U.S. Treasury	53.29%

(1) This issuer is also counterparty to a repurchase agreement entered into by the Fund. This repurchase agreement is collateralized by U.S. Treasury securities.

Interest Rate Risk

The Fund's investment policies limit its exposure to market value fluctuations due to changes in interest rates by requiring that it maintain a dollar-weighted average maturity of not greater than 60 days. At May 31, 2021, the weighted average maturity of the Fund's portfolio, including cash and cash equivalents and certificates of deposit, was 35 days.

The range of yields, actual maturity dates, principal values, fair values and weighted average maturities of the types of investments the Fund held at May 31, 2021 are as follows:

Type of Deposits and Investments	Yield-to-Maturity Range	Maturity Range	Principal	Fair Value	Weighted Average Maturity
Cash and Cash Equivalents	n/a	n/a	$ 64,063,095	$ 64,063,095	1 Day
Certificates of Deposit – Non-negotiable	0.10%-0.32%	7/15/21-2/24/22	20,000,000	20,000,000	115 Days
Government Agency and Instrumentality Obligations:					
Agency Discount Notes	0.01%-0.12%	6/3/21-7/21/21	39,000,000	38,998,897	35 Days
Agency Notes	0.05%-0.33%	6/10/21-2/17/23	184,600,000	184,666,066	10 Days
U.S. Treasury Bills	0.00%-0.10%	6/1/21-11/26/21	237,500,000	237,481,317	72 Days
U.S. Treasury Notes(1)	0.03%-0.12%	6/1/21-11/15/21	186,500,000	186,700,098	26 Days
Repurchase Agreements	0.01%-0.02%	6/1/21-6/4/21	62,400,000	62,400,000	3 Days
			$ 794,063,095	$ 794,309,473	

(1) Includes $75 million of U.S. Treasury notes which matured on 5/31/21, a non-business day, and are reflected as a receivable on the Statement of Net Position.

The yields shown in the preceding table represent the yield-to-maturity at original cost except for adjustable rate instruments, for which the rate shown is the coupon rate in effect at May 31, 2021. The weighted average maturities shown in the preceding table are calculated based on the stated maturity dates with the following exceptions: (1) floating or variable rate securities are assumed to have an effective maturity of the date upon which the security's interest rate next resets; (2) the effective maturity of callable securities is assumed to be its stated maturity unless the security had been called as of the reporting date, in which case the effective maturity would be assumed to be its called date; (3) for instruments subject to demand features, the effective maturity is assumed to be the period remaining until the principal amount of the instrument may be recovered through the demand features; and (4) the effective maturity of cash and cash equivalents is assumed to be one day. Refer to the Schedule of Investments included in the unaudited Other Information that follows for further information.

D. Fees and Charges

Investment Advisory Fees

Pursuant to an Investment Advisory Agreement with the Fund, PFM Asset Management LLC ("PFMAM") provides investment advice and generally supervises the investment program of the Fund. PFMAM is paid a fee at an annual rate equal to 0.10% of the Fund's average daily net assets. Such fee is calculated daily and paid monthly.

Administration Fees

Under an Administration Agreement with the Fund, PFMAM services all Participant accounts, determines and allocates income of the Fund, provides administrative personnel, equipment and office space, determines the net asset value of the Fund on a daily basis and performs all related administrative services. The Administrator also pays the Fund's expenses for printing certain documents and for administrative costs of the Fund (such as postage, telephone charges and computer time). PFMAM is paid a fee at an annual rate equal to 0.10% of the Fund's average daily net assets. Such fee is calculated daily and paid monthly.

Marketing Fees

Under a Marketing Agreement with the Fund, PFM Fund Distributors, Inc. ("PFMFD"), a wholly owned subsidiary of PFMAM, provides marketing services for which it is paid a fee at an annual rate equal to 0.09% of the Fund's average daily net assets. Such fee is calculated daily and paid monthly.

Consulting Fees

The Fund has separate consulting agreements with the Nebraska Council of School Administrators ("NCSA") and Nebraska Association of School Boards ("NASB"), referred to as the Consultants. Pursuant to these agreements, the Consultants advise PFM, as a representative of the Fund, on applicable and pending state laws affecting the Fund, schedule and announce through their publications informational meetings and seminars at which representatives of the Fund will speak, provide mailing lists of potential Participants and permit the use of their logos. The Consultants are each paid a fee at an annual rate equal to 0.03% of the Fund's average daily net assets. Such fee is calculated daily and paid monthly.

Fee Deferral Agreements

Effective August 1, 2020, the Fund entered into a Fee Deferral Agreement with PFMAM and PFMFD and a Fee Deferral Agreement with each Consultant (each a "Fee Deferral Agreement" or, collectively, the "Fee Deferral Agreements") pursuant to which each of PFMAM, PFMFD and each Consultant (each a "Service Provider") individually may, but shall not be obligated to, temporarily waive a portion of its fees to assist the Fund in an attempt to maintain a positive yield. In the event that a Service

Provider elects to initiate a fee deferral, such fee deferral shall be applicable to the computation of the NAV of the Fund on the business day immediately following the date on which the Service Provider gives notice to the Fund of the rate of the fee deferral to be applied in calculating the NAV. A fee deferral shall remain in effect until notice is provided to the Fund by the Service Provider regarding its intent to terminate its fee deferral or revise, upward or downward, the rate of its fee deferral.

Under the terms of the Fee Deferral Agreement with each Service Provider, at any time after a fee deferral has occurred, and if the monthly distribution yield of the Fund was in excess of 0.50% per annum for the preceding calendar month, the relevant Service Provider may elect to have the amount of its accumulated deferred fees recaptured in whole or in part under the conditions described in the Service Provider's Fee Deferral Agreement with the Fund by way of a payment of fees in excess of the rate it was entitled to, prior to any fee deferral, all as set forth in the respective Fee Deferral Agreement. In all cases, the total fees paid to each Service Provider in a given month, inclusive of the amount of any accumulated deferred fees to be recaptured, may not exceed 115% of the fees payable under the terms of each Service Provider's related agreement with the Fund. Any fees recaptured under the Fee Deferral Agreements may only be recaptured during the three-year period following the calendar month to which they relate.

The chart that follows depicts the fees voluntarily waived by PFMAM, PFMFD and each Sponsor subject to the Fee Deferral Agreements during the year ended May 31, 2021, as well as the year by which any fees not recaptured will be deemed permanently unrecoverable.

	PFMAM / PFMFD				
	Investment Advisory Fees	Administration Fees	Marketing Fees	NCSA	NASB
Fee Deferrals	$ 433,074	$ 611,767	$ 65,529	$ 136,355	$ 136,354
Amounts Reimbursed	-	-	-	-	-
Amounts Unrecoverable	-	-	-	-	-
Remaining Recoverable	$ 433,074	$ 611,767	$ 65,529	$ 136,355	$ 136,354
Fee Deferrals Not Reimbursed Become Unrecoverable in Fiscal Year-End:					
May 31, 2024	$ 433,074	$ 611,767	$ 65,529	$ 136,355	$ 136,354

The Fee Deferral Agreements replaced Fee Reduction Agreements previously in place with each Service Provider. There were no fee waivers recaptured or recoverable under the prior Fee Reduction Agreements during the year ended May 31, 2021.

Other Fund Expenses

The Fund pays expenses incurred by its Trustees and officers (in connection with the discharge of their duties), insurance fees for Trustees, fees of the Custodian ("U.S. Bank"), audit fees, legal fees, rating fees and other operating expenses. During the year ended May 31, 2021, the Custodian's fees were reduced by $18,594 as a result of earnings credits from cash balances and the Custodian also waived $4,200 of the fees to which it was entitled during the year. These fee waivers are not subject to potential recovery pursuant to a fee deferral agreement.

Change in Control of Investment Adviser, Administrator and Distributor

On July 7, 2021, U.S. Bancorp Asset Management Inc. ("USBAM"), a subsidiary of U.S. Bank, entered into a definitive agreement to purchase PFMAM, as well as its subsidiary PFMFD (the "Transaction"). The Transaction is expected to be completed in the fourth quarter of 2021, subject to regulatory approval and satisfaction of customary closing conditions. On July 28, 2021, the Fund's Board of Trustees approved the assignment to USBAM of the Fund's investment advisory agreement and administration agreement with PFMAM, the Fund's marketing agreement with PFMFD and the Fee Deferral Agreement between the Fund and PFMAM and PFMFD, effective upon closing of the Transaction. The terms of these agreements were not changed by their assignment.

Other Information (unaudited)

Schedule of Investments (unaudited)

May 31, 2021

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Certificates of Deposit (2.51%)				
BOK Financial Securities, Inc.[4]				
0.17%	7/29/21		$5,000,000	$5,000,000
0.10%	9/30/21		2,000,000	2,000,000
0.19%	1/27/22		2,000,000	2,000,000
0.16%	2/24/22		3,000,000	3,000,000
Tristate Capital Bank[4]				
0.32%	7/15/21		3,000,000	3,000,000
0.16%	8/5/21		5,000,000	5,000,000
Total Certificates of Deposit				20,000,000
Government Agency and Instrumentality Obligations (71.98%)				
Fannie Mae Notes				
0.13%	8/17/21		10,000,000	10,023,608
0.24% [5]	5/6/22		10,000,000	10,020,728
Federal Farm Credit Bank Discount Notes				
0.01%	6/3/21		4,000,000	3,999,998
0.12%	6/8/21		10,000,000	9,999,767
Federal Farm Credit Bank Notes				
0.09% [5]	6/10/21		5,000,000	5,000,000
0.26% [5]	6/21/21		4,000,000	4,000,173
0.25% [5]	7/7/21		15,000,000	14,999,775
0.12% [5]	7/13/21		5,000,000	5,000,000
0.10% [5]	7/15/21		5,000,000	5,000,000
0.10% [5]	10/18/21		5,000,000	4,999,705
0.11% [5]	10/20/21		5,000,000	4,999,969
0.05% [5]	11/3/21		5,000,000	5,000,000
0.18% [5]	12/13/21		1,300,000	1,300,213
0.11% [5]	2/22/22		13,000,000	13,006,236
0.05% [5]	6/1/22		8,000,000	7,999,271
0.05% [5]	7/11/22		15,000,000	14,999,155
0.05% [5]	8/22/22		10,000,000	10,001,087
0.06% [5]	2/3/23		18,000,000	18,000,000
0.06% [5]	2/17/23		10,000,000	10,000,000
Federal Home Loan Bank Discount Notes				
0.03%	7/21/21		25,000,000	24,999,132
Federal Home Loan Bank Notes				
0.07% [5]	8/25/21		10,000,000	10,000,000
0.06% [5]	10/4/21		15,000,000	15,000,000
0.07% [5]	4/26/22		3,000,000	3,000,000
Freddie Mac Notes				
0.14%	8/12/21		8,000,000	8,015,604
0.33% [5]	9/23/21		4,300,000	4,300,542
U.S. Treasury Bills				
0.10%	6/1/21		10,000,000	10,000,000
0.05%	6/10/21		15,000,000	14,999,831
0.09%	6/15/21		7,500,000	7,499,739
0.00%	6/22/21		35,000,000	34,999,949
0.00%	7/8/21		10,000,000	9,999,959
0.05%	7/13/21		5,000,000	4,999,708
0.06%	7/20/21		10,000,000	9,999,251
0.09%	7/22/21		20,000,000	19,997,372
0.02%	7/29/21		15,000,000	14,999,456

The notes to the financial statements are an integral part of the schedule of investments.

Schedule of Investments (unaudited)

May 31, 2021

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
U.S. Treasury Bills (continued)				
0.06%	8/19/21		$5,000,000	$4,999,342
0.02%	8/26/21		25,000,000	24,999,104
0.06%	9/2/21		20,000,000	19,996,900
0.06%	9/16/21		15,000,000	14,997,548
0.04%	10/14/21		15,000,000	14,997,750
0.04%	10/21/21		15,000,000	14,997,633
0.03%	11/26/21		15,000,000	14,997,775
U.S. Treasury Notes				
0.07%	6/15/21		30,000,000	30,029,492
0.03%	6/30/21		36,000,000	36,045,952
0.05%	6/30/21		20,000,000	20,017,139
0.12%	7/15/21		5,000,000	5,015,129
0.12%	7/31/21		5,000,000	5,017,555
0.08%	8/31/21		5,000,000	5,012,949
0.10%	10/31/21		7,500,000	7,535,766
0.09%	11/15/21		3,000,000	3,026,116
Total Government Agency and Instrumentality Obligations				572,846,378
Repurchase Agreements (7.84%)				
BNP Paribas (NY)				
0.02%	6/4/21		35,000,000	35,000,000
		(Dated 5/6/21, repurchase price $35,000,564, collateralized by U.S. Treasury securities, 0.00%-2.25%, maturing 4/30/22-5/15/49, fair value $35,700,516)		
BofA Securities, Inc.				
0.01%	6/1/21		27,400,000	27,400,000
		(Dated 5/28/21, repurchase price $27,400,030, collateralized by Federal Home Loan Bank securities, 3.50%-5.375%, maturing 8/15/24-9/14/29, fair value $27,949,697)		
Total Repurchase Agreements				62,400,000
Total Investments (82.33%) (Amortized Cost $655,246,378)				655,246,378
Other Assets and Liabilities, Net (17.67%)				140,612,648
Net Position (100.00%)				$795,859,026

(1) Yield-to-maturity at original cost unless otherwise noted.

(2) Actual maturity dates, unless otherwise noted.

(3) See Note B to the financial statements.

(4) Represents investments invested through these banks in non-negotiable certificates of deposit issued by domestic banks such that individual principal and interest amounts are eligible for FDIC insurance.

(5) Adjustable rate security. Rate shown is that which was in effect at May 31, 2021.

The notes to the financial statements are an integral part of the schedule of investments.

NEBRASKA LIQUID ASSET FUND

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John Spatz, Executive Director

Nebraska Council of School Administrators
Dr. Michael Dulaney, Executive Director

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