019

ANNUAL REPORT

METROPOLITAN
UTILITIES DISTRICT


METROPOLITAN
UTILITIES DISTRICT


M.U.D.
ON TAP!
GULP IT.
SIP IT.
DRINK IT.


DEERE

TO OUR CUSTOMER-OWNERS,

Our mission is to provide safe, reliable and cost-effective natural gas and water services to our community, and we are focused on strengthening your confidence in this public utility every day. The reliability of our gas and water systems continues to be a top priority and we are pleased to report our team made great progress on infrastructure replacement (IR) and facility upgrades. We used multiple strategies, including partnerships, innovative techniques and new technologies, to help achieve our goals. As you will see, 2019 also brought exciting initiatives and opportunities to enhance our products and services for our customer-owners.

We reached our annual goals for IR work with our team pulling together to meet the challenge — even with a slower start due to historic spring flooding that impacted several District facilities. We replaced 40.6 miles of natural gas mains and 10.1 miles of water mains. For our gas IR program, we used a combination of District gas crews and our gas contractor. To ramp up the pace of our water IR program, we added a dedicated water IR crew to our Construction division and partnered with three water construction contractors.

In addition to improving the safety and reliability of our gas and water distribution systems, we continued upgrades to the Florence Water Treatment Plant as part of the 20-year capital improvement plan. We also initiated a study of potential efficiency and capacity improvements for our Liquefied Natural Gas (LNG) Plant.

We received good news in November when S&P Global Ratings upgraded our gas system credit rating to "AA+." We now proudly carry the highest credit rating of any municipal gas system and believe it validates our board and staff's careful financial planning, policies and focus on managing our rates to reflect our costs of operations.

To promote our safe, high quality water, the District developed a water brand — M.U.D. On Tap — and launched a campaign to employees, customers and the general public. We partnered with Aksarben Village, the City of Omaha Parks and Recreation Department and others to promote our water through a mobile hydration station, hydrant parties and digital marketing. We plan to expand our efforts in 2020 through additional partnerships and events.

Our Board of Directors approved the sale of our downtown building to Douglas County, as well as the purchase of our new headquarters at 7350 World Communications Drive. The new headquarters will support improved employee collaboration and the additional capacity for our IR efforts and growth of services.

To maintain a downtown presence for face-to-face customer interactions, we opened a customer service branch office September 3 at the Omaha Public Power District's Energy Plaza lobby. Our branch office provides account services, cashier windows and payment kiosks. The two utilities retain their own identities and operations, while providing a convenient one-stop location for customers.

Employees from the remaining downtown departments relocated to the new headquarters and other District facilities. Our monthly board meetings are held in the Legislative Chambers of the City-County Building until the headquarters' boardroom is constructed, projected for completion by the end of 2020.

We were saddened when longtime board member and friend Tom Dowd passed away August 7, 2019. He served on the board for 40 years, being first elected in 1974 and re-elected six times. Mr. Dowd's expertise in the fields of law and employee relations, along with his passion for public service, contributed greatly to the successful operations of the District.

We welcomed former Nebraska State Senator Tanya Cook to the board when she was appointed to fill the vacancy for Subdivision 5. She will serve the remainder of Mr. Dowd's term which runs through 2020. Ms. Cook served two terms for the Legislature's District 13, from 2009 to 2017, and owns a public relations firm.

As a leadership team, we began developing a comprehensive Facilities Master Plan to address the District's short- and long-term facility needs. We also continued to work on succession planning and optimizing the organization by filling several key positions at the senior management and vice-president levels. Chief Operating Officer Ron Reisner retired with 38 years of service and was succeeded by Vice-President of Rates and Marketing David DeBoer. Chief Financial Officer Deb Schneider retired with eight years of service and was succeeded by Vice-President of Accounting Joseph Schaffart. Both Ron and Deb contributed greatly to the mission of the District and helped build a strong foundation for our continued growth and success.

On behalf of our board, senior leadership and dedicated employee team, we thank you for the opportunity to provide life-sustaining natural gas and water services to our community. We hope through this report, you will see our commitment to earn your trust and confidence every day, guided by our core values of safety, reliability, fiscal responsibility and organizational excellence.

Mark E. Doyle
President

Gwen E. Howard
M.U.D. Board Chairperson

ABOUT US

THE METROPOLITAN UTILITIES DISTRICT (M.U.D.)

is the only metropolitan utility district in the State of Nebraska. We are a public utility and proud to be customer-owned. We provide safe, reliable and cost-effective natural gas and water services to our community. The District is governed by a board of seven directors, elected by our customer-owners. We have more than 800 employees who live and work in the communities we serve.

As the fifth largest public gas utility in the United States, we provide a product and service at rates that are lower than area investor-owned utilities and among the lowest in the Midwest. We serve natural gas to 232,769 customers in Omaha, Bennington, Fort Calhoun, Springfield, Yutan and Bellevue.

We also provide safe drinking water to 218,116 customers in Omaha, Bellevue, Bennington, Carter Lake, La Vista, Ralston, Waterloo and the Papio-Missouri Natural Resources District (which supplies water to Fort Calhoun). Our water meets or exceeds all state and federal standards for drinking water.

The District owns and operates three water treatment facilities and an extensive water distribution system that is capable of supplying potable water in excess of 300 million gallons per day. We also maintain more than 27,000 hydrants for fire protection.

In addition to providing natural gas and water to customers in the metro area, we provide a cost-saving service to municipalities by serving as a billing agent for sewer use and trash fees.

OUR HISTORY

The Nebraska Legislature created the Metropolitan Utilities District in the early 1900s as a political subdivision of the State to provide water and natural gas to the metropolitan Omaha area.

Our first water treatment plant was built near the Missouri River in 1889 by a private company. Omaha received water and gas service from private water and gas companies until the citizens of Omaha became dissatisfied with high costs, constant ownership changes and poor service, and voted to take control and ownership of their utilities. The Legislature created the Metropolitan Water District in 1913.

Five years later, state senators authorized the City of Omaha, which had acquired the gas system by condemnation, to assign the responsibility for the operation of the gas system to the Metropolitan Water District. The name was changed to the Metropolitan Utilities District on March 3, 1921.

OUR MISSION

To provide safe, reliable and cost-effective natural gas and water services to our community.

OUR VISION

To maintain our commitment to serve our community, while striving to become one of the nation's top utilities.

CORE VALUES

Safety, Reliability, Fiscal Responsibility and Organizational Excellence

BOARD OF DIRECTORS

GWEN E. HOWARD
Chairperson

TANYA COOK
Vice Chairperson

JAMES P. BEGLEY
Member

TIMOTHY W. CAVANAUGH
Member

DAVID J. FRIEND
Member

JACK A. FROST
Member

MIKE MCGOWAN
Member

SENIOR MANAGEMENT

MARK E. DOYLE
President

STEVE AUSDEMORE
Sr. Vice President
Safety, Security and
Field Operations

DAVE DEBOER
Sr. Vice President
Chief Operations Officer

MARK MENDENHALL
Sr. Vice President
General Counsel

JOE SCHAFFART
Sr. Vice President
Chief Financial Officer

STATISTICAL HIGHLIGHTS

WATER DEPARTMENT

	2019	2018	2017
Number of Customers (Dec.)	218,116	216,180	214,142
Sales (1,000 gallons)	27,746,974	28,482,950	30,058,950
Operating Revenues (net)	$121,260,962	$119,783,197	$122,328,186
Operating Expenses	$92,350,493	$91,730,706	$92,744,154
Operating Income	$28,910,469	$28,052,491	$29,584,032
Plant Additions/Replacements (net)	$49,545,081	$53,189,874	$41,097,383
Plant in Service	$1,159,933,052	$1,131,651,797	$1,093,314,388
Miles of Mains	2,985	2,962	2,928
Average Daily Pumpage (1,000 gallons)	82,482	85,375	91,269

GAS DEPARTMENT

	2019	2018	2017
Number of Customers (Dec.)	232,769	231,012	229,365
Sales (Dth):			
Firm	30,853,007	30,744,499	25,483,606
Interruptible	5,366,081	4,721,333	4,013,805
Total	36,219,088	35,465,832	29,497,411
Operating Revenues (net)	$223,266,292	$237,587,047	$203,679,638
Cost of Gas Sold	$114,501,720	$126,286,762	$106,365,860
Other Operating Expenses	$69,889,570	$77,523,065	$75,003,512
Operating Income	$38,875,002	$33,777,220	$22,310,266
Plant Additions/Replacements (net)	$44,073,867	$39,321,821	$39,309,642
Plant in Service	$631,065,357	$615,192,112	$597,112,263
Miles of Mains	2,866	2,856	2,832
Average Daily Sendout (Dth)	102,140	99,895	72,022
# of Active Employees (water and gas)	817	810	831

FINANCIAL STABILITY MEASURES

DEBT SERVICE COVERAGE

The District continues to be in compliance with water and gas revenue bond debt service requirements:

	2019	2018
Water Debt Service Coverage Ratios	2.62x	2.74x
Gas Debt Service Coverage Ratios	24.37x	25.55x
Debt Service Coverage Requirements	1.20x	1.20x

CASH RESERVES

Days cash on hand as of December 31 was as follows:

	2019	2018
Water Department	388 Days	417 Days
Gas Department	313 Days	216 Days

CREDIT RATING

M.U.D. Water Revenue Bonds - Moody's Investor Service *(August 2, 2019)*	Aa2
M.U.D. Gas Revenue Bonds - S&P Global Rating *(November 2019)*	AA+

PENSION FUNDING

Continued focus on the promise to our employees related to proper pension plan funding:

	2019	2018
Funded Ratio *(Actuarial Value of Assets/Actuarial Liability)*	89%	87%

OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING

Continued focus on the promise to our employees related to proper pension plan funding:

	2019	2018
District Contribution to OPEB Trust Fund *($ in millions)*	$10.4	$12.5

FISCAL RESPONSIBILITY

We are pleased to share strong financial results for 2019, while remaining cognizant of our five guiding principles: 1) Provide our customers with affordable gas and water service; 2) Sustain reinvestment in our infrastructure; 3) Properly fund promises to our employees; 4) Maintain debt service coverage, and 5) Maintain adequate cash reserves.

To help measure affordability, we compare ourselves to approximately 40 other utilities included in the annual Memphis Gas, Light and Water bill comparison report. Our gas rates remain well below the national and Midwestern averages; ranking fourth lowest as measured by the average residential gas bill in 2019. Our water rates trended mid-range nationally and regionally, ranking 14th in 2019.

We are taking progressive measures to deliver on our mission to provide safe, reliable and cost-effective natural gas and water services to the community, which includes tackling the problem of our community's aging infrastructure. In 2019, we increased water rates to help provide long-term funding for our infrastructure replacement program. These funds also will allow us to accelerate the replacement of critical water infrastructure from the current rate of 10 miles a year to eventually 25 miles a year. Even with the rate increase, our affordability ranking should be minimally impacted, as utilities throughout the nation address similar infrastructure replacement funding needs.

The District spent $40 million in 2019 to improve gas and water main infrastructure. We replaced 40.6 miles of gas mains and 10.1 miles of water mains. We invested $12.1 million in capital improvement projects at the Florence Plant, including Chemical Building renovations and Basin 1 refurbishment.

In November, S&P Global Ratings upgraded our gas system rating to "AA+." The issuer credit rating was assigned as part of the District's obligations under certain of its gas purchase contracts. In its assessment of the gas system, S&P recognized the strong economic fundamentals of our service area and low debt burden. The agency also described the operations and management of the system as "very strong," highlighting the District practices of purchasing gas from a diverse set of suppliers, under various pre-pay contracts offering discounts to market prices. In addition, we were commended for regularly updating financial forecasts and capital plans as well as maintaining rates that reflect changes in underlying gas costs. Finally, S&P noted that the District's rates compare favorably with those in other municipalities with similar operating conditions.

Natural gas pre-pay contracts with Central Plains Energy Project and three other companies saved our customers $5.9 million in 2019. Pre-pay contracts have saved our customers $87 million from 2007-2019.

We set several new gas sales records in 2019 due primarily to a cold winter season. Annual sales of natural gas were 36,219 million decatherms (MDth), which were the highest in the last 40 years, and exceeded budgeted levels by 17 percent. First quarter gas sales also set a record. On January 30, 2019, we saw a new peak gas sales day of 325 MDth, exceeding our previous peak day of 324 MDth set on January 15, 2018. We ran our Liquefied Natural Gas (LNG) Plant during stretches of severe cold weather to satisfy our peak demands. These peak-shaving capabilities resulted in significant savings to our customers. Water sales were below budgeted levels by approximately 0.3 percent, due primarily to reduced irrigation demand associated with full year precipitation levels that exceeded normal levels by approximately 30 percent.

We remained committed to the promises to our employees related to proper pension and other post-employment benefits (OPEB) plan funding. Both the pension and OPEB trust funds performed well in 2019, earning returns of 20.8 percent and 22.2 percent respectively (net of fees). As of December 31, 2019, the pension trust had assets of $452.1 million, representing an actuarial-funded ratio of 89 percent. In 2019, the District contributed $12.3 million to the pension trust, with employees contributing an additional $4.4 million.

In 2019, the District contributed $14.3 million to the OPEB plan, including $10.4 million to fund the OPEB trust and $3.9 million for benefit payments on a "pay-as-you-go" basis, net of retiree premiums. The OPEB trust had assets of $41.3 million on December 31, 2019, and a funded ratio of 28.8 percent as measured by the criteria established by the Governmental Accounting Standards Board in Statements No. 74 and 75. The 2020 budget reflects funding at 100 percent of the estimated actuarially determined required contribution for both the pension and OPEB plans.

We remained in compliance with water and gas revenue bond debt service requirements. Our water debt service coverage ratio was 2.62x and our gas debt service coverage ratio was 24.37x (the required coverage ratios are 1.20x).

The District's cash reserves increased for the Gas Department and decreased for the Water Department compared to the previous year. As of December 31, 2019, the gas company had 313 days cash on hand and the water company had 388 days cash on hand, exceeding our internal goal of 180 days, an amount equal to six months of operating expenses. The high cash balances for our Gas Department are due primarily to back-to-back cold winter seasons; these cash balances will serve to reduce borrowing needs in the future as we fund significant capital investments.

The reduction in cash balances in the Water Department was driven by sales that fell below budgeted levels due to a very "wet" 2019, partially offset by the aforementioned water rate increase. Despite the year-over-year reduction in cash balances for the Water Department, cash balances remain above "goal levels" and will serve to fund the ramp-up in the replacement of aging main infrastructure as well as ongoing improvements to our water treatment plants.


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WATER SO GOOD,
WE HAD TO BRAND IT.
M.U.D.

SAFETY, SECURITY AND BUSINESS CONTINUITY

Our emergency response and business continuity plans were successfully executed when historic spring flooding devastated the state. We are proud of the collaboration and extra efforts put forth by our employees to ensure the safety of the public, our staff members and our facilities. Throughout the event, we continued to meet 100 percent of water demand, demonstrating the resiliency of our system, which includes several water sources and three water treatment facilities capable of supplying potable water in excess of 300 million gallons per day (MGD). Dubbed our "Triangle of Reliability," the system allowed us the operational flexibility to meet the needs of our customers, make any needed repairs to our facilities and assist other communities impacted by flooding.

Our employees pitched in to prepare our facilities for the flooding. At our Florence Plant along the Missouri River, crews built a sandbag wall to protect the low service pump station, installed pumps in vaults in the same area and added ballast to the building. Throughout the flooding, our Water Quality, Plant Operations and Maintenance employees did an outstanding job to combat challenges and keep the facilities operating within all state and federal water quality standards.

Severe flooding on the Platte River required the electrical power to the wellfield at our Platte South Water Treatment Plant to be shut down to prevent damaging electrical equipment. The natural gas-powered engines in the wellfield remained above water and ran for the duration of the flood and allowed the plant to produce 19 MGD. Electrical service was returned to the wellfield about 10 days after the water receded. The District developed a restoration plan to remove the tremendous amount of sand and debris left behind in the wellfield, and to repair roads, ditches, culverts and the riverbank.

A portion of the Platte West wellfield in Douglas County was inundated for a short period of time during the flood and numerous locations in the wellfield experienced significant washout damage to roads, berms, levees and the main electrical service duct bank. Access to the wellfield and individual wells was severely limited immediately after the flood waters receded as numerous public roads were under water. Through a combination of District employees and contractors, repairs were completed well ahead of the summer pumpage season.

The City of Blair, Nebraska, through a wholesale agreement with the Natural Resources District Rural Water Project, received M.U.D. water to supplement its domestic supply to meet capacity demands from its water treatment plant. In addition, our Water Distribution staff provided the emergency water tank truck to Glenwood, Iowa, for several weeks to help provide bulk potable water to the residents until their city's water system was repaired. We also assisted M.U.D. customers who were victims of the flood, by suspending billing, inspecting gas and water services and

arranging payment plans. We also conducted a fundraiser to help our fellow employees who were significantly impacted by the flood.

At the Platte West Water Treatment Plant, we hosted hazardous materials training with the Omaha Fire Department. Employees from Safety and Security and Water Operations participated in the full exercise.

EMERGENCY RESPONSE PERFORMANCE

Our focus on District emergency response continued to show improvement. We decreased the average response time to 21.92 minutes in 2019, compared to 22.57 minutes in 2018 and 30.42 minutes in 2014.

Safety and Security team members responded to the scene of water and gas emergencies to ensure workers operated in a safe manner and to provide support in matters involving outside emergency response agencies. Our Safety and Security team also supplied regular performance reports to management to keep them abreast of important safety issues across the District.

TRAINING, COACHING AND COMMUNICATION EFFORTS

Our Safety and Security team continued to develop and implement ways of reducing the risk of injuries and collisions within the District. Safety team representatives made regular visits to employee work locations to ensure standards were being followed and to provide on-site coaching and recognition opportunities. Regular meetings and training sessions also helped promote a culture focused on safety and security. Monthly safety bulletins were provided to help leaders conduct more effective safety meetings with their teams. Also, District-wide “safety stand-down” events were held to focus on various safety topics among work teams.

We implemented training programs on topics where we needed to improve safety performance. The Smith System driver’s training course was provided to employees who operate company fleet vehicles. This method of teaching is designed to educate experienced drivers on accident avoidance techniques. CPR classes have been ongoing to teach lifesaving skills to employees in the event of a medical emergency. Lastly, we introduced a new safety program for our front-line supervisors called S.T.A.R.T. (Supervisor Training in Accountability and Recognition Techniques) to help them improve the safety culture through changing perceptions and behaviors within our organization.

RELIABILITY

We achieved our infrastructure replacement (IR) goals for both gas and water in 2019. Through a combined effort of our internal gas and water crews and contracted partners, we replaced 40.6 miles of gas mains and 10.1 miles of water mains.

Since 2008, when our IR program began, we have replaced approximately 324 total miles of cast iron gas mains and 89 miles of cast iron water mains. By the end of 2027, we plan to replace the remaining 234 miles of targeted gas mains. And, we have a roadmap to increase water main replacement from the current rate of 10 miles per year to 25 miles per year by 2025.

To help achieve these aggressive water IR goals, we introduced the CORE (Condition Assessment, Optimization, Replacement/Rehabilitation, Examination) initiative, a strategic approach to prioritize the replacement of linear water assets.

We implemented several advancements and/or technologies to improve corrosion protection and condition assessment (to identify assets with higher likelihoods of failure).

During water main break repairs, we now conduct soil testing (as it can affect the condition of, and corrosion impacts to, some pipe materials).

We are also piloting leak monitoring systems that can detect even the smallest of leaks with the use of listening devices; many main breaks begin with a leak.

Main replacement work with the goal of moderating water main breaks and the associated impacts on the community is prioritized by targeting the highest risk mains in the system and will be enhanced with the development of a comprehensive factor-based risk modeling software.

We created our first dedicated water IR construction crew in 2019 and are adding a second dedicated crew in 2020.

Partnerships with water main contractors are another integral part of our strategy to increase the pace of water IR work. About half the IR work in 2019 was completed by contractors. To complete these projects, we used a variety of replacement materials and methods for comparison and ongoing evaluation.

Roloff Construction completed two projects with ductile iron pipe, which is the primary material used by District crews. M.E. Collins completed replacements with PVC pipe. Fer-Pal used a structural lining method to complete several projects, reducing the amount of open trench work.

Whenever possible, we coordinated IR projects in conjunction with road, redevelopment and city sewer separation projects to save money and minimize disruptions to the community. We also developed a proactive stakeholder outreach

“As a local construction company and long-time advocate for nationwide infrastructure investment, it’s extremely gratifying to be playing a role in updating vital water infrastructure that impacts our community.”

KARA HABROCK
President & CEO, Roloff Construction

program to provide more timely and effective communications to the neighborhoods and others impacted by IR projects.

UPDATING WATER AND GAS FACILITIES

Our board of directors and employees celebrated the renovation of the Minne Lusa Pump Station during an April 26 rededication event. The $11.2 million project, part of our Florence Capital Improvement Plan, included a new high service pump, electrical and heating, ventilation and air conditioning updates, and structural and architectural improvements. The project received several design awards from The American Council of Engineering Companies.

Construction was completed on the two-year project to renovate the Florence Chemical Building for regulatory, performance, water quality and condition improvements. Updates included a roof replacement, new chemical delivery systems and updates to the water quality laboratory. Employees moved back into the facility in January 2020.

We used hydro demolition during the rehabilitation of our 22-million-gallon Basin 1 at the Florence Plant. The contractor operated a robot to shoot high-pressure jets of water to remove the old layer of concrete. The basin was resurfaced and returned to service in November. A project to rehabilitate Basin 2 is planned in 2020.

At the 117th and Fort Propane Air Plant, we completed a $1 million project to inspect and rehabilitate two deep well pumps.

COMPRESSED NATURAL GAS (CNG)

The District dispensed more than 1.9 million gasoline gallon equivalents (GGE) of CNG in our service territory in 2019. This is the equivalent of more than 3,000 residential homes’ annual gas usage and surpassed our previous calendar year high by over 200,000 GGEs.

Metro, the Omaha area’s mass transit provider, continued to operate more than 20 CNG buses in its fleet, and will introduce nine, 60-foot articulating CNG buses in 2020 to provide service for a new bus rapid transit system.

We anticipate another strong year of growth with the potential of a new private CNG station for the City of Omaha refuse contract. If dispensed GGEs were considered one customer, the “CNG customer” would be the District’s ninth largest natural gas consumer.

ORGANIZATIONAL EXCELLENCE

We launched several initiatives to strengthen employee and public engagement, and to build a culture around improving the customer experience.

EMPLOYEE ENGAGEMENT AND DEVELOPMENT

The District implemented quarterly one-on-one meetings for supervisors and their supervisory, professional and administrative employees. These meetings provide an opportunity for discussion focused on the employee's goals, individual development and career path.

In December, we completed the Employee Central project, an update to our Human Resources system that provides easier, more efficient employee self-service options. Employees can manage their personal profile information and make updates as needed.

PROCESS EFFICIENCIES

We joined our Measurement and Meter Reading divisions to form the Meter Services Division. The combination of the two measurement-related areas provides for a single business unit to drive, manage and operate metering functions to include testing, repairing and reading gas and water meters. The move has created a structure to allow for employee development by providing cross training and additional career opportunities within the division. We also anticipate a higher level of quality assurance and opportunities to streamline internal processes across the division.

Over the last year, Stores and Purchasing standardized cordless tools used by Construction, Water Distribution and Gas Distribution to a single manufacturer. Following extensive evaluation, a contract was awarded to a manufacturer, streamlining the procurement process and significantly reducing the amount of inventory maintained and service repairs made.

CUSTOMER EXPERIENCE

We updated service standards and provided training sessions for our field employees. In addition, we began measuring customer satisfaction through a Net Promoter Score, which is a tool that can be used to gauge loyalty to the brand or customer relationships. After technician appointments, customers are asked to rate their experience and if they would recommend the District to others. In 2019, the average score was 87. Scores above 70 are considered excellent.

In March, we implemented a text ahead feature for appointment confirmation and reminders. Through a series of automated text messages, a customer is informed throughout the process, including the estimated arrival time of the technician and a picture of the technician for identification purposes.

COMMUNITY ENGAGEMENT AND PARTNERSHIPS

In spring 2019, we introduced M.U.D. On Tap, a water brand to promote our safe, high quality tap water. We first rolled out the campaign to our employees and then to our customers and the general public, with the unveiling of our mobile hydration station. The station, including eight water faucets, can provide up to 300 gallons of cold, refreshing water. People of all ages filled their reusable bottles at a variety of events, including farmer's markets, concerts, run/walk events and festivals.

During the summer, we also helped sponsor hydrant parties coordinated by the City of Omaha Parks and Recreation Department. Our water mascot Thirstin interacted with families and we handed out treats to the children.

Through these and other events, we developed valuable community partnerships with Aksarben Village, the Parks and Recreation Department, Nebraska Humane Society, Omaha Corporate Cup and Keep Omaha Beautiful. We plan to expand these efforts in 2020

NEW OFFER FOR RESIDENTIAL WATER CUSTOMERS

We entered into a relationship with HomeServe USA, an independent provider of home emergency repair programs, to offer our residential water customers an optional warranty coverage plan to help protect their exterior water service line at a

"We were excited to help M.U.D. introduce its "On Tap" mobile hydration station to the public during our summer farmer's market and concert events at Aksarben Village. Our attendees enjoyed access to free, refreshing water for their refillable water bottles and pet bowls. We look forward to expanding our partnership with M.U.D. to promote tap water as a sustainable choice."

LISA BOCKMAN
Marketing and Special Events Coordinator, Noddle Companies

preferred price. We created a website landing page and launched a direct mail campaign in early 2020 to introduce HomeServe and its product to our customers.

SUPPORTING COMMUNITY ORGANIZATIONS

In addition to our M.U.D. On Tap events, our employees participated in a variety of activities to support community organizations. We held the 12th annual Heat the Streets Run & Walk for Warmth at Aksarben Village, raising more than $80,000 for energy assistance programs. Since 2008, the event has raised more than $1 million to help low-income customers.

Employees participated in the United Way of the Midlands' annual drive, donating more than $107,000 to support local community programs. In addition, employees participated in a diaper drive for the Nebraska Children's Home Society and a toiletry drive for the Siena Francis House homeless shelter.

A team of employees helped build a house for Habitat for Humanity and the District provided the mobile hydration station at an event for the volunteer workers.

EDUCATION AND MENTORING PROGRAMS

We understand the importance of supporting educational, mentoring and career exploration events to inform and prepare the next generation of employees.

Our Employee Speakers Bureau reached thousands of customers by giving presentations on gas, water and energy conservation topics for schools, civic organizations and community events.

For the seventh year, we participated in the Partnership 4 Kids mentoring program through Omaha Public Schools, with employees serving as Book Buddies and Goal Buddies.

In association with the Greater Omaha Chamber of Commerce, we participated in the Careerockit program and hosted two high school groups at our Florence Water Treatment

Plant. Our employees talked about their careers, presented a water treatment demonstration and led group tours of the plant. In the summer, we hosted a group of educators for a week-long internship to learn more about the District's operations to take back to their classrooms and share career information with their students.

The District is a proud supporter of Metropolitan Community College's (MCC) Culinary Arts and Construction programs and offers scholarships for students going into those career fields. We also partner with MCC for their annual ICA High School Culinary Invitational.

METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2019 and 2018

(With Independent Auditor's Report Thereon)

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

METROPOLITAN UTILITIES DISTRICT

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Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the fiduciary fund type of the Metropolitan Utilities District (the District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 District'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 District'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the fiduciary fund type of the District, as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other postemployment benefit plan and pension schedules, as listed in the table of contents, 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 them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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 them.

RSM US LLP

Omaha, Nebraska
March 16, 2020

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

"Management's Discussion and Analysis" presents management's analysis and overview of the Metropolitan Utilities District's (the District) financial condition and activities as of and for the years ended December 31, 2019 and 2018. This information should be read in conjunction with the Financial Statements, Notes to Basic Financial Statements and Required Supplementary Information.

Overview of Financial Statements

Management's discussion and analysis serves as an introduction to the financial statements and supplementary information. The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities.

The statement of net position presents information on the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the District's financial position.

The statement of revenues, expenses, and changes in net position presents information on how the District's net position changed during the year; all revenues and expenses are accounted for in this statement. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The notes to the financial statements provide required disclosures and additional information that is necessary to support the financial statements. The notes begin on page 22.

Financial Highlights

The District's overall financial position and results of operations for the current and prior years are summarized in the paragraphs and exhibits to follow.

Gas Department

	2019		2018		2017	
Sales, volume sold – DTH:		%		%		%
Firm gas sales	30,853,007	85	30,744,499	87	25,483,606	86
Interruptible gas sales	5,366,081	15	4,721,333	13	4,013,805	14
Total gas sales	36,219,088	100	35,465,832	100	29,497,411	100
Heating degree days	6,206		6,329		5,208	
Customers (at December 31):						
Firm customers	232,742		230,983		229,342	
Interruptible customers	27		29		23	
	232,769		231,012		229,365	

Gas volumes sold in 2019 increased 753,256 DTH, or 2.1% from 2018 due primarily to colder winter weather and customer growth. There was an increase in firm gas customers in 2019 of 1,759 or 0.8%; the number of interruptible customers decreased by 2, from 29 to 27.

Gas volumes sold in 2018 increased 5,968,421 DTH, or 20.2% from 2017 due primarily to colder winter weather, as evidenced by the 21.5% increase in the number of heating degree days. There was an increase in firm gas customers in 2018 of 1,641 or 0.7%; the number of interruptible customers increased by 6, from 23 to 29.

Gas Department Summary of Results of Operations

	2019		**2018**		**2017 (*1)**	
Operating revenues:						
Firm and interruptible gas sales	$ 205,780,148	92%	$ 219,785,893	92%	$ 186,381,676	91%
Infrastructure charge	13,112,638	6	13,078,406	6	12,983,793	6
Other	4,987,913	2	5,224,527	2	4,727,757	3
Less bad debt expense	(614,407)	—	(501,779)	—	(413,588)	—
Total operating revenues, net	223,266,292	100%	237,587,047	100%	203,679,638	100%
Operating expenses:						
Cost of natural gas	114,501,720	62%	126,286,762	62%	106,365,860	59%
Other operating expenses	69,889,570	38	77,523,065	38	75,003,512	41
Total operating expenses	184,391,290	100%	203,809,827	100%	181,369,372	100%
Nonoperating revenues (expenses), net	958,281		(864,993)		(190,809)	
Change in net position	39,833,283		32,912,227		22,119,457	
Net position, beginning of year, as restated for 2018)	363,102,867		330,190,640		337,157,813	
Net position, end of year	$ 402,936,150		$ 363,102,867		$ 359,277,270	

(*1) 2017 amounts do not reflect the adoption of GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions".

Revenues for gas sales, net, were down 6.0% in 2019 vs. 2018, due to decreased gas costs, the benefit of which is a direct "pass-through" to our customers, partially offset by a 2.1% increase in volumes. Revenues for gas sales, net, were up 16.6% in 2018 vs. 2017, due to a 20.2% increase in volumes partially offset by decreased gas costs, the benefit of which is a direct "pass-through" to our customers. The annual revenues for the average residential gas customer were $627.55 in 2019, as compared to $667.24 in 2018 and to $568.25 in 2017.

The District initiated an Infrastructure Replacement Charge effective January 2, 2008. This charge is included in the annual revenue for the average residential customer stated above for all years presented.

Total operating expenses in 2019 were down by $19.4 million or 9.5% from 2018. In 2019, the cost of natural gas was $11.8 million, or 9.3% lower than 2018, due to decreased gas cost ($14.5 million), partially offset by increased volumes ($2.7 million). In 2019, other operating expenses were $7.6 million, or 9.8%, lower than 2018 due primarily to: decreased administrative and general expense (largely due to decreased OPEB expense), decreased production maintenance expense (primarily LNG equipment), partially offset by increased depreciation and amortization expense. Total operating expenses in 2018 were up by $22.4 million or 12.4% from 2017. In 2018, the cost of natural gas was $19.9 million, or 18.7% greater than 2017, due to increased volumes ($22.0 million), partially offset by decreased gas cost ($2.1 million). In 2018, other operating expenses were $2.5 million, or 3.4%, higher than 2017 due primarily to: increased distribution operating expense (Locating and Field Services), depreciation and amortization expense, gas production operating expenses (primarily LNG) and increased statutory payments attributed to higher revenues, partially offset by reduced Meter Reading and Credit Service expenses.

Net non-operating revenues were $1.0 million in 2019 compared to net non-operating expenses of $0.9 million in 2018, a change of $1.9 million. This change was due primarily to increased investment earnings on Gas Department cash balances, the write-off of selected information technology-related assets in 2018, bond issuance costs in 2018, partially offset by increased bond interest expense. Non-operating expenses in 2018 increased by $0.7 million due primarily to the write-off of selected information technology-related assets no longer in service, 2018 bond interest expense and bond issuance costs, partially offset by investment earnings on Gas Department cash balances.

The District contracts with Central Plains Energy Project (CPEP) for a significant portion of its gas purchases. CPEP is a public body created under Nebraska Interlocal Law for the purpose of securing long-term, economical, and reliable gas supplies. CPEP currently has three members: the District, Cedar Falls Utilities, and Hastings Utilities. CPEP has acquired gas through long-term prepaid gas purchase agreements and delivers gas to its members or customers through long-term gas supply contracts for specified volumes of gas at market-based pricing less a contractual discount. Under the current agreements, the District anticipates taking approximately 90% of the gas acquired in these transactions under a 20-year gas purchase agreement entered into with CPEP in 2007 (CPEP #1) and three 30-year gas purchase agreements, one entered into in 2009 (CPEP #2), one in 2012 (CPEP #3) and one in 2018 (CPEP #4). In 2019, the CPEP prepaid gas purchase agreements accounted for approximately 40% of the District's annual natural gas requirements.

Terms of the 2007 gas supply agreement (CPEP #1) were renegotiated in 2009 and again in 2012; the gas flows under this agreement will now expire on October 31, 2020.

Subsequent to litigation, the 2009 long-term prepaid gas purchase contract (CPEP #2) was renegotiated in 2014. The renegotiated contract provided for the following: 1) $12.5 million up-front proceeds at closing, which was recorded as unearned gas purchase discounts by the District and recognized as a reduction of the cost of natural gas based on the pattern of gas purchases through October 2019; 2) locked-in discounts of $.16 per DTH for the period November 1, 2014 through October 31, 2019, and 3) the ability to renegotiate discounts for the November 1, 2019 through June 30, 2039. In 2019, this project was refinanced as required in the 2014 documents; the gas flows under this agreement will now expire in 2049.

In 2012 the District participated in CPEP Project 3 Series Transaction (CPEP #3). This agreement is for a 30-year fixed term with defined savings over the life of the project. In 2017 CPEP did an early refinancing of this transaction that will increase the District's savings beginning in 2022.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

In November 2018, the District entered into a 30-year gas supply contract with CPEP (CPEP #4) with gas flows commencing on August 1, 2019. This agreement expires on January 31, 2050. After the initial five-year term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In addition to the aforementioned activity with CPEP, the District is party to three other significant gas supply agreements. In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. After the initial five-year term, TEAC, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on future interest rate levels at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In February 2018, the District entered into a 30-year gas supply contract with the Public Energy Authority of Kentucky (PEAK) for approximately five percent of our annual gas requirements. After the initial five-year term, PEAK, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In March 2018, the District entered into a 30-year gas supply contract with the Black Belt Energy Gas District (Black Belt) for approximately three percent of our annual gas requirements. After the initial five-year term, Black Belt, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

Gas Department Summary Financial Position

	2019	2018	2017 (*1)
Plant in service, net	$ 452,932,182	$ 433,060,254	$ 417,087,906
Noncurrent assets	1,204,765	17,210,164	631,799
Current assets	196,831,726	174,427,601	142,963,446
Total assets	650,968,673	624,698,019	560,683,151
Deferred outflows of resources			
Pension amounts	5,256,517	18,192,808	4,050,289
OPEB amounts	-	1,329,047	-
Total deferred outflows of resources	5,256,517	19,521,855	4,050,289
Total assets and deferred outflows of resources	$ 656,225,190	$ 644,219,874	$ 564,733,440
Deferred inflows of resources			
Pension amounts	$ 14,861,988	$ 3,457,932	$ 10,554,908
OPEB amounts	30,771,073	30,381,030	-
Contributions in aid of construction	41,101,682	41,250,869	41,267,726
Total deferred inflows of	86,734,743	75,089,831	51,822,634
Current liabilities	58,068,102	63,235,523	58,557,128
Noncurrent liabilities	108,486,195	142,791,653	95,076,408
Total liabilities	166,554,297	206,027,176	153,633,536
Net position			
Net investment in capital assets	378,171,010	373,518,801	375,101,336
Restricted	199,689	187,293	-
Unrestricted	24,565,451	(10,603,227)	(15,824,066)
Total net position	402,936,150	363,102,867	359,277,270
Total liabilities, deferred inflows of resources, and net position	$ 656,225,190	$ 644,219,874	$ 564,733,440

(*1) 2017 amounts do not reflect the adoption of GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions".

Gas Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Gas Department at December 31, 2019 and 2018.

	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
Gas Revenue Bonds				
Series 2018	$ 31,605,000	$ -	$ 1,040,000	$ 30,565,000
Plus unamortized premium	1,322,622	-	119,944	1,202,678
CNG promissory note	485,037	-	239,802	245,235
Total Long-Term Debt	$ 33,412,659	$ -	$ 1,399,746	$ 32,012,913

On June 28, 2018 the District issued $31,605,000 of Gas Department Revenue Bonds Series 2018; the all-in cost of funds associated with the offering is 3.296 percent. The proceeds of the sale of the 2018 bonds were used, together with other available funds, to finance a portion of the costs of improvements to the District's Gas System, including replacement of cast iron gas mains throughout the District's service area and infrastructure improvements to the Gas System. During 2019, the District made principal payments of $1,040,000 towards its outstanding Series 2018 gas revenue bonds. The remaining long-term debt, the CNG promissory note, relates to a low-interest loan obtained from the Nebraska Energy Office and its lending partner; the loan matures December 15, 2020 and the interest rate is fixed at 2.5% per annum.

Gas Department Long-Term Debt Covenant Compliance

Gas Revenue Bonds Series 2018

The District was in compliance with the provisions of the Gas Revenue Series 2018 bond covenants at December 31, 2019 and 2018. Relative to this bond offering, the District covenants that it will fix, establish, and maintain rates or charges for natural gas, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then outstanding; and (b) 100% of the amount required to pay any other unpaid long term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Funds available for debt service exceeded amounts required by covenants by approximately $52.1 million and $52.7 million for 2019 and 2018, respectively. Please see the chart below for debt service coverage ratio information:

	2019	2018
Debt service coverage ratios	24.37x	25.55x
Debt service coverage requirements	1.20x	1.20x

Credit Ratings and Liquidity

In December 2019, Fitch Ratings affirmed the District's AA+ rating, citing the District's "stronger financial profile as evidenced by its very low net leverage and strong operating cash flows…" In November 2019, S&P Global Ratings assigned a rating of AA+ to District's gas system as part of the District's obligations under certain of its gas purchase contracts; the District was previously rated AA by the rating agency. At the AA+ rating level, the District's gas system is now the highest rated municipal gas system of those to which S&P assigns credit ratings.

In support of the 2018 Gas Department revenue bond issuance, a presentation was made to Moody's Investors Service as a basis for obtaining an independent credit rating. On June 5, 2018, Moody's assigned a rating of Aa2 to the Series 2018 bond offering. The favorable credit rating enabled the District to issue bonds at an all-in cost of 3.296 percent, as stated previously.

The District continues to focus on maintaining strong liquidity for the Gas Department through adherence to disciplined financial and operational management practices. These efforts have resulted in consistently strong liquidity as demonstrated by "days cash on hand" of 313 days at year end 2019, as compared with 216 days at year-end 2018 and 215 days at year end 2017.

The Gas Department's liquidity is further enhanced by a $30,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current Loan Agreement matures June 1, 2021. The interest rate on the line of credit is variable and is calculated based on the "One Month London Interbank Offered Rate (LIBOR)" plus 50 basis points. As of December 31, 2019, the interest rate was 2.30% and no amount was outstanding. The District did not draw on the line of credit during 2019, 2018 or 2017.

Gas Department Capital Asset Activity

The District remains committed to expending the funds necessary to allow for continued safe and reliable delivery of natural gas to the District's customers. A key component of this commitment is addressing the District's aging infrastructure, as evidenced by the District's ongoing efforts to replace all remaining cast iron gas mains, approximately 240 miles, over the next eight years; the District expended $19.0 million to improve infrastructure and replace cast iron gas mains in 2019, $18.0 million in 2018 and $19.7 million in 2017. Significant projects in 2019 and 2018 are as follows:

In 2019, capital and construction-related costs totaled $50.7 million, consisting of:
1) Cast iron infrastructure replacement: $19.0 million (discussed above);
2) Other gas mains and distribution: $13.1 million;
3) Facility costs associated with new headquarters: $8.3 million;
4) Other buildings, land and equipment: $3.2 million;
5) Information technology-related: $1.3 million;
6) Vehicles, equipment and all other general plant: $5.8 million.

In 2018, capital and construction-related costs totaled $39.3 million, consisting of:
1) Cast iron infrastructure replacement: $18.0 million (discussed above);
2) Other gas mains and distribution: $12.7 million;
3) Buildings, land and equipment: $3.1 million;
4) Information technology-related: $1.2 million;
5) Vehicles, equipment and all other general plant: $4.3 million.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

Water Department

	2019	2018	2017
Water sales (million gallons)	27,747.0	28,483.0	30,059.0

In 2019, the volume of water sales decreased 736.0 million gallons vs. prior year, or 2.6%, due in part to full year precipitation levels that were 9 inches, or 30%, above normal (39.9 inches for the year). In 2018, the volume of water sales decreased 1,576.0 million gallons vs. prior year, or 5.2%, due in part to full year precipitation levels that were 6 inches above normal (36.8 inches for the year), coupled with the fact that 2017 precipitation levels were 4 inches below normal (26.4 inches for the year). Varying precipitation levels have the greatest impact on commercial and residential sprinkling volumes.

	2019	2018	2017
Customers (December 31)	218,116	216,180	214,142

The number of customers at the end of 2019 increased 1,936, or 0.9% over 2018. The number of customers at the end of 2018 increased 2,038, or 1.0% over 2018.

Water Department Summary of Results of Operations

	2019		2018		2017 (*1)	
Operating revenues:						
Water sales	$ 102,555,331	85%	$ 101,244,655	84%	$ 103,479,774	84%
Infrastructure charge	14,798,599	12	14,710,635	13	14,546,568	12
Other	4,154,150	3	3,997,328	3	4,494,121	4
Less bad debt expense	(247,118)	—	(169,421)	—	(192,277)	—
Total operating revenues, net	121,260,962	100%	119,783,197	100%	122,328,186	100%
Operating expenses	92,350,493		91,730,706		92,744,154	
Nonoperating expenses net	5,913,435		5,881,868		6,717,715	
Change in net position	22,997,034		22,170,623		22,866,317	
Net position, beginning of year (as restated for 2018)	313,019,622		290,848,999		293,844,710	
Net position, end of year	$ 336,016,656		$ 313,019,622		$ 316,711,027	

(*1) 2017 amounts do not reflect the adoption of GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions".

Operating revenues, net, increased 1.2% in 2019 due to a 7.0% increase to the Commodity component of rates effective July 1, 2019 to partially fund the District's water infrastructure replacement program, partially offset by decreased usage associated with precipitation levels that were more than 9 inches above normal and 3 inches greater than 2018 levels. Operating revenues, net, decreased 2.1% in 2018 due to decreased usage associated with precipitation levels that were 6 inches above normal and more than 10 inches greater than 2017 levels. The impact of decreased usage was partially offset by a 2.5% increase to the Commodity component of rates in 2018. The annual revenues for the average residential water customer were $345.27 in 2019, compared to $345.02 in 2018 and compared to $355.81 in 2017.

Total operating expenses in 2019 were up by $0.6 million, or 0.7%, due primarily to increased distribution maintenance expense (increased main breaks vs. prior year), increased purification maintenance expense, mostly offset by decreased administrative and general expense (decreased OPEB expense partially offset by increased public liability claims related to water main breaks). Total operating expenses in 2018 were down by $1.0 million, or 1.1%, due primarily to decreased distribution maintenance expense (decreased main breaks vs. prior year), decreased Meter Reading expense and decreased Credit Service expenses, partially offset by increased depreciation and amortization expense.

Non-operating expenses in 2019 were essentially flat compared to 2018 due primarily to increased interest income on investable cash balances and bond issuance costs in 2018, partially offset by increased interest expense associated with the Series 2018 water revenue bonds (outstanding for full year in 2019) and the discontinuance of capitalizing interest to construction projects. Non-operating expenses decreased by $0.8 million in 2018 due primarily to increased interest income on investable cash balances partially offset by bond issuance expenses associated with the Series 2018 water revenue bond.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

Water Summary Financial Position

	2019	2018	2017 (*1)
Plant in service, net	$ 910,548,673	$ 883,751,308	$ 853,179,220
Current assets	118,354,147	119,651,472	106,958,728
Noncurrent assets	25,545,917	35,633,585	12,698,840
Total assets	1,054,448,737	1,039,036,365	972,836,788
Deferred outflows of resources			
Pension amounts	4,318,048	14,691,640	3,340,750
OPEB amounts	—	1,074,293	—
Debt refunding	3,257,838	3,756,589	4,285,703
Total deferred outflows of resources	7,575,886	19,522,522	7,626,453
Total assets and deferred outflows of resources	$ 1,062,024,623	$ 1,058,558,887	$ 980,463,241
Deferred inflows of resources			
Pension amounts	$ 12,368,626	$ 2,839,878	$ 8,621,839
OPEB amounts	24,938,524	24,557,542	—
Contributions in aid of construction	312,463,282	305,208,722	296,727,173
Total deferred inflows of resources	349,770,432	332,606,142	305,349,012
Current liabilities	81,241,559	76,083,058	61,845,746
Noncurrent liabilities	294,995,976	336,850,065	296,557,456
Total liabilities	376,237,535	412,933,123	358,403,202
Net position:			
Net investment in capital assets	382,918,990	360,201,986	348,129,966
Restricted	2,036,531	1,904,008	1,654,424
Unrestricted	(48,938,865)	(49,086,372)	(33,073,363)
Total net position	336,016,656	313,019,622	316,711,027
Total liabilities, deferred inflows of resources, and net position	$ 1,062,024,623	$ 1,058,558,887	$ 980,463,241

(*1) 2017 amounts do not reflect the adoption of GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions".

Water Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Water Department at December 31, 2019 and 2018:

	Balance at December 31 ,2018	Increases	Decreases	Balance at December 31 ,2019
Water Revenue Bonds				
Series 2018	$ 37,390,000	$ -	$ 1,255,000	$ 36,135,000
Plus unamortized premium	1,226,341	-	111,528	1,114,813
Water Revenue Bonds				
Series 2015	166,120,000	-	8,320,000	157,800,000
Plus unamortized premium	9,673,717	-	1,251,615	8,422,102
Water Revenue Bonds				
Series 2012	31,695,000	-	1,800,000	29,895,000
Plus unamortized premium	1,808,924	-	129,513	1,679,411
NDEQ Note Payable #2	3,887,288	-	276,692	3,610,596
Total Long Term Debt	$ 251,801,270	$ -	$ 13,144,348	$ 238,656,922

On September 27, 2018 the District issued $37,390,000 of Water Revenue Bonds Series 2018; the all-in cost of funds associated with the offering is 3.225 percent. The proceeds of the sale of the 2018 bonds are being used, together with other available funds, to finance a portion of the costs of improvements to the District's Water System, including multiple projects undertaken to upgrade the Florence Water Treatment Plant and other improvements to the District's Water System. During 2019, the District made principal payments of $1,255,000 towards its outstanding Series 2018 water revenue bonds. At December 31, 2019, $21.7 million of the bond proceeds remained.

At December 31, 2019 and 2018, the District's long-term debt included $157,800,000 and $166,120,000 respectively of Series 2015 bonds outstanding. During 2019 and 2018, respectively, the District made principal payments of $8,320,000 and $7,915,000 towards its outstanding Series 2015 water revenue bonds.

At December 31, 2019 and 2018, the District's long-term debt included $29,895,000 and $31,695,000, respectively, of Series 2012 bonds outstanding. During 2019 and 2018, respectively, the District made principal payments of $1,800,000 and $1,735,000 towards its outstanding Series 2012 water revenue bonds.

In 2009, the District entered into an American Recovery and Reinvestment Act loan agreement with the NDEQ for the construction of a contact basin located near its Platte South Water Treatment Plant; the loan is at a 2% interest rate per annum (NDEQ Note Payable #2). This loan provided for $1,089,775 in loan forgiveness in the form of a grant, at project completion. At December 31, 2019 and 2018, long term obligations for this note were $3,610,596 and $3,887,288 respectively. During 2019 and 2018, the District made principal payments of $276,692 and $271,241 respectively pursuant to this note payable.

Water Department Long-Term Debt Covenant Compliance

Water Revenue Bonds Series 2012, Water Revenue Bond Series 2015 and Water Revenue Bond Series 2018

The District was in compliance with the provisions of the Water Revenue Series 2012, Water Revenue Series 2015 and Water Revenue Series 2018 bond covenants at December 31, 2019 and 2018. Relative to these bond offerings, the District covenants that it will fix, establish, and maintain rates or charges for water, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then outstanding; and (b) 100% of the amount required to pay any other unpaid long term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Funds available for debt service exceeded amounts required by covenants by approximately \$21.9 million, \$24.0 million and \$30.4 million for 2019, 2018 and 2017, respectively. Please see the chart below for debt service coverage ratio information:

	2019	2018	2017
Debt service coverage ratios	2.62x	2.74x	3.14x
Debt service coverage requirements	1.20x	1.20x	1.20x

Credit Ratings and Liquidity

In support of the 2018 Water Department revenue bond issuance, a presentation was made to Moody's Investors Service as a basis for obtaining an independent credit rating. On August 2, 2018, Moody's assigned a rating of Aa2 to the Series 2018 bond offering. The favorable credit rating enabled the District to issue bonds at an all-in cost of 3.225 percent, as stated previously.

The District continues to focus on maintaining strong liquidity for the Water Department through adherence to disciplined financial and operational management practices. These efforts have resulted in a significant improvement in liquidity as demonstrated by the number of "days cash on hand", with 388 days at year-end 2019 as compared with 417 days at year-end 2018 and 357 days at year end 2017.

The Water Department's liquidity is further enhanced by a \$30,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current Loan Agreement matures June 1, 2021. The interest rate on the line of credit is variable and is calculated based on the "One Month London Interbank Offered Rate (LIBOR)" plus 50 basis points. As of December 31, 2019, the interest rate was 2.30% and no amount was outstanding. The District did not draw on the line of credit during 2019, 2018 or 2017.

Water Department Capital Asset Activity

Significant projects in 2019 and 2018 are as follows:

- In 2019, capital and construction-related costs totaled $49.5 million; significant expenditures for projects completed or in process included:

  1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): $14.7 million;
  2) Other water mains and distribution: $18.4 million;
  3) Florence water treatment plant – Chemical building architectural, mechanical, structural and electrical improvements: $8.3 million;
  4) Florence water treatment plant – Basin 1 refurbishment: $3.0 million;
  5) Land purchase for future pump station: $1.1 million;
  6) Construction machines: $0.9 million.

- In 2018, capital and construction-related costs totaled $53.2 million; significant expenditures for projects completed or in process included:

  1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): $7.0 million;
  2) Other water mains and distribution: $23.7 million;
  3) Florence water treatment plant – Chemical building architectural, mechanical, structural and electrical improvements: $15.3 million;
  4) Florence water treatment plant – Minne Lusa high service pump architectural, mechanical, structural and electrical improvements: $1.9 million;
  5) Construction machines: $1.2 million;
  6) Platte West water treatment plant – well abandonment/replacement: $.6 million.

Contact Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the President of the District at 7350 World Communications Drive, Omaha, Nebraska 68122-4041.

METROPOLITAN UTILITIES DISTRICT

Statements of Net Position

December 31, 2019 and 2018

Assets and Deferred Outflows of Resources	2019 Gas Department	2019 Water Department	2019 Eliminations	2019 Business-type Activities Total	2018 Gas Department	2018 Water Department	2018 Eliminations	2018 Business-type Activities Total
Capital assets:								
Utility plant in service	$ 631,065,357	1,159,933,052	—	1,790,998,409	$ 615,192,112	1,131,651,797	—	1,746,843,909
Less accumulated depreciation	199,449,662	309,099,003	—	508,548,665	192,871,595	288,801,342	—	481,672,937
	431,615,695	850,834,049	—	1,282,449,744	422,320,517	842,850,455	—	1,265,170,972
Construction in progress	21,316,487	59,714,624	—	81,031,111	10,739,737	40,900,853	—	51,640,590
Net capital assets	452,932,182	910,548,673	—	1,363,480,855	433,060,254	883,751,308	—	1,316,811,562
Noncurrent assets:								
Cash and cash equivalents – restricted	—	14,743,711	—	14,743,711	3,754,586	9,399,758	—	13,154,344
Investments - restricted	—	10,129,565	—	10,129,565	12,807,428	25,771,941	—	38,579,369
Other noncurrent assets	1,204,765	672,641	—	1,877,406	648,150	461,886	—	1,110,036
Total noncurrent assets	1,204,765	25,545,917	—	26,750,682	17,210,164	35,633,585	—	52,843,749
Current assets:								
Cash and cash equivalents	140,401,286	80,796,131	—	221,197,417	108,816,238	86,722,620	—	195,538,858
Cash and cash equivalents – restricted	199,689	1,864,143	—	2,063,832	187,293	1,731,917	—	1,919,210
Accounts receivable – customers and others, less allowance for doubtful accounts	34,738,884	30,364,427	—	65,103,311	41,966,817	26,536,290	—	68,503,107
Interdepartmental receivable	1,325,135	—	(1,325,135)	—	3,229,529	—	(3,229,529)	—
Natural gas in storage	8,160,066	—	—	8,160,066	9,536,178	—	—	9,536,178
Propane in storage	4,053,608	—	—	4,053,608	4,150,179	—	—	4,150,179
Materials and supplies	3,704,538	3,521,469	—	7,226,007	3,161,140	2,734,297	—	5,895,437
Construction materials	3,196,978	1,660,307	—	4,857,285	2,341,745	1,819,154	—	4,160,899
Prepayments	1,051,542	147,670	—	1,199,212	1,038,482	107,194	—	1,145,676
Total current assets	196,831,726	118,354,147	(1,325,135)	313,860,738	174,427,601	119,651,472	(3,229,529)	290,849,544
Total assets	650,968,673	1,054,448,737	(1,325,135)	1,704,092,275	624,698,019	1,039,036,365	(3,229,529)	1,660,504,855
Deferred Outflows of Resources								
Pension amounts	5,256,517	4,318,048	—	9,574,565	18,192,808	14,691,640	—	32,884,448
OPEB amounts	—	—	—	—	1,329,047	1,074,293	—	2,403,340
Deferred charge on refunding	—	3,257,838	—	3,257,838	—	3,756,589	—	3,756,589
Total deferred outflows of resources	5,256,517	7,575,886	—	12,832,403	19,521,855	19,522,522	—	39,044,377
Total assets and deferred outflows of resources	$ 656,225,190	1,062,024,623	(1,325,135)	1,716,924,678	$ 644,219,874	1,058,558,887	(3,229,529)	1,699,549,232

See accompanying notes to basic financial statements.

Liabilities, Deferred Inflows and Net Position	2019 Gas Department	2019 Water Department	2019 Eliminations	2019 Business-type Activities Total	2018 Gas Department	2018 Water Department	2018 Eliminations	2018 Business-type Activities Total
Net position:								
Net investment in capital assets	$ 378,171,010	382,918,990	—	761,090,000	$ 373,518,801	360,201,986	—	733,720,787
Restricted:								
Environmental	—	172,388	—	172,388	—	172,091	—	172,091
Debt service requirements-sinking fund	199,689	1,864,143	—	2,063,832	187,293	1,731,917	—	1,919,210
Unrestricted	24,565,451	(48,938,865)	—	(24,373,414)	(10,603,227)	(49,086,372)	—	(59,689,599)
Total net position	402,936,150	336,016,656	—	738,952,806	363,102,867	313,019,622	—	676,122,489
Deferred inflows of resources								
Pension amounts	14,861,988	12,368,626	—	27,230,614	3,457,932	2,839,878	—	6,297,810
OPEB amounts	30,771,073	24,938,524	—	55,709,597	30,381,030	24,557,542	—	54,938,572
Contributions in aid of construction	41,101,682	312,463,282	—	353,564,964	41,250,869	305,208,722	—	346,459,591
Total deferred inflows of resources	86,734,743	349,770,432	—	436,505,175	75,089,831	332,606,142	—	407,695,973
Noncurrent liabilities:								
Long-term debt, excluding current installments	30,672,678	226,449,668	—	257,122,346	32,132,822	240,149,578	—	272,282,400
Self-insured risks	125,000	174,926	—	299,926	122,584	178,920	—	301,504
Net pension liability	22,669,301	18,723,173	—	41,392,474	46,959,548	38,597,012	—	85,556,560
Net OPEB liability	53,871,418	48,454,520	—	102,325,938	62,468,217	56,772,566	—	119,240,783
Other accrued expenses	1,147,798	1,193,689	—	2,341,487	1,108,482	1,151,989	—	2,260,471
Total noncurrent liabilities	108,486,195	294,995,976	—	403,482,171	142,791,653	336,850,065	—	479,641,718
Current liabilities:								
Accounts payable	28,389,492	8,092,583	—	36,482,075	34,905,976	8,437,697	—	43,343,673
Customer deposits	18,712,524	3,186,588	—	21,899,112	17,105,465	4,863,421	—	21,968,886
Customer advances for construction	785,096	24,805,018	—	25,590,114	683,327	19,229,425	—	19,912,752
Interdepartmental payable	—	1,325,135	(1,325,135)	—	—	3,229,529	(3,229,529)	—
Sewer fee collection due to municipalities	—	24,726,862	—	24,726,862	—	23,047,515	—	23,047,515
Statutory payment due to municipalities	1,128,353	532,901	—	1,661,254	1,291,953	515,000	—	1,806,953
Other accrued expenses	2,879,560	2,994,692	—	5,874,252	2,780,929	2,890,079	—	5,671,008
Current installments of long-term debt	1,340,235	12,207,254	—	13,547,489	1,279,837	11,651,692	—	12,931,529
Accrued interest	96,119	708,326	—	804,445	100,452	754,222	—	854,674
Self-insured risks	1,206,955	2,662,200	—	3,869,155	834,712	1,464,478	—	2,299,190
Other liabilities	3,529,768	—	—	3,529,768	2,427,872	—	—	2,427,872
Unearned gas purchase discounts	—	—	—	—	1,825,000	—	—	1,825,000
Total current liabilities	58,068,102	81,241,559	(1,325,135)	137,984,526	63,235,523	76,083,058	(3,229,529)	136,089,052
Total liabilities	166,554,297	376,237,535	(1,325,135)	541,466,697	206,027,176	412,933,123	(3,229,529)	615,730,770
Total liabilities, deferred inflows of resources, and net position	$ 656,225,190	1,062,024,623	(1,325,135)	1,716,924,678	$ 644,219,874	1,058,558,887	(3,229,529)	1,699,549,232

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position

December 31, 2019 and 2018

	2019			2018		
	Gas Department	Water Department	Business-type Activities Total	Gas Department	Water Department	Business-type Activities Total
Operating revenues:						
Charges for services	$ 223,880,699	121,508,080	345,388,779	$ 238,088,826	119,952,618	358,041,444
Less bad debt expense	614,407	247,118	861,525	501,779	169,421	671,200
Charges for services, net	223,266,292	121,260,962	344,527,254	237,587,047	119,783,197	357,370,244
Operating expenses:						
Cost of natural gas	114,501,720	—	114,501,720	126,286,762	—	126,286,762
Operating and maintenance	49,420,891	75,833,634	125,254,525	57,926,952	75,354,382	133,281,334
Depreciation and amortization	16,666,592	14,873,197	31,539,789	15,799,471	14,758,448	30,557,919
Payment in lieu of taxes	3,802,087	1,643,662	5,445,749	3,796,642	1,617,876	5,414,518
Total operating expenses	184,391,290	92,350,493	276,741,783	203,809,827	91,730,706	295,540,533
Operating income	38,875,002	28,910,469	67,785,471	33,777,220	28,052,491	61,829,711
Nonoperating revenues (expenses):						
Investment income, net	2,759,105	2,279,259	5,038,364	1,737,469	968,315	2,705,784
Other expense	(652,472)	(67,274)	(719,746)	(2,063,342)	(146,203)	(2,209,545)
Interest expense	(1,148,352)	(8,125,420)	(9,273,772)	(539,120)	(6,703,980)	(7,243,100)
Total nonoperating revenues (expenses), net	958,281	(5,913,435)	(4,955,154)	(864,993)	(5,881,868)	(6,746,861)
Change in net position	39,833,283	22,997,034	62,830,317	32,912,227	22,170,623	55,082,850
Net position, beginning of year	363,102,867	313,019,622	676,122,489	330,190,640	290,848,999	621,039,639
Net position, end of year	$ 402,936,150	336,016,656	738,952,806	$ 363,102,867	313,019,622	676,122,489

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Cash Flows

December 31, 2019 and 2018

	2019 Gas Department	2019 Water Department	2019 Business-type Activities Total	2018 Gas Department	2018 Water Department	2018 Business-type Activities Total
Cash flows from operating activities:						
Receipts from customers	$ 232,209,154	117,663,313	349,872,467	$ 223,280,891	117,911,161	341,192,052
Payments to suppliers	(133,620,883)	(56,675,806)	(190,296,689)	(141,296,178)	(50,054,014)	(191,350,192)
Cash collections on behalf of other governments	—	173,112,775	173,112,775	—	164,428,132	164,428,132
Cash disbursements to other governments	—	(165,733,943)	(165,733,943)	—	(156,876,824)	(156,876,824)
Payments to employees	(38,200,087)	(31,402,806)	(69,602,893)	(37,780,572)	(30,606,441)	(68,387,013)
Payments in lieu of taxes	(3,802,087)	(1,643,662)	(5,445,749)	(3,796,642)	(1,617,876)	(5,414,518)
Net cash provided by operating activities	56,586,097	35,319,871	91,905,968	40,407,499	43,184,138	83,591,637
Cash flows from noncapital financing activities:						
Interdepartmental loans and advances	1,960,558	(1,960,558)	—	(4,498,322)	4,498,322	—
Net cash provided by (used in) noncapital financing activities	1,960,558	(1,960,558)	—	(4,498,322)	4,498,322	—
Cash flows from capital and related financing activities:						
Plant additions	(47,669,991)	(49,729,503)	(97,399,494)	(36,898,792)	(49,737,588)	(86,636,380)
Plant removal/retirement costs	3,094,126	(656,008)	2,438,118	(3,620,418)	(274,942)	(3,895,360)
Debt issuance costs	—	—	—	(375,881)	(305,932)	(681,813)
Payments on long-term debt	(1,279,802)	(11,651,692)	(12,931,494)	(233,806)	(9,921,240)	(10,155,046)
Proceeds from issuance of debt	—	—	—	32,988,813	38,645,573	71,634,386
Customer advances/CIAC	857,965	19,471,166	20,329,131	1,057,085	15,786,046	16,843,131
Interest paid	(1,272,628)	(9,165,221)	(10,437,849)	(580,768)	(8,508,020)	(9,088,788)
Net cash used in capital and related financing activities	(46,270,330)	(51,731,258)	(98,001,588)	(7,663,767)	(14,316,103)	(21,979,870)
Cash flows from investing activities:						
Interest received	2,759,105	2,279,259	5,038,364	1,737,469	968,315	2,705,784
Sales of investment securities	12,807,428	15,642,376	28,449,804			
Purchase of investments	—	—	—	(12,807,428)	(25,771,941)	(38,579,369)
Net cash flows provided by (used in) investing activities	15,566,533	17,921,635	33,488,168	(11,069,959)	(24,803,626)	(35,873,585)
Net increase (decrease) in cash and cash equivalents	27,842,858	(450,310)	27,392,548	17,175,451	8,562,731	25,738,182
Cash and cash equivalents, beginning of year	112,758,117	97,854,295	210,612,412	95,582,666	89,291,564	184,874,230
Cash and cash equivalents, end of year	$ 140,600,975	97,403,985	238,004,960	$ 112,758,117	97,854,295	210,612,412
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 38,875,002	28,910,469	67,785,471	$ 33,777,220	28,052,491	61,829,711
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation and amortization						
Depreciation charged to depreciation and amortization	16,369,195	14,550,406	30,919,601	15,502,074	14,393,096	29,895,170
Depreciation charged to operating and maintenance	3,959,457	1,195,303	5,154,760	4,468,502	832,250	5,300,752
Amortization charged to depreciation and amortization	297,397	322,791	620,188	297,397	365,352	662,749
Amortization charged to operating and maintenance	1,815,273	197,050	2,012,323	1,914,113	163,198	2,077,311
Cash flows impacted by changes in						
Amounts due from customers and others	7,227,933	(3,828,137)	3,399,796	(14,782,355)	(2,041,458)	(16,823,813)
Natural gas, propane, materials, supplies, and prepayments	916,225	(827,648)	88,577	237,209	(225,813)	11,396
Other noncurrent assets	(556,615)	(210,755)	(767,370)	(16,348)	109,387	93,039
Accounts payable and other	(6,760,252)	2,327,767	(4,432,485)	6,594,405	2,646,139	9,240,544
Customer deposits	1,618,536	(1,676,833)	(58,297)	(4,581,420)	514,292	(4,067,128)
Self-insurance and other liabilities	1,476,555	1,193,728	2,670,283	(177,870)	203,176	25,306
Net pension liability	(24,290,247)	(19,873,839)	(44,164,086)	25,427,796	20,553,754	45,981,550
Deferred inflows pension	18,972,787	15,499,222	34,472,009	(7,096,976)	(5,781,961)	(12,878,937)
Deferred outflows pension	5,367,560	4,403,118	9,770,678	(14,142,519)	(11,350,890)	(25,493,409)
Net OPEB liability	(8,596,799)	(8,318,046)	(16,914,845)	(33,565,712)	(28,732,124)	(62,297,836)
Deferred inflows OPEB	1,386,828	1,186,702	2,573,530	30,381,030	24,557,542	54,938,572
Deferred outflows OPEB	332,262	268,573	600,835	(1,329,047)	(1,074,293)	(2,403,340)
Unearned gas purchase discounts	(1,825,000)	—	(1,825,000)	(2,500,000)	—	(2,500,000)
Net cash provided by operating activities	$ 56,586,097	35,319,871	91,905,968	$ 40,407,499	43,184,138	83,591,637
Supplemental schedules of noncash capital and related financing items:						
Capitalized interest	$ —	—	—	$ 80,908	922,415	1,003,323
Construction in accounts payable	1,646,577	4,468,206	6,114,783	1,439,939	5,297,527	6,737,466

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT
Statements of Fiduciary Net Position
Pension and Other Post Employment Benefits
December 31, 2019 and 2018

	2019	2018
Assets		
Cash, Investments and pooled separate accounts	$ 493,430,076	$ 402,646,777
Liabilities	-	-
Net position held in trust for pension and other post employment benefits	$ 493,430,076	$ 402,646,777

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT
Statements of Changes in Fiduciary Net Position
Pension and Other Post Employment Benefits
December 31, 2019 and 2018

	2019	2018
Additions:		
Investment income (loss), net appreciation (depreciation) in the fair value of pooled separate accounts, interest and dividends, net of investment expense	$ 84,973,228	$ (22,344,006)
Employer contributions	26,554,367	24,056,434
Employee contributions	4,413,137	3,805,373
Total additions	115,940,732	5,517,801
Deductions:		
Benefit payments	25,083,943	19,116,693
Administrative expenses	73,490	98,134
Total deductions	25,157,433	19,214,827
Net increase (decrease)	90,783,299	(13,697,026)
Net position held in trust for pension and OPEB benefits		
Beginning of year	402,646,777	416,343,803
End of year	$ 493,430,076	$ 402,646,777

See accompanying notes to basic financial statements

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

Metropolitan Utilities District (the District), a political subdivision of the State of Nebraska, is a public utility providing water and gas service to a diversified base of residential, commercial, and industrial customers. State statutes vest authority to establish rates in the board of directors (the Board) and provide, among other things, that separate books of account be kept for each utility department and for the equitable allocation of joint expenses. The Board determines the District's rates. The District is not liable for federal and state income taxes. The District pays ad valorem taxes on real property not used for public purposes. As required by the Enabling Act, the District pays 2% of its revenue from retail sales within the corporate limits of the City of Omaha to the City of Omaha, and 2% of its retail sales within other city and village corporate limits to those cities and villages. The District is subject to state sales and use tax on certain labor charges and nearly all material purchases.

(b) Basis of Presentation

The District's financial statements are presented in accordance with generally accepted accounting principles (GAAP) for business-type activities of governmental entities. Accounting records are maintained generally in accordance with the Uniform System of Accounts as prescribed by the National Association of Regulatory Utility Commissioners (NARUC) and all applicable pronouncements of the Governmental Accounting Standards Board (GASB). The District accounts for the operations of the water and gas systems in separate major funds.

Operating revenues and expenses generally result from providing gas and water services to the District's customers. The principal operating revenues are charges to customers for providing gas and water services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's accounting policies also follow the regulated operations provisions of GASB Statement No. 62, which permits an entity with cost based rates to defer certain costs as income, that would otherwise be recognized when incurred, to the extent that the rate-regulated entity is recovering or expects to recover such amounts in rate changes to its customers.

(c) Fiduciary Fund Type

The District also includes a pension trust fund and other postemployment benefits (OPEB) trust fund as a fiduciary fund type. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs or operations. Pension and OPEB trust funds are accounted for in essentially the same manner as the enterprise funds, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plans are recognized when due. Benefits and refunds are recognized when due and payable in accordance with terms of the plans. The Pension Trust Fund accounts for the assets of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The OPEB Trust Fund accounts for the assets of the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha. These plans are included in the reporting entity because the District controls the assets of each of these trust funds, as defined by GASB Statement No. 84.

(d) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has four items that meet the criterion for reporting as deferred outflows on the statement of net position: the deferred charge on refunding, the changes of actuarial assumptions used in the measurement of total pension liability, the differences between projected and actual earnings on pension plan investments (in 2018 only) and the differences between projected and actual earnings on OPEB plan investments (in 2018 only). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amount for changes of actuarial assumptions used in the measurement of total pension liability is recognized in pension expense over the average expected remaining service life of the active and inactive pension plan members at the beginning of the measurement period. The difference between projected and actual earnings on pension and OPEB plan investments is recognized in expense over a five-year period, as of the beginning of each measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue and/or contra expense) until that time. The District has six items that meet the criterion for reporting as deferred inflows on the statement of net position: contributions in aid of construction (CIAC), the difference between expected and actual experience in the measurement of total pension liability, the differences between projected and actual earnings on pension plan investments (in 2019 only), the differences between projected and actual earnings on OPEB plan investments (in 2019 only), the difference between expected and actual experience in the measurement of total OPEB liability and the changes in actuarial assumptions used in the measurement of total OPEB liability. As described below, CIAC is included in depreciation expense and amortized over the estimated useful lives of the related utility plant. The difference between expected and actual experience and the changes in actuarial assumptions in the measurement of the pension and OPEB liabilities is recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. The difference between projected and actual earnings on pension and OPEB plan investments is recognized in expense over a five-year period, as of the beginning of each measurement period.

(e) Utility Plant

Utility plant is stated at cost. Cost includes direct charges such as labor, material, and related overhead. Allowance for borrowed funds used during construction represents interest capitalized on construction projects not paid for by contributions to the extent such projects are financed by debt. Interest of $80,908 was capitalized on Gas Department projects in 2018. Interest of $922,415 was capitalized on Water Department projects in 2018. With the implementation of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest is no longer capitalized on construction projects, effective fiscal year ending December 31, 2019. Expenditures for ordinary maintenance and repairs are charged to operations.

Depreciation of utility plant is computed primarily on the straight-line method over its estimated useful life. The weighted average composite depreciation rates, expressed as a percentage of the beginning of the year cost of depreciable plant in service, were:

	2019	2018
Water Department	2.1%	2.1%
Gas Department	3.5	3.5

Contributions in aid of construction (CIAC) are reported as a deferred inflow of resources. For ratemaking purposes, the District does not recognize such revenues when received; rather CIAC is included in depreciation expense as such costs are amortized over the estimated lives of the related utility plant. The credit is being amortized into rates over the depreciable lives of the related plant in order to offset the earnings effect of these nonexchange transactions.

(f) Net Position

The net position of the District is broken down into three categories: (1) net investment in capital assets, (2) restricted for environmental funds and debt service requirements, and (3) unrestricted.

- Net investment in capital assets consist of capital assets, including restricted capital assets, net of accumulated depreciation, plus unspent bond proceeds and reduced by the outstanding balance of debt that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted for environmental funds represent net position whose use is restricted through external constraints imposed by the Nebraska Department of Environmental Quality and the Nebraska Game and Parks Commission. Restricted for debt service requirements represent net position whose use is restricted per the provisions of the Series 2012, Series 2015 and Series 2018 water revenue bonds, and the Series 2018 gas revenue bonds.
- Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted for environmental, debt reserve funds, debt service requirements, or capital.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted first, and then unrestricted resources when they are needed.

(g) Bond Premium and Discounts

Bond premium and discounts are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method.

(h) Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand accounts, overnight repurchase agreements, and short-term liquid investments purchased with an original maturity of 90 days or less. At December 31, 2018, the Gas Department held $16.6 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which consisted of proceeds remaining from the Gas System Revenue Bond Series 2018 issued in June 2018. These proceeds were expended for the replacement of cast iron gas mains throughout the District's service area and infrastructure improvements to the Gas System. At December 31, 2019, the Gas Department held no funds in noncurrent "Cash and cash equivalents – restricted" and "Investment – restricted." At December 31, 2019 and 2018, the Gas Department also held current "Cash and cash equivalents – restricted" of $0.2 million pursuant to various bond resolutions.

At December 31, 2019, the Water Department held $24.9 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is made up of $0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, $3.0 million pursuant to various bond resolutions, and $21.7 million of proceeds remaining from the Water System Revenue Bond Series 2018 issued in September 2018, which will be expended to upgrade the District's Florence Water Treatment Plant and for other improvements to the District's Water System. At December 31, 2018, the Water Department held $35.2 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which was made up of $0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, $3.0 million pursuant to various bond resolutions, and $32.0 million of proceeds remaining from the Water System Revenue Bond Series 2018 issued in September 2018. At December 31, 2019 and 2018, the Water Department also held current "Cash and cash equivalents – restricted" of $1.9 and $1.7 million, respectively, pursuant to various bond resolutions.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. Purchases and sales of securities are recorded on a trade-date basis. See Note 3 for additional information regarding fair value measures.

(i) Accounts Receivable and Unbilled Revenue

Accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities in the statements of cash flows. The accounts receivable balance also includes an accrual related to unbilled revenues, determined by prorating actual subsequent billings. The allowance for doubtful accounts is the District's best estimate of the amount of probable credit losses in the District's existing accounts receivable. The District's allowance methodology was developed based on an analysis of open accounts and historical write-off experience.

(j) Inventories

Inventories include natural gas, liquefied natural gas, propane, construction materials, and materials and supplies. All inventories are carried at weighted average cost.

(k) Compensated Absences

The District employees earn vacation days at specific rates during their employment. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation of no more than what they are eligible to earn in two years. Current and noncurrent amounts pertaining to accrued compensated absences are recorded within "Other accrued expenses" in the statement of net position.

(l) Revenues

The District recognizes operating revenues as they are earned. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period. Accounts receivable include unbilled revenues as follows:

		2019	2018
Gas	$	16,866,883	19,971,850
Water		3,542,418	3,371,865

(m) Interdepartmental Transactions

Most routine disbursement transactions of the District are paid by the Gas Department, due in part to the fact that the Gas Department collects virtually all billings for the District in combined Gas/Water invoices; balancing between the departments occurs via maintenance of interdepartmental receivable and payable accounts. At December 31, 2019, the Gas Department reflected a receivable from the Water Department and the Water Department reflected a payable to the Gas Department of $1,325,135. At December 31, 2018, the Gas Department reflected a receivable from the Water Department and the Water Department reflected a payable to the Gas Department of $3,229,529. The receivable and payable have been eliminated in the business-type activities total column.

(n) Billing and Collection Agent Services

The District serves as the billing and collection agent for fees related to sewer services provided by certain political subdivisions, including the City of Omaha. Separate accounting records are maintained by the District for these collection services. Fees billed but not yet remitted by the District to the applicable entities totaled $24,726,862 and $23,047,515 as of December 31, 2019 and 2018, respectively. These fees have been reflected in the District's statement of net position and amounts collected were remitted to the cities subsequent to year-end. Processing fees billed to the cities for billing and collection services provided by the District totaled approximately $5.0 million in both 2019 and 2018. These processing fees have been reflected as a reduction to operating and maintenance expenses in the District's statement of revenue, expenses, and changes in net position. The cities' fees reflect only the expenses incurred by the District to bill and collect the cities' charges.

(o) Pensions

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

(p) Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(q) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management of the District to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from these estimates.

(r) Recent Accounting Pronouncements

GASB Statement No. 87, *Leases*, issued in June 2017, will be effective for the District beginning with its year ending December 31, 2020. The objective of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing comparability of financial statements between governments; and also enhancing the relevance, reliability (representation faithfulness), and consistency of information about the leasing activities of governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently assessing the impact of this Statement.

GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, will be effective for the District beginning with its year ending December 31, 2020. The objective of Statement No. 92 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to leases, postemployment benefits (pensions and other postemployment benefits), fiduciary activities, asset retirement obligations and fair value measurement and application. The District is currently assessing the impact of this Statement.

(2) Impact of Adoption of New Accounting Standard

The District has implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for the fiscal year ending December 31, 2019. Statement No. 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this Statement resulted in additional note disclosures related to debt, with disclosures for direct borrowings and direct placements of debt reported separately from other debt.

The District has implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* for the fiscal year ending December 31, 2019. Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result of adopting Statement No. 89, interest cost incurred before the end of a construction period is no longer included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement is effective for reporting periods beginning after December 15, 2019, and requirements are to be applied prospectively. Thus, prior periods were not restated.

(3) Deposits and Investments

State Statute 14-2144 R.R.S. authorizes funds of the District to be invested at the discretion of the board of directors in the warrants and bonds of the District and the municipalities constituting the District, including the warrants and bonds of the sanitary improvement districts thereof. In addition to such securities, the funds may also be invested in any securities that are legal investments for the school funds of the State of Nebraska as delineated in the State of Nebraska Statute, Section 30-3209. The trust funds related to the District’s retirement plan and other postemployment benefit plan invest pursuant to the same statutory investment restrictions.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be returned. At December 31, 2019 and 2018, all bank balances were covered by federal depository insurance or collateralized with securities held by the Federal Reserve Bank.

Fair Value Measurements: The District categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input: Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input: Inputs that are unobservable for the asset or liability which are typically based upon the District's own assumptions as there is little, if any, related market activity.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

For the District, the following fair value techniques were utilized in measuring the fair value of its investments:

Bond and Equity Mutual Funds: These investments are reported at fair value based on published fair value per share (unit) for each fund.

As of December 31, 2019 and 2018, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years: Less Than One	1-5	Hierarchy Level	Rating Standard & Poors
2019					
U.S. Treasury and agency obligations	$ 5,956,598	3,955,178	2,001,420	1	A-1+ to AA+
Foreign bonds	1,199,868	1,199,868	—	1	AA-
Commercial paper	2,973,099	2,973,099	—	1	A-1
	$ 10,129,565	8,128,145	2,001,420		
2018					
U.S. Treasury and agency obligations	$ 15,339,262	10,284,362	5,054,900	1	AA+
Corporate bonds and notes	14,061,817	12,556,072	1,505,745	1	A- to AA+
Foreign bonds	2,586,899	2,586,899	—	1	AA-
Commercial paper	6,591,391	6,591,391	—	1	Not rated
	$ 38,579,369	32,018,724	6,560,645		

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2019 and 2018

As of December 31, 2019 and 2018, the District's fiduciary funds had the following investments.

	Fair Value			Hierarchy
Investment Type	**Pension Plan**	**OPEB**	**Total**	**Level**
2019				
Mutual Funds:				
Fixed Income Funds	$ 142,203,573	10,084,389	152,287,962	1
Domestic Equity Funds	199,638,211	20,105,749	219,743,960	1
International Equity Funds	108,545,692	11,159,239	119,704,931	1
	$ 450,387,476	41,349,377	491,736,853	
2018				
Mutual Funds:				
Fixed Income Funds	$ 129,382,864	6,409,422	135,792,286	1
Domestic Equity Funds	158,710,068	11,346,023	170,056,091	1
International Equity Funds	88,516,853	6,680,442	95,197,295	1
	$ 376,609,785	24,435,887	401,045,672	

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a formal policy over credit risk for investments, other than pension and OPEB plan investments. Although the District does not have a formal policy, this risk is mitigated by adherence to the requirements of State Statute 30-3209, which prescribes investments that are authorized. The pension and OPEB plans' investments in mutual funds are not rated. Purchases of fixed income investments must be rated BBB by Standard and Poor's or Baa by Moody's or higher. The investment policy statements of the pension and OPEB plans define fixed income investments as U.S. government and agency securities, corporate notes and bonds and private and agency residential and commercial mortgage-backed securities.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal policy over interest rate risk for investments, other than pension and OPEB plan investments. Although the District does not have a formal policy, investments other than those in the pension and OPEB plans are generally short-term, reducing exposure to fair value losses arising from increasing interest rates. The investment policy statements of the pension and OPEB plans do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Mutual funds (debt and equity funds) are not subject to interest rate risk given they have no maturity dates.

Concentration of credit risk: The District does not have a formal policy over concentration of credit risk for investments, other than pension and OPEB investments. Although the District does not have a formal policy, this risk is mitigated by adherence to the requirements of State Statute 30-3209, which prescribes investments that are authorized. The investment policy statements of the pension and OPEB plans apply the prudent investor guidelines. Consistent with prudent standards for the preservation of capital and maintenance of liquidity, the goal of the plans is to earn the highest possible rate of return consistent with the plans' tolerance for risk. It is the policy of the pension and OPEB plans that the portfolios should be well diversified in an attempt to reduce the overall risk of the portfolios. The investment policy statements of the pension and OPEB plans limit the amount invested in a single investment security to 5 percent of the total portfolio, with the exception of investments guaranteed by the U.S. government. The investment policy statements also limit the amount invested in a single investment pool or company (mutual fund) to 20 percent of the total portfolio, with the exception of passively-managed investment vehicles seeking to match the returns on a broadly-diversified market index.

Rate of return: For the years ended December 31, 2019 and 2018, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 21.0% and -5.2%, respectively. For the years ended December 31, 2019 and 2018, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan expense was 21.4% and -8.0%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset allocation: The investment policy statements of the pension and OPEB plans have the following asset allocation ranges permitted and the long-term expected geometric real rate of return for each major asset class:

	Target Allocation	
Asset Class	**Pension Plan**	**OPEB**
Domestic (U.S.) Equities	40.0 %	40.0 %
International (Non-U.S.) Equities	20.0	27.0
U.S. Aggregate Bonds	15.0	11.0
International Bonds	3.0	3.0
Intermediate Term Credit	11.0	9.0
Short Term Credit	3.0	2.0
REITS	8.0	8.0
Total	100.0 %	100.0 %

Mutual funds may be used for these asset classes. Investments in mutual funds are not subject to concentration of credit risk.

Custodial credit risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District and the pension and OPEB plans do not have a policy for custodial credit risk. As of December 31, 2019 and 2018, the District's investments were not exposed to custodial credit risk because they were registered in the District's name and held by the counterparty or the counterparty's trust department. The mutual funds (equity and debt funds) of the pension and OPEB plans are not exposed to custodial credit risk.

(4) Utility Plant

Utility plant at December 31, 2019 and 2018 is summarized as follows:

	Gas Department	Water Department	Total
2019			
Utility plant in service:			
Depreciable	$ 626,527,186	1,146,056,346	1,772,583,532
Nondepreciable (land)	4,538,171	13,876,706	18,414,877
Total	631,065,357	1,159,933,052	1,790,998,409
Construction in progress (nondepreciable)	21,316,487	59,714,624	81,031,111
	652,381,844	1,219,647,676	1,872,029,520
Less:			
Accumulated depreciation	(199,449,662)	(309,099,003)	(508,548,665)
	$ 452,932,182	910,548,673	1,363,480,855
2018			
Utility plant in service:			
Depreciable	$ 610,353,182	1,118,853,173	1,729,206,355
Nondepreciable (land)	4,838,930	12,798,624	17,637,554
Total	615,192,112	1,131,651,797	1,746,843,909
Construction in progress (nondepreciable)	10,739,737	40,900,853	51,640,590
	625,931,849	1,172,552,650	1,798,484,499
Less:			
Accumulated depreciation	(192,871,595)	(288,801,342)	(481,672,937)
	$ 433,060,254	883,751,308	1,316,811,562

The provision for depreciation expense is as follows:

	2019			2018		
	Gas Department	Water Department	Total	Gas Department	Water Department	Total
Charged to depreciation	$ 16,369,195	14,550,403	30,919,598	15,502,074	14,393,096	29,895,170
Charged to operating and maintenance	3,959,457	1,195,303	5,154,760	4,468,502	832,250	5,300,752
	$ 20,328,652	15,745,706	36,074,358	19,970,576	15,225,346	35,195,922

The depreciation expense presented above includes a reduction of expense of $7,546,396 and $7,273,312 for the year ended December 31, 2019 and 2018, respectively, due to the amortization of CIAC.

Capital asset activity for the year ended December 31, 2019 and 2018 is as follows:

	Balance, beginning of year	Increases	Decreases	Balance, end of year
2019				
Gas Department:				
Utility plant in service	$ 615,192,112	36,444,646	(20,571,401)	631,065,357
Construction in progress	10,739,737	47,019,265	(36,442,515)	21,316,487
Accumulated depreciation	(192,871,595)	(21,158,092)	14,580,025	(199,449,662)
	$ 433,060,254	62,305,819	(42,433,891)	452,932,182
Water Department:				
Utility plant in service	$ 1,131,651,797	30,245,256	(1,964,001)	1,159,933,052
Construction in progress	40,900,853	48,426,263	(29,612,492)	59,714,624
Accumulated depreciation	(288,801,342)	(22,462,663)	2,165,002	(309,099,003)
	$ 883,751,308	56,208,856	(29,411,491)	910,548,673
	$ 1,316,811,562	118,514,675	(71,845,382)	1,363,480,855
2018				
Gas Department:				
Utility plant in service	$ 597,112,263	37,327,962	(19,248,113)	615,192,112
Construction in progress	10,860,193	37,184,422	(37,304,878)	10,739,737
Accumulated depreciation	(190,884,550)	(20,822,864)	18,835,819	(192,871,595)
	$ 417,087,906	53,689,520	(37,717,172)	433,060,254
Water Department:				
Utility plant in service	$ 1,093,314,388	42,200,781	(3,863,372)	1,131,651,797
Construction in progress	30,921,408	52,236,126	(42,256,681)	40,900,853
Accumulated depreciation	(271,056,576)	(21,646,365)	3,901,599	(288,801,342)
	$ 853,179,220	72,790,542	(42,218,454)	883,751,308
	$ 1,270,267,126	126,480,062	(79,935,626)	1,316,811,562

(5) Long-Term Obligations

Activity in long-term obligations for the year ended December 31, 2019 and 2018 is as follows:

	Balance, beginning of year	Increases	Decreases	Balance, end of year	Due within one year
2019					
Revenue Bonds:					
Water Revenue Bonds					
Series 2018	$ 37,390,000	—	1,255,000	36,135,000	1,315,000
Plus unamortized premium	1,226,341	—	111,528	1,114,813	—
Water Revenue Bonds					
Series 2015	166,120,000	—	8,320,000	157,800,000	8,750,000
Plus unamortized premium	9,673,717	—	1,251,615	8,422,102	—
Water Revenue Bonds					
Series 2012	31,695,000	—	1,800,000	29,895,000	1,860,000
Plus unamortized premium	1,808,924	—	129,513	1,679,411	—
Gas Revenue Bonds					
Series 2018	31,605,000	—	1,040,000	30,565,000	1,095,000
Plus unamortized premium	1,322,622	—	119,944	1,202,678	—
Notes from Direct Borrowings and Direct Placements:					
NDEQ note payable	3,887,288	—	276,692	3,610,596	282,254
CNG promissory note	485,037	—	239,802	245,235	245,235
Net OPEB liability	119,240,783	—	16,914,845	102,325,938	—
Net pension liability	85,556,560	—	44,164,086	41,392,474	—
Self-insured risks	2,600,694	5,498,127	3,929,740	4,169,081	3,869,155
Other accrued expenses	7,931,479	5,852,588	5,568,328	8,215,739	5,874,252
	$ 500,543,445	11,350,715	85,121,093	426,773,067	23,290,896

	Balance, beginning of year, as restated	Increases	Decreases	Balance, end of year	Due within one year
2018					
Revenue Bonds:					
Water Revenue Bonds					
Series 2018	$ —	37,390,000	—	37,390,000	1,255,000
Plus unamortized premium	—	1,255,573	29,232	1,226,341	—
Water Revenue Bonds					
Series 2015	174,035,000	—	7,915,000	166,120,000	8,320,000
Plus unamortized premium	11,001,529	—	1,327,812	9,673,717	—
Water Revenue Bonds					
Series 2012	33,430,000	—	1,735,000	31,695,000	1,800,000
Plus unamortized premium	1,938,437	—	129,513	1,808,924	—
Gas Revenue Bonds					
Series 2018	—	31,605,000	—	31,605,000	1,040,000
Plus unamortized premium	—	1,383,813	61,191	1,322,622	—
Notes from Direct Borrowings and Direct Placements:					
NDEQ note payable	4,158,529	—	271,241	3,887,288	276,692
CNG promissory note	718,844	—	233,807	485,037	239,837
Net OPEB liability	181,538,620	—	62,297,837	119,240,783	—
Net pension liability	39,575,011	45,981,549	—	85,556,560	—
Self-insured risks	2,546,508	3,138,665	3,084,479	2,600,694	2,299,190
Other accrued expenses	8,287,534	5,696,470	6,052,525	7,931,479	5,671,008
	$ 457,230,012	126,451,070	83,137,637	500,543,445	20,901,727

(a) Water Revenue Bonds

Water Revenue Bonds Series 2012

On December 17, 2012, the District issued Water Revenue Bonds Series 2012 for a par value of $40,745,000. The balance, annual installments, and interest rates at December 31, 2019 and 2018 consist of:

	Interest rate		Annual installment	Principal outstanding 2019	2018
Series 2012 bonds:					
Serial	2.000% - 4.000%	$	1,185,000 - 2,335,000	16,620,000	18,420,000
Term	3.0		2,455,000 - 2,865,000	13,275,000	13,275,000

The Water Revenue Bonds Series 2012 are subject to optional redemption prior to maturity on and after December 15, 2022. Principal and interest payments are as follows:

		Principal	Interest	Total
2020	$	1,860,000	1,040,694	2,900,694
2021		1,925,000	966,293	2,891,293
2022		1,970,000	908,544	2,878,544
2023		2,020,000	849,444	2,869,444
2024		2,095,000	768,644	2,863,644
2025 – 2029		11,755,000	2,544,100	14,299,100
2030 – 2032		8,270,000	523,594	8,793,594
	$	29,895,000	7,601,313	37,496,313

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The District has pledged future water revenues to repay the Water Revenue Bonds Series 2012. Proceeds from the bonds were used to finance a portion of the costs of improvements to the District's Water System including multiple projects undertaken to upgrade the District's Platte South Plant and Florence Plant in part to comply with current regulatory requirements. The Water Revenue Bonds Series 2012 are payable solely from water revenues and are payable through 2032. Principal and interest payments of $1,800,000 and $1,112,694, respectively, were paid on these bonds in 2019. Principal and interest payments of $1,735,000 and $1,182,094, respectively, were paid on these bonds in 2018. Total water revenues for the year ended December 31, 2019 and 2018 were $121,508,080 and $119,952,618 respectively.

Water Revenue Bonds Series 2015

On December 8, 2015, the District issued Water System Improvement and Refunding Revenue Bonds, Series 2015 (the 2015 Bonds) for a par value of $188,895,000. The 2015 Bonds were issued for the purpose of financing a portion of the costs of improvements to the District's Water System including multiple projects undertaken to upgrade the District's Florence Water Treatment Plant, and to refund $153,780,000 aggregate principal amount of the District's outstanding 2006A Bonds and 2006B Bonds.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The District has pledged future water revenues to repay the 2015 Bonds. The 2015 Bonds are payable solely from water revenues and are payable through 2035. Principal and interest payments of $8,320,000 and $6,563,005, respectively, were paid on these bonds in 2019. Principal and interest payments of $7,915,000 and $6,958,755, respectively, were paid on these bonds in 2018. Total water revenues for the year ended December 31, 2019 and 2018 were $121,508,080 and $119,952,618, respectively.

The balance, annual installments, and interest rates at December 31, 2019 and 2018 consist of:

	Interest rate	Annual installment	Principal outstanding 2019	Principal outstanding 2018
Series 2015 bonds:				
Serial	2.850% - 5.000%	$ 7,330,000 - 14,115,000	149,980,000	158,300,000
Term	3.500	2,520,000 - 2,695,000	7,820,000	7,820,000

The Water Revenue Bonds Series 2015 are subject to optional redemption prior to maturity on and after December 1, 2025. Principal and interest payments are as follows:

	Principal	Interest	Total
2020	$ 8,750,000	6,147,005	14,897,005
2021	9,200,000	5,709,505	14,909,505
2022	9,665,000	5,249,505	14,914,505
2023	10,155,000	4,766,255	14,921,255
2024	10,680,000	4,258,505	14,938,505
2025 – 2029	60,470,000	14,219,370	74,689,370
2030 – 2034	46,185,000	3,996,878	50,181,878
2035	2,695,000	94,325	2,789,325
	$ 157,800,000	44,441,348	202,241,348

Water Revenue Bonds Series 2018

On September 27, 2018, the District issued Water System Revenue Bonds, Series 2018 (the 2018 Water Bonds) for a par value of $37,390,000. The 2018 Water Bonds were issued for the purpose of financing a portion of the costs of improvements to the District's Water System including multiple projects undertaken to upgrade the District's Florence Water Treatment Plant and other improvements to the District's Water System.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2018 Water Bonds will be used to finance a portion of the costs to improve the District's Florence Water Treatment Plant.

The District has pledged future water revenues to repay the 2018 Water Bonds. The 2018 Water Bonds are payable solely from water revenues and are payable through 2038. Principal and interest payments of $1,255,000 and $1,374,969, respectively, were paid on these bonds in 2019. Interest payments of $244,439 were paid on these bonds in 2018. Total water revenues for the year ended December 31, 2019 and 2018 were $121,508,080 and $119,952,618, respectively.

The balance, annual installments, and interest rates at December 31, 2019 and 2018 consist of:

	Interest rate	Annual installment	Principal outstanding 2019	Principal outstanding 2018
Series 2018 bonds:				
Serial	2.500% - 5.000%	$ 1,255,000 - 2,540,000	36,135,000	37,390,000

The Water Revenue Bonds Series 2018 are subject to optional redemption prior to maturity on and after December 1, 2025. Principal and interest payments are as follows:

	Principal	Interest	Total
2020	$ 1,315,000	1,312,219	2,627,219
2021	1,355,000	1,272,769	2,627,769
2022	1,425,000	1,205,019	2,630,019
2023	1,495,000	1,133,769	2,628,769
2024	1,570,000	1,059,019	2,629,019
2025 – 2029	8,855,000	4,287,244	13,142,244
2030 – 2034	10,435,000	2,703,412	13,138,412
2035 – 2038	9,685,000	827,537	10,512,537
	$ 36,135,000	13,800,988	49,935,988

Series 2012, Series 2015 and Series 2018 Debt Service Requirements

The total principal and interest payments for the Series 2012, 2015 and 2018 water revenue bonds are as follows:

	Principal	Interest	Total
2020	$ 11,925,000	8,499,918	20,424,918
2021	12,480,000	7,948,567	20,428,567
2022	13,060,000	7,363,068	20,423,068
2023	13,670,000	6,749,468	20,419,468
2024	14,345,000	6,086,168	20,431,168
2025 – 2029	81,080,000	21,050,714	102,130,714
2030 – 2034	64,890,000	7,223,884	72,113,884
2035 – 2038	12,380,000	921,862	13,301,862
	$ 223,830,000	65,843,649	289,673,649

Series 2012, Series 2015 and Series 2018 Debt Covenant Compliance

At December 31, 2019, the District was in compliance with the provisions of the Series 2012, 2015 and 2018 water revenue bond covenants. The District covenants that it will fix, establish, and maintain rates or charges for water, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then Outstanding; and (b) 100% of the amount required to pay any other unpaid long-term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Charges and assessments exceeded amounts required by covenants by approximately $21.9 million for 2019; funds available for debt service were equal to 2.6 times average debt service costs in 2019.

Series 2012, Series 2015 and Series 2018 Remedies for Default

The Series 2012, 2015 and 2018 water revenue bond agreements contain a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

(b) *Gas Revenue Bonds*

Gas Revenue Bonds Series 2018

On June 28, 2018, the District issued Gas System Revenue Bonds, Series 2018 (the 2018 Gas Bonds) for a par value of $31,605,000. The 2018 Gas Bonds were issued for the purpose of financing a portion of the costs of improvements to the District's Gas System, including replacement of cast iron gas mains throughout the District's service area and infrastructure improvements to the Gas System.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position.

The District has pledged future gas revenues to repay the 2018 Gas Bonds. The 2018 Gas Bonds are payable solely from gas revenues and are payable through 2038. Principal and interest payments of $1,040,000 and $1,205,429, respectively, were paid on these bonds in 2019. Interest payments of $512,307 were paid on these bonds in 2018. Total gas revenues for the year ended December 31, 2019 and 2018 was $223,880,699 and $238,088,826, respectively.

The balance, annual installments, and interest rates at December 31, 2019 and 2018 consist of:

	Interest rate		Annual installment	Principal outstanding 2019	2018
Series 2018 bonds:					
Serial	2.750% - 5.000%	$	1,040,000 - 2,175,000	21,160,000	22,200,000
Term	3.500% - 4.000%	$	1,650,000 - 2,095,000	9,405,000	9,405,000

The Gas Revenue Bonds Series 2018 are subject to optional redemption prior to maturity on and after December 1, 2024. Principal and interest payments are as follows:

		Principal	Interest	Total
2020	$	1,095,000	1,153,429	2,248,429
2021		1,150,000	1,098,679	2,248,679
2022		1,205,000	1,041,179	2,246,179
2023		1,265,000	980,929	2,245,929
2024		1,330,000	917,679	2,247,679
2025 – 2029		7,475,000	3,760,669	11,235,669
2030 – 2034		8,825,000	2,414,196	11,239,196
2035 – 2038		8,220,000	772,750	8,992,750
	$	30,565,000	12,139,510	42,704,510

Series 2018 Debt Covenant Compliance

At December 31, 2019, the District was in compliance with the provisions of the Series 2018 gas revenue bond covenants. The District covenants that it will fix, establish, and maintain rates or charges for gas, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then Outstanding; and (b) 100% of the amount required to pay any other unpaid long-term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Charges and assessments exceeded amounts required by covenants by approximately $52.1 million for 2019; funds available for debt service were equal to 24.4 times average debt service costs in 2019.

Series 2018 Remedies for Default

The Series 2018 gas revenue bond agreement contains a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

(c) Direct Borrowings and Direct Placements

NDEQ Note Payable

Included in long-term debt in the Water Department is a note payable, bearing a 2% interest rate, to the Nebraska Department of Environmental Quality (NDEQ). This note payable relates to construction of the Platte South contact basin project. The District's loan agreement was based on a budgeted project cost of $7,049,000; if actual project costs equal budget, the agreement results in a loan amount of $5,959,225 with the NDEQ, and principal forgiveness of $1,089,775, in the form of a grant. The Platte South contact basin project was completed in late 2012, with total direct project costs of $6,886,837, resulting in total committed loan funds of $5,797,062.

The District has pledged future water revenues to repay this note payable. The lien of NDEQ on the water revenues is subordinate to the lien on such revenues of the District's water revenue bonds.

This note payable contains a provision that in the event of default on the part of the District, all unpaid amounts outstanding are due and payable immediately. The District must also pay reasonable fees and expenses incurred by the NDEQ in the collection of the loan and enforcement of the agreement.

During 2019 and 2018, the District paid back $276,692 and 271,240, respectively, as principal. The note payable requirements to maturity, June 15, 2031, for the NDEQ note payable are as follows:

	Principal	Interest	Administrative fee	Total
2020	$ 282,254	70,808	35,404	388,466
2021	287,927	65,135	32,567	385,629
2022	293,715	59,347	29,674	382,736
2023	299,618	53,443	26,722	379,783
2024	305,641	47,421	23,711	376,773
2025-2029	1,622,861	142,447	71,224	1,836,532
2030-2031	518,581	10,400	5,200	534,181
	$ 3,610,597	449,001	224,502	4,284,100

CNG Promissory Note

The District's Gas Department entered into a Business Loan Agreement on December 16, 2010 for $2,200,300. This loan is a low-interest loan obtained from the Nebraska Energy Office and its lending partner. This loan matures December 15, 2020 and the interest rate is fixed at 2.5%.

This note payable contains a provision that in the event of default on the part of the District, all unpaid amounts outstanding are due and payable immediately. The District must also pay reasonable fees and expenses incurred by the lender in the collection of the loan and enforcement of the agreement.

Principal and interest payments for the CNG promissory note are as follows:

	Principal	Interest	Total
2020	$ 245,235	3,371	248,606

(6) Line of Credit

The District has an unsecured line of credit for $30,000,000. The current Loan Agreement matures June 1, 2021. The interest rate on the line of credit is variable and is calculated based on the "One Month London Interbank Offered Rate (LIBOR)" plus 50 basis points. As of December 31, 2019, the interest rate was 2.30% and no amount was outstanding. The District did not draw on the line of credit during 2019 or 2018.

(7) Defined-Benefit Pension Plan

General Information about the Pension Plan

(a) Plan Description

The District sponsors the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha (the Plan) for all regular full-time employees of the Water and Gas Departments. The Plan is a single-employer defined benefit pension plan administered by the District. The Plan was established and may be amended only by the Board. The Plan is not subject to either minimum funding standards of the Employee Retirement Income Security Act of 1974 or the maximum funding limitations. The District does not issue a separate report that includes financial statements and required supplementary information for the Plan.

The Board has fiduciary responsibility for the Plan along with Vanguard Institutional Advisory Services, who serves in the role of discretionary asset manager/co-fiduciary. The Board consists of seven directors, elected by the District's customer-owners. Administrative responsibility for the Plan has been delegated to the Board's Insurance and Pension Committee, which consists of three Board members who are appointed by the full Board. The Committee's decisions and direction are implemented by the Management Pension Committee, comprised of the following District employees: the President, the Chief Financial Officer, the General Counsel and the Vice President of Accounting.

(b) Benefits Provided

The Plan provides retirement, disability (in the form of continued credited service), death, and termination benefits. An employee of the District is eligible for coverage at the time of employment. Vesting is achieved upon the completion of five years of service. Normal retirement age is 60 with 5 years of service. Retirement benefits are calculated using the average compensation for the highest paid 24 consecutive months out of the most recent 120 months, multiplied by the total years of service and the formula factor of 2.15% for the first 25 years of service, 1.00% for the next 10 years of service and 0.50% for each year of service above 35. The benefit amount is reduced under early retirement which is available at age 55 and 5 years of service.

Benefit terms provide for cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. Adjustments are made, if warranted, each January 1 and July 1 based on the increase in the Consumer Price Index of Urban Wage Earners and Clerical Workers. The annual increase in the member's benefit cannot exceed 3.00%, and adjustments cannot be negative.

(c) Employees Covered by Benefit Terms

As of January 1, 2019, membership of the Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	656
Disabled members	22
Inactive members entitled to but not yet receiving benefits	42
Inactive non-vested members	4
Active members	792
Total	1,516

(d) Contributions

Benefit and contribution provisions are established by and may be amended only by the Board. The contribution rate for certain employees is established by a collective bargaining agreement. The Board sets the contribution rates for employees who are not covered by the collective bargaining agreement. An actuarial valuation is performed each year to determine the actuarial required contribution, based on the funding goals set by the Board, which is then contributed by the District. The District's policy is to contribute amounts approved in the annual budget, which are generally greater than or equal to the actuarially determined annual required contribution. At times, the District has contributed in excess of the full annual required contribution.

For calendar year 2019, each member contributed 7.0% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March 2018 and effective for April 1, 2018 through March 31, 2023. There are additional increases to the employee pension contributions effective January 1 of each year: 7.5% in 2020, 8.0% in 2021, 8.5% in 2022 and 9.0% in 2023. The contribution rate for employees not covered by the collective bargaining agreement increased to 7.00% on January 1, 2019 and is expected to align with the rates stated in the collective bargaining agreement through 2023. District contributions to the Plan totaled $12,300,000 and $11,606,179 for the fiscal years ending December 31, 2019 and 2018, respectively.

Pension Plan Fiduciary Net Position

Financial information about the pension plan's fiduciary net position and the changes in fiduciary net position for the year ended December 31, 2019 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 1,693,223	1,601,105
Investments at fair value		
Mutual funds:		
Fixed income funds	142,203,573	129,382,864
Domestic equity funds	199,638,211	158,710,068
International equity funds	108,545,692	88,516,853
Total investments	450,387,476	376,609,785
Total assets	452,080,699	378,210,890
Net position restricted for pensions	$ 452,080,699	378,210,890

Statements of Changes in the Fiduciary Net Position
for the Years Ended December 31, 2019 and 2108

	2019	2018
Additions:		
Employer contributions	$ 12,300,000	11,606,179
Employee contributions	4,413,137	3,805,373
Total contributions	16,713,137	15,411,552
Net investment income (loss)	78,431,581	(20,727,828)
Total additions	95,144,718	(5,316,276)
Deductions:		
Service benefits	21,204,786	19,116,693
Administrative expenses	70,123	94,940
Total deductions	21,274,909	19,211,633
Net increase (decrease)	73,869,809	(24,527,909)
Net position restricted for pensions:		
Beginning of year	378,210,890	402,738,799
End of year	$ 452,080,699	378,210,890

Net Pension Liability

All of the District's pension assets are available to pay member's benefit. The net pension liability as of December 31, 2019 and 2018 was as follows:

		2019	2018
Total pension liability	$	493,473,173	463,767,450
Fiduciary net position		452,080,699	378,210,890
Net pension liability		41,392,474	85,556,560
Fiduciary net position as a % of total pension liability		91.61%	81.55%
Covered payroll	$	63,272,421	62,865,829
Net pension liability as a % of covered payroll		65.42%	136.09%

(a) Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation prepared as of January 1, 2019, but using the new long-term rate of return assumption adopted by the Board in November 2019, rolled forward one year to December 31, 2019.

The total pension liability was determined using the following actuarial assumptions:

Inflation	2.60%
Salary increases, including inflation	4% to 11%
Long-term investment rate of return, net of pension plan investment expenses, including inflation	6.90%
Cost-of-living adjustment	2.60%

Mortality rates for employees and healthy annuitants were based on the RP-2014 Total Dataset Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016.

Mortality rates for disabled annuitants were based on the RP-2014 Disabled Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016.

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated August 2, 2017. In November 2019, the Board adopted a revision to the Investment Policy Statement, including lowering the long-term investment return assumption to 6.90%. The lower expected return will be implemented in the January 1, 2020 actuarial valuation and, therefore, is used to develop the December 31, 2019 total pension liability. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption (50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Projected future benefit payments for all current plan members were projected through 2118.

The target asset allocation and best estimate of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic (U.S.) equities	40.0	%	6.3	%
International (Non-U.S.) equities	20.0		6.9	
U.S. aggregate bonds	15.0		1.2	
International bonds	3.0		0.8	
Intermediate term credit	11.0		1.9	
Short term credit	3.0		1.7	
REITS	8.0		4.6	
Total	100.0	%		

(b) *Discount Rate*

The discount rate used to measure the total pension liability at December 31, 2019 was 6.90%. The discount rate used to measure total pension liability at the prior measurement date was 7.00%. The projection of cash flows used to determine the discount rate assumed the plan contributions from members and the District will be made at the current contribution rates as set out in the labor agreements in effect on the measurement date:

a. Employee contribution rate: 7.00% of pensionable earnings for all employees, as provided by the collective bargaining agreement approved by the Board in March 2018 and effective for April 1, 2018 through March 31, 2023. There are additional increases to the employee pension contributions effective January 1 of each year: 7.50% in 2020, 8.00% in 2021, 8.50% in 2022 and 9.00% in 2023. The contribution rate for employees not covered by the collective bargaining agreement also increased to 7.00% on January 1, 2019 and is expected to align with the rates stated in the collective bargaining agreement through 2023.

b. District contribution: The actuarial contribution rate less the employee contribution rate times expected pensionable payroll for the plan year.

c. Administrative expenses in the prior year were projected forward with price inflation as an estimate for administrative expenses in current and future years. The portion of expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of the existing members to the total covered payroll for all members.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments of 6.90% was applied to all periods of projected benefit payments to determine the total pension liability.

(c) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the District as of December 31, 2019, calculated using the discount rate of 6.90%, as well as the District's net pension liability (asset) calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

		1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
2019	$	105,061,039	41,392,474	(11,772,866)

The following presents the net pension liability of the District as of December 31, 2018, calculated using the discount rate of 7.00%, as well as the District's net pension liability calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the discount rate used as of December 31, 2018:

		1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
2018	$	145,675,973	85,556,560	35,293,141

(d) Changes in Net Pension Liability

		Increases (Decreases)		
		Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at December 31, 2017	$	442,313,810	402,738,799	39,575,011
Changes for the year:				
Service cost		11,863,654	-	11,863,654
Interest on total pension liability		30,304,199	-	30,304,199
Differences between expected and actual experience		(1,597,520)	-	(1,597,520)
Employer contributions		-	11,606,179	(11,606,179)
Employee contributions		-	3,805,373	(3,805,373)
Net investment loss		-	(20,727,828)	20,727,828
Benefit payments, including member refunds		(19,116,693)	(19,116,693)	-
Administrative expenses		-	(94,940)	94,940
Net changes		21,453,640	(24,527,909)	45,981,549
Balances at December 31, 2018	$	463,767,450	378,210,890	85,556,560
Changes for the year:				
Service cost		11,710,809	-	11,710,809
Interest on total pension liability		31,734,106	-	31,734,106
Differences between expected and actual experience		1,714,570	-	1,714,570
Assumption changes		5,751,024	-	5,751,024
Employer contributions		-	12,300,000	(12,300,000)
Employee contributions		-	4,413,137	(4,413,137)
Net investment loss		-	78,431,581	(78,431,581)
Benefit payments, including member refunds		(21,204,786)	(21,204,786)	-
Administrative expenses		-	(70,123)	70,123
Net changes		29,705,723	73,869,809	(44,164,086)
Balances at December 31, 2019	$	493,473,173	452,080,699	41,392,474

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

The District recognized pension expense of $12,378,601 and $19,215,382 for the year ended December 31, 2019 and 2018, respectively.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	3,491,372
Changes of assumptions		9,574,565	—
Differences between projected and actual earnings on pension plan investments		-	23,739,242
Total	$	9,574,565	27,230,614

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	6,297,810
Changes of assumptions		6,068,849	—
Differences between projected and actual earnings on pension plan investments		26,815,599	-
Total	$	32,884,448	6,297,810

The net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year ended December 31:		Net Deferred Outflows/(Inflows) of Resources
2020	$	(5,363,496)
2021		(4,981,112)
2022		523,006
2023		(9,217,963)
2024		1,107,902
Thereafter		275,614
	$	(17,656,049)

(8) Postemployment Benefits

General Information about the OPEB Plan

(a) Plan Description

The District sponsors the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha (OPEB Plan). The Plan is a single employer defined benefit health care plan administered by the District. The OPEB Plan provides certain postemployment healthcare and life insurance benefits to eligible retirees and their spouses in accordance with provisions established by the Board. An employee is eligible to elect medical coverage upon retiring. Eligibility for retirement requires attaining age 55 with five years of service. For employees covered by the collective bargaining agreement, and hired on or after September 28, 2013, coverage ceases at age 65. For employees not covered by the collective bargaining agreement hired after January 1, 2014, coverage ceases at age 65. The OPEB Plan was established and may be amended only by the Board. The plan does not issue separate financial statements.

The Board has fiduciary responsibility for the OPEB Plan along with Vanguard Institutional Advisory Services, who serves in the role of discretionary asset manager/co-fiduciary. The Board consists of seven directors, elected by the District's customer-owners. Administrative responsibility for the OPEB Plan has been delegated to the Board's Insurance and Pension Committee, which consists of three Board members who are appointed by the full Board. The Committee's decisions and direction are implemented by the Management Pension Committee, comprised of the following District employees: the President, the Chief Financial Officer, the General Counsel and the Vice President of Accounting.

(b) Plan Membership

As of January 1, 2019, the date of the latest actuarial valuation, membership of the OPEB Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	780
Active members	792
Total	1,572

(c) Contributions

The contribution requirements of plan members and the District are established and can be amended by the Board. Contributions are made to the plan based on a pay-as-you-go basis, with an additional amount to prefund benefits through an OPEB trust created in 2016, as determined annually by the Board. For the years ended December 31, 2019 and 2018, the following payments were made:

	2019	2018
Water retirees	$ 2,833,946	$ 2,825,204
Gas retirees	3,463,712	3,453,027
Total claims/fees paid	$ 6,297,658	$ 6,278,231
Prefunded benefits	10,375,210	12,450,255
Retiree contributions	(2,418,501)	(2,024,466)
Total	$ 14,254,367	$ 16,704,020

Retiree health premiums are calculated based on a three-year rolling average, with 2019 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2019. Retirees contribute to the cost of retiree health care at varying rates based on their age, as follows: 1) ages 59 and older: 33% of the full premium, 2) age 58: 50% of the full premium and 3) ages 55 through 57: 100% of the full premium. The rates in effect as of April 1, 2019 are as follows: 1) ages 59 and older: $244.72 per month, 2) age 58: $367.08 per month and 3) ages 55 through 57: $734.17 per month. If spousal coverage is purchased, the same age-based monthly rates apply based on the retiree's age, meaning that the cost for spousal coverage is the same as the cost for the retiree's coverage (i.e. in the case of a married couple comprised of a retiree who is 59 and a spouse who is 55; each would pay $244.72 per month).

OPEB Plan Fiduciary Net Position

Financial information about the OPEB plan's fiduciary net position and the changes in fiduciary net position for the years ended December 31, 2019 and 2018 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2019 and 2018

	2019	2018
Assets		
Investments at fair value		
Mutual funds:		
Fixed income funds	$ 10,084,389	6,409,422
Domestic equity funds	20,105,749	11,346,023
International equity funds	11,159,239	6,680,442
Total investments	41,349,377	24,435,887
Total assets	41,349,377	24,435,887
Net position restricted for other postemployment benefits	$ 41,349,377	24,435,887

Statements of Changes in the Fiduciary Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Additions:		
Employer contributions	$ 10,375,210	12,450,255
Net investment income (loss)	6,541,647	(1,616,178)
Total additions	16,916,857	10,834,077
Deductions:		
Administrative expenses	3,367	3,194
Total deductions	3,367	3,194
Net increase	16,913,490	10,830,883
Net position restricted for other postemployment benefits:		
Beginning of year	24,435,887	13,605,004
End of year	$ 41,349,377	24,435,887

Net OPEB Liability

The net OPEB liability as of December 31, 2019 and 2018 was as follows:

	2019	2018
Total OPEB liability	$ 143,675,315	143,676,670
Fiduciary net position	41,349,377	24,435,887
Net OPEB liability	102,325,938	119,240,783
Fiduciary net position as a % of total OPEB liability	28.78%	17.01%

(a) Actuarial Assumptions

The District's net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined based on an actuarial valuation prepared as of January 1, 2019 rolled forward using standard actuarial techniques to December 31, 2019.

The total OPEB liability was determined using the following actuarial assumptions:

Inflation	2.60%
Salary increases, including inflation	4% to 11%
Long-term investment rate of return, net of OPEB plan investment expenses, including inflation	6.90%
Healthcare cost trend rates:	
Medical trend assumptions (under age 65)	7.00% - 4.60%
Medical trend assumptions (Ages 65 and older)	5.00% - 4.60%
Year of ultimate trend rate	Fiscal Year Ended 2026

Pre-retirement and post-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016.

Post-retirement mortality rates were based on the RP-2014 adjusted to 2006 Total Dataset Mortality Table with Female rates set forward one year – Generational with Projected Improvements under Scale MP-201.

Disability mortality rates were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the four-year period ending December 31, 2016.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The following actuarial assumptions and methods used for measuring total OPEB liability were changed since the prior measurement date:

- The discount rate was decreased from 7.00% to 6.90%.
- The spousal coverage assumption was changed from 75% to 65%.
- Health care cost trend rates and assumed withdrawal rates were updated.

The target asset allocation and best estimate of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic (U.S.) equities	40.0 %	6.8 %
International (Non-U.S.) equities	27.0	8.9
U.S. aggregate bonds	11.0	2.5
International bonds	3.0	2.8
Intermediate term credit	9.0	4.0
Short term credit	2.0	3.8
Intermediate term TIPS	0.0	2.8
REITS	8.0	5.9
Total	100.0 %	

(b) Discount Rate

The discount rate used to measure the total OPEB liability at December 31, 2019 was 6.90%. The projection of cash flows used to determine the discount rate was based on an actuarial valuation performed as of January 1, 2019 with some adjusted assumptions regarding election of coverage. In addition to the actuarial methods and assumptions, the following actuarial methods and assumptions were used in the projection of cash flows:

a. The District is currently paying benefits on a pay-as-you-go basis and has established a trust to pay future benefits. The trust is still growing and has not yet begun to pay benefit payments. The long-term intent is to eventually pay benefits from the trust.

b. Based on the funding policy adopted on August 1, 2018, the District intends to contribute, at a minimum, the Actuarially Determined Contribution (ADC) for all years beginning in 2019. The ADC is calculated under funding assumptions, not under GASB 74 or GASB 75 assumptions. There is a separate January 1, 2019 funding report, issued November 12, 2019, that describes the assumptions and methods used to determine the ADC.

c. Because there is a formal funding policy, the amount contributed in future years follows the funding policy: 100% of the ADC.

d. Administrative expenses in the prior year were projected forward with price inflation as an estimate for administrative expenses in current and future years. The portion of expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of the existing members to the total covered payroll for all members.

e. Projected future payments for all current plan members were projected into the future.

Based on these assumptions, the plan's FNP was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of a single equivalent interest rate (SEIR). The long-term expected rate of return of 6.90% on Plan investments was applied to all periods, resulting in a SEIR of 6.90%.

(c) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District as of December 31, 2019, calculated using the discount rate of 6.90%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

2019		**1% Decrease (5.90%)**	**Discount Rate (6.90%)**	**1% Increase (7.90%)**
Net OPEB Liability	$	122,296,249	102,325,938	85,954,720

The following presents the net OPEB liability of the District, calculated using the discount rate of 7.00%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

2018		**1% Decrease (6.00%)**	**Discount Rate (7.00%)**	**1% Increase (8.00%)**
Net OPEB Liability	$	140,469,400	119,240,783	101,959,536

(d) Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.60% for pre-Medicare and 5.00% decreasing to 4.60% for Medicare eligible, as well as the District's net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.00% decreasing to 3.60%) or 1 percentage point higher (8.00% decreasing to 5.60%) than the current rate:

2019		**1% Decrease**	**Current Trend Rates**	**1% Increase**
Net OPEB Liability	$	83,828,491	102,325,938	125,374,302

The following presents the net OPEB liability of the District, calculated using the healthcare cost trend rate of 7.50% decreasing to 5.00% for pre-Medicare and 5.50% decreasing to 5.00% for Medicare eligible, as well as the District's net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.50% decreasing to 4.00%) or 1 percentage point higher (8.50% decreasing to 6.00%) than the current rate:

2018		**1% Decrease**	**Current Trend Rates**	**1% Increase**
Net OPEB Liability	$	110,095,100	119,240,783	134,054,722

(e) Changes in Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balances at December 31, 2017	$ 195,143,624	13,605,004	181,538,620
Changes for the year:			
Service cost	7,514,662	-	7,514,662
Interest	9,748,668	-	9,748,668
Assumption changes	(64,476,519)		(64,476,519)
Employer contributions	-	16,704,020	(16,704,020)
Net investment loss	-	(1,616,178)	1,616,178
Benefit payments	(4,253,765)	(4,253,765)	-
Administrative expenses	-	(3,194)	3,194
Net changes	(51,466,954)	10,830,883	(62,297,837)
Balances at December 31, 2018	$ 143,676,670	24,435,887	119,240,783
Changes for the year:			
Service cost	4,185,594	-	4,185,594
Interest	9,923,893	-	9,923,893
Difference between expected and actual experience	(513,787)	-	(513,787)
Assumption changes	(9,717,898)	-	(9,717,898)
Employer contributions	-	14,254,367	(14,254,367)
Net investment income	-	6,541,647	(6,541,647)
Benefit payments	(3,879,157)	(3,879,157)	-
Administrative expenses	-	(3,367)	3,367
Net changes	(1,355)	16,913,490	(16,914,845)
Balances at December 31, 2019	$ 143,675,315	41,349,377	102,325,938

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

The District recognized OPEB expense of $513,887 and $6,941,415 for the years ended December 31, 2019 and 2018, respectively.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	428,440
Changes of assumptions	—	53,504,254
Differences between projected and actual earnings on OPEB plan investments	—	1,776,903
Total	$ —	55,709,597

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ —	54,938,572
Differences between projected and actual earnings on OPEB plan investments	2,403,340	—
Total	$ 2,403,340	54,938,572

The net amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense in future years as follows:

Year ended December 31:	Net Deferred Outflows/(Inflows) of Resources
2020	$ (11,531,580)
2021	(11,531,580)
2022	(11,531,580)
2023	(12,132,415)
2024	(8,948,453)
Thereafter	(33,989)
	$ (55,709,597)

(9) Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all District employees and permits them to defer a portion of their salary until future years. For bargaining employees, following one year of service, the District matches 50% of the first $2,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first $2,000 deferred by employees. For employees not covered by the collective bargaining agreement, following one year of service, the District matches 50% of the first $2,000 deferred by employees hired prior to January 1, 2014; for employees hired after January 1, 2014, the District matches 100% of the first $2,000 deferred by employees. "Matching" contributions are remitted following each pay period during which amounts are deferred by eligible employees, until the aforementioned matching limitations are reached; matching contributions immediately vest. The deferred compensation, and associated matching contribution, are available to employees when one of three events occurs: separation of employment, hardship for unforeseeable emergency, or a small balance distribution. District matching contributions totaled $654,587 and $675,167 for 2019 and 2018, respectively. Management has determined the criteria established in GASB Statement No. 84 for control of assets has not been met for this plan, and therefore it is not reported as a fiduciary fund.

(10) Self-Insured Risks

The District is exposed to various risk of loss related to torts, theft of and destruction of assets, errors and omissions, and natural disasters. In addition, the District is exposed to risks of loss due to injuries to, and illnesses of, its employees. The District provides its employees with two health insurance options, both of which are primarily self-insured: a Health Maintenance Organization (HMO) and a preferred provider Organization (PPO). The District utilizes an "Administrative Services Only" contract under which the District reimburses the HMO/PPO for actual claims paid, a monthly administrative fee, and stop-loss protection for individual claims. Individual stop-loss coverage is effective when annual individual claims exceed $425,000, and when aggregate claims exceed 125% of projected levels. A liability for claims is recorded in accounts payable, and was $1,840,248 and $1,986,721 at December 31, 2019 and 2018, respectively.

Changes in the District's self-insured risk balances for the health plan during 2019 and 2018 are as follows:

	Business-type Activities Total	
	2019	**2018**
Beginning balance	$ 1,986,721	1,562,494
Expenses	35,045,282	31,550,203
Payments	(35,191,755)	(31,125,976)
Ending balance	$ 1,840,248	1,986,721

The District carries commercial insurance coverage for auto and property with deductibles ranging from $500 to $250,000. The District is also self-insured for workers' compensation and general liability and does not carry additional commercial coverage. There have been no significant reductions in insurance coverage in 2019. In 2018, 2017, and 2016, the insurance policies in effect have adequately covered all settlements of claims against the District. No claims have exceeded the limits of property or liability insurance in any of the past three years. Liabilities are recorded for these self-insured risks. The liabilities are based on a combination of loss experience and estimates by the District's in-house legal department.

Changes in the District's self-insured risk balances for workers' compensation and general liabilities during 2019 and 2018 are as follows:

	Gas Department		Water Department	
	2019	2018	2019	2018
Beginning balance	$ 957,296	1,106,286	1,643,398	1,440,222
Expenses	924,027	817,438	4,574,100	2,321,227
Payments	(549,368)	(966,428)	(3,380,372)	(2,118,051)
Ending balance	$ 1,331,955	957,296	2,837,126	1,643,398

(11) Allowance for Doubtful Accounts and Accounts Receivable Write-offs

The allowance for doubtful accounts provides for the potential write-off of uncollectible account balances. An estimate is made for the Allowance for Doubtful Accounts based on an analysis of the aging of Accounts Receivable and historical write-offs. The District's policy is to write off receivable balances that are over five years old. During 2019, the Gas Department and Water Department wrote off receivables totaling $1,893,792 and $1,412,923, respectively. During 2018, the Gas Department and Water Department wrote off receivables totaling $5,234,987 and $2,000,702, respectively. The allowance consists of the following at December 31:

	2019	2018
Water Department	$ 1,814,575	2,455,871
Gas Department	3,673,965	4,895,378

(12) Commitments

(a) Central Plains Energy Project (CPEP)

Central Plains Energy Project (CPEP) is a public body created under Nebraska Interlocal Law for the purpose of securing long-term, economical, and reliable gas supplies. CPEP currently has three members: the District, Cedar Falls Utilities, and Hastings Utilities, each of which has equal representation on the board of CPEP. CPEP has acquired gas through long-term prepaid gas purchase agreements and delivers gas to its members or customers through long-term gas supply contracts for specified volumes of gas at market-based pricing less a contractual discount. Members or customers are only obligated to pay for gas if, and when, delivered by CPEP. CPEP's debt is not an obligation of the District or any other members or customers of CPEP. CPEP has issued $4.2 billion of gas supply revenue bonds ($2.4 billion of outstanding bonds) to fund these natural gas prepayment transactions, which are secured by gas contracts entered into with each project's members or customers. MUD currently has four Gas Supply Agreements with CPEP as described below.

In 2007 MUD participated in the CPEP Project 1 Series transaction. Under this agreement, the District is taking approximately 90% of the gas acquired in this transaction under a 20-year gas purchase agreement. Terms of this 2007 gas supply agreement were renegotiated in 2009 and again in 2012; the gas flows under this agreement will now expire on October 31, 2020.

In 2009 MUD participated in the CPEP Project 2 Series transaction. This agreement was for a 30-year supply of gas that the District is taking approximately 88% of the gas acquired in this agreement or 16% of the District's annual gas requirements. This project was refinanced in 2014 subsequent to litigation. The 2014 bonds were refinanced into a 5-year mandatory put of the bonds. The gas in this agreement had 25-years remaining and gas flow was scheduled to end in 2039. In 2019 this project was refinanced as required in the 2014 documents. The gas volumes were extended back to 30-years and now scheduled to end in 2049 and is structured in a similar 5-year mandatory put of the bonds. In 2024 CPEP will have to negotiate a refinance of this transaction.

In 2012 the District participated in CPEP Project 3 Series Transaction. This agreement is for a 30-year supply of gas that the District is taking approximately 86% of the gas acquired in this agreement or 15% of the District's annual gas requirements. This agreement is for a 30-year fixed term with defined savings over the life of the project. In 2017 CPEP did an early refinancing of this transaction that will increase the District's savings beginning in 2022.

In 2018 the District participated in CPEP Project 4 Series Transaction. This agreement is for a 30-year supply of gas that the district is taking approximately 76% of the gas acquired in this agreement or 17% of the District's annual gas requirements. This agreement if for an initial five-year term and subject to refinancing at end of this first term. After the initial five-year term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

At December 31, 2019, the District owed CPEP $5,982,100 for gas purchases under these agreements, which is recorded within "Accounts payable and remediation obligation" in the statements of net position. During the year ended December 31, 2019, billings from CPEP to the District for services provided under these agreements were $30,677,548.

The District has contracted to purchase the following volumes of gas from CPEP, through 2050, at a discount to market-based pricing on a pay-as-you-go basis:

	DTH
2020	15,211,658
2021	14,241,600
2022	14,635,600
2023	15,756,100
2024	16,154,500
2025-2050	368,266,300
	444,265,758

In 2019, the District purchased 12,120,494 DTH of gas under these agreements, representing 40% of the District's annual gas requirements.

(b) Other Gas Supply Agreements

The District has various other gas supply contracts with a variety of suppliers, which consist of contracts that expire March 31, 2020 and October 31, 2020 and are generally renewed on an annual basis. The District has other gas supply contracts that expire December 31, 2022 and March 31, 2027 that were purchased based off market conditions and are not an annual purchase.

In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. TEAC completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on November 7, 2017; the District was a participant in the deal. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of $1.4 million vs. market prices over the initial five-year term of the deal. After the initial five-year term, TEAC, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on future interest rate levels at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

The District has contracted to purchase the following volumes of gas from TEAC, through 2048, at a discount to market-based pricing on a pay-as-you-go basis:

	DTH
2019	1,063,400
2020	1,068,600
2021	1,063,400
2022	1,063,400
2023	1,063,400
2024 – 2048	37,046,700
	42,368,900

In February 2018, the District entered into a 30-year gas supply contract with the Public Energy Authority of Kentucky (PEAK) for approximately five percent of our annual gas requirements. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of $1.7 million vs. market prices over the initial five-year term of the deal. After the initial five-year term, PEAK, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

The District has contracted to purchase the following volumes of gas from PEAK, through 2048, at a discount to market-based pricing on a pay-as-you-go basis:

	DTH
2019	1,452,550
2020	1,459,750
2021	1,452,550
2022	1,452,550
2023	1,524,569
2024 – 2048	43,652,425
	50,994,394

In March 2018, the District entered into a 30-year gas supply contract with the Black Belt Energy Gas District (Black Belt) for approximately three percent of our annual gas requirements. Gas flows commenced on November 1, 2018, and the District will achieve total gas cost savings of $1.8 million vs. market prices over the initial five-year term of the deal. After the initial five-year term, Black Belt, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

The District has contracted to purchase the following volumes of gas from Black Belt, through 2048, at a discount to market-based pricing on a pay-as-you-go basis:

	DTH
2019	1,004,200
2020	1,009,200
2021	1,004,200
2022	1,004,200
2023	1,004,200
2024 – 2048	40,494,175
	45,520,175

(c) Gas Transportation Agreement

On November 7, 2012, the District's entered into a twenty (20) year firm transportation agreement with Northern Natural Gas; the term of the agreement runs from November 1, 2016 to October 31, 2036. Under this agreement, NNG will provide 198,975 Dth/day of firm transportation service during the months of November through March and 139,283 Dth/day of firm transportation service during the months of April through October. Per the terms of the agreement, 61% of the transportation volumes are priced at a discounted rate below NNG's maximum tariff rate with the remaining 39% priced at NNG's maximum tariff rates. The District's annual pipeline demand costs under this agreement, based on NNG's current tariff rates, will be $15 million.

In June 2019, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates by over 90%. The District's existing contract has a rate cap due to any rate cases that has a maximum annual fee of $20 million. Due to this increase all of the District's transportation rates are now discounted below their proposed rates. This case is set for trial in the summer of 2020 and interim rates will go into effect on January 1, 2020. If the final approved rates are lower than our cap, NNG will owe back to the District any over collection in fees from the interim rate plus interest.

(d) Construction

At December 31, 2019, the District's obligation under the uncompleted portion of contracts for plant facilities and equipment for the Water Department amounted to approximately $10.3 million, which will be financed through operations and the proceeds from the Water System Revenue Bonds Series 2018. For the Gas Department, obligations amounted to approximately $2.5 million at December 31, 2019, which will be financed through operations and the proceeds from the Gas System Revenue Bonds Series 2018.

(13) Contingencies

The District is subject to legal proceedings and claims that arise in the ordinary course of business, as well as litigation related to the M's Pub fire. Management believes, based on the opinion of legal counsel, that the amount of ultimate liability with respect to these actions is adequately covered by the District's accrued liabilities for self-insured risks.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Fiscal Years ended December 31

	2019	2018	2017
Total OPEB Liability			
Service cost	$ 4,185,594	7,514,662	7,150,328
Interest	9,923,893	9,748,668	9,806,106
Differences between expected and actual experience	(513,787)	-	-
Assumption changes	(9,717,898)	(64,476,519)	(4,130,520)
Benefit payments	(3,879,157)	(4,253,765)	(4,015,207)
Net change in total OPEB liability	(1,355)	(51,466,954)	8,810,707
Total OPEB liability, beginning	143,676,670	195,143,624	186,332,917
Total OPEB liability, ending (a)	$ 143,675,315	143,676,670	195,143,624
Plan Fiduciary Net Position			
Employer contributions	$ 14,254,367	16,704,020	11,015,207
Net investment income (loss)	6,541,647	(1,616,178)	1,407,980
Benefit payments	(3,879,157)	(4,253,765)	(4,015,207)
Administrative expenses	(3,367)	(3,194)	(1,491)
Net change in plan fiduciary net position	16,913,490	10,830,883	8,406,489
Plan fiduciary net position, beginning	24,435,887	13,605,004	5,198,515
Plan fiduciary net position, ending (b)	$ 41,349,377	24,435,887	13,605,004
Net OPEB liability, ending (a) - (b)	$ 102,325,938	119,240,783	181,538,620
Plan fiduciary net position as a percentage of the total OBEP liability	28.78%	17.01%	6.97%
Covered payroll	69,759,343	68,704,312	67,761,364
Net OPEB liability as a percentage of covered payroll	146.68%	173.56%	267.91%

Notes to Schedule:

Changes since prior valuation:

1. The discount rate was decreased from 7.00% to 6.90%.
2. The spousal coverage assumption was changed from 75% to 65%.
3. Health care cost trend rates and assumed withdrawal rates were updated.

Note: Schedule is intended to show 10-year trend. GASB 74 was adopted in 2017, as such, only three years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Employer Contributions - Other Post Employment Benefits
January 1, 2010 Through December 31, 2019
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2010	16,116	3,145	12,971	51,484	6.11%
2011	15,101	4,046	11,055	51,869	7.80%
2012	15,101	3,155	11,946	51,031	6.18%
2013	15,297	3,686	11,611	55,847	6.60%
2014	15,297	3,225	12,072	59,332	5.44%
2015	16,874	3,935	12,939	63,385	6.21%
2016	16,874	8,167	8,707	66,054	12.36%
2017	15,950	11,015	4,935	67,761	16.26%
2018	15,950	16,704	(754)	68,704	24.31%
2019	13,545	14,254	(709)	69,759	20.43%

Beginning Fiscal Year ending December 31, 2017, the Actuarial Determined Contribution (ADC) is calculated in accordance with the District's funding policy, if one exists.

Prior to Fiscal Year ending December 31, 2017, the ADC is equal to the Annual Required Contribution (ARC) calculated under GASB Standards No. 45.

Notes to Schedule

Valuation date:	January 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entity Age Normal
Amortization method	Level Dollar
Remaining amortization period	20 years
Asset valuation method	Market value
Inflation	2.60%
Healthcare cost trend rates	The immediate trend rates are assumed to decrease to an ultimate trend rate over a period of 5 years.
Long-term investment rate of return	6.90%
Mortality	RP-2014 Mortality Table, adjusted to 2006, with a one-year set forward for females and projected generationally using Scale MP-2016.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Annual Money-Weighted Rate of Return on OPEB Plan Investments
Fiscal Years ended December 31

Fiscal Year Ending December 31	Annual Money-Weighted Rate of Return
2019	21.4%
2018	-8.0%
2017	16.2%
2016	6.3

Note: Schedule is intended to show 10-year trend. The OPEB trust was created in 2016, as such, only four years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Years ended December 31

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	$ 11,710,809	$ 11,863,654	11,137,854	10,857,017	10,160,376
Interest on total pension liability	31,734,106	30,304,199	29,552,506	28,076,211	26,596,785
Differences between expected and actual experience	1,714,570	(1,597,520)	(5,835,431)	(1,578,237)	-
Assumption changes	5,751,024	-	8,713,229	-	-
Benefit payments, including member refunds	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)	(16,154,435)
Net change in total pension liability	29,705,723	21,453,640	26,123,138	20,799,847	20,602,726
Total pension liability, beginning	463,767,450	442,313,810	416,190,672	395,390,825	374,788,099
Total pension liability, ending (a)	$ 493,473,173	$ 463,767,450	442,313,810	416,190,672	395,390,825
Plan Fiduciary Net Position					
Employer contributions	$ 12,300,000	$ 11,606,179	11,193,821	10,300,000	10,301,268
Employee contributions	4,413,137	3,805,373	3,757,444	3,895,899	2,820,596
Net investment income	78,431,581	(20,727,828)	52,812,850	25,696,348	(748,921)
Benefit payments, including member refunds	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)	(16,154,435)
Administrative expenses	(70,123)	(94,940)	(94,161)	(85,186)	(92,250)
Net change in plan fiduciary net position	73,869,809	(24,527,909)	50,224,934	23,251,917	(3,873,742)
Plan fiduciary net position, beginning	378,210,890	402,738,799	352,513,865	329,261,948	333,135,690
Plan fiduciary net position, ending (b)	$ 452,080,699	$ 378,210,890	402,738,799	352,513,865	329,261,948
Net pension liability, ending (a) - (b)	$ 41,392,474	$ 85,556,560	39,575,011	63,676,807	66,128,877
Fiduciary net position as a percentage of the total pension liability	91.61%	81.55%	91.05%	84.70%	83.28%
Covered payroll*	$ 63,272,421	$ 62,865,829	62,624,066	61,064,398	63,384,548
Net pension liability as a percentage of covered payroll	65.42%	136.09%	63.19%	104.28%	104.33%

Notes to Schedule:

Changes to benefit terms and funding terms:
2019: The member contribution rate increased from 6.50% to 7.00% of total pay, as scheduled
2018: The member contribution rate increased from 6.00% to 6.50% of total pay on September 1, 2018 for employees not covered by the collective bargaining agreement, as scheduled.
2016: The member contribution rate increased from 4.88% to 6.00% of total pay, as scheduled.
2015: The member contribution rate increased from 4.32% to 4.88% of total pay, as scheduled.

Changes in actuarial assumptions and methods:
1/1/2020 valuation (assumptions used for measuring 12/31/19 total pension liability):
The investment return assumption was decreased from 7.00% to 6.90%.
1/1/2018 valuation (assumptions used for measuring 12/31/17 total pension liability):

1. The investment return assumption was decreased from 7.25% to 7.00%.
2. The price inflation assumption was lowered from 3.10% to 2.60%.
3. The cost of living adjustment assumption was lowered from 3.00% to 2.60%
4. The general wage growth assumption was lowered from 4.00% to 3.50%.
5. The covered payroll increase assumption was lowered from 4.00% to 3.50%.
6. The mortality assumption was modified by moving to the RP-2014 Mortality Table, adjusted to 2006, with a one-year set forward for females
7. Assumed retirement rates were adjusted to better reflect actual experience.
8. Assumed termination rates were adjusted to better reflect actual experience.

* Prior to Fiscal Year ending December 31, 2016, covered payroll represents total payroll of employees provided with pensions through the pension plan. Beginning in Fiscal Year ending December 31, 2016, covered payroll represents compensation to active employees on which the District bases pension plan contributions.

Note: Schedule is intended to show 10-year trend. GASB 68 was adopted in 2015, as such, only five years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Employer Contributions - Defined Benefit Pension Plan
January 1, 2010 Through December 31, 2019
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered* Payroll	Actual Contribution as a % of Covered Payroll
2010	8,588	8,638	(50)	51,484	16.78%
2011	9,235	9,300	(65)	51,869	17.93%
2012	9,231	10,312	(1,081)	51,031	20.21%
2013	8,996	10,300	(1,304)	55,847	18.44%
2014	8,988	10,300	(1,312)	59,332	17.36%
2015	9,956	10,301	(345)	63,385	16.25%
2016	10,215	10,300	(85)	61,064	16.87%
2017	10,273	11,194	(921)	62,624	17.87%
2018	11,198	11,606	(408)	62,866	18.46%
2019	11,270	12,300	(1,030)	63,272	19.44%

* Prior to Fiscal Year ending December 31, 2016, covered payroll represents total payroll of employees provided with pensions through the pension plan. Beginning in Fiscal Year ending December 31, 2016, covered payroll represents compensation to active employees on which the District bases pension plan contributions.

Notes to Schedule

Valuation date:	January 1, 2019 Actuarially determined contribution is determined in the valuation performed as of January 1 of the year in which contribution is made.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Range from 16 to 25 years (single equivalent amortization period is 24 years)
Asset valuation method	Expected Value + 25% of (market - expected values)
Inflation	2.60%
Salary increases	4.00% to 11.00%, depending on years of service
Long-term investment rate of return	7.00%
Retirement	Service-based table of rates.
Mortality	Pre-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016. Post-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016. Disabled mortality rates were based on the RP-2014 Disabled Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016.
Cost of living adjustments	2.6% per year

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Annual Money-Weighted Rate of Return on Pension Plan Investments
Fiscal Years ended December 31

Fiscal Year Ending December 31	Annual Money-Weighted Rate of Return
2019	21.0%
2018	-5.2
2017	15.2
2016	7.9
2015	-0.2

Note: Schedule is intended to show 10-year trend. GASB 68 was adopted in 2015, as such, only five years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Water Department

Schedule of Insurance Coverage

December 31, 2019

(Unaudited)

Coverage	Description	Name of insurer	Deductible or coinsurance amounts	Expiration date
Buildings (including contents)	Fire and extended coverage	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2020
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2020
Contractors Equipment floater	Construction equipment and communication equipment	Continental Casualty Co.	$50,000 deductible	6-15-2020
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-7-2020

METROPOLITAN UTILITIES DISTRICT

Water Department

Statutory Information Required by Chapter 14,
Section 2145 of the Revised Statutes of Nebraska of 1943

Year ended December 31, 2019

(Unaudited)

Operating revenues, net	$	121,260,962
Thousands of gallons of water supplied to mains		31,234,950
Thousands of gallons of water sold		27,746,974
Maintenance	$	25,656,522
Gross additions to utility plant in service, exclusive of land	$	28,497,749
Land purchased	$	1,078,082
Depreciation charged to operations and other accounts	$	15,745,706
Cost per thousand gallons of water sold (schedule A)	$	3.62
Collected for sale and rent of meters, net	$	318,899
Assessments against property for extension of mains	$	—
Operating expenses (schedule B)	$	92,350,493
Average number of employees for the year		372
Compensation of employees for the year	$	31,402,806
Direct taxes levied against property at request of District for fire protection service (in lieu of hydrant rental)	$	—
All other facts necessary to give an accurate and comprehensive view of the cost of maintaining and operating the plant		—

Schedule A

METROPOLITAN UTILITIES DISTRICT

Water Department

Cost per Thousand Gallons of Water Sold

Year ended December 31, 2019

(Unaudited)

Operating expenses:		
Operations	$	50,177,112
Maintenance		25,656,522
Depreciation		14,873,197
Provision for statutory payments to municipalities		1,643,662
Total operating expenses		92,350,493
Other deductions:		
Interest		8,125,420
Total operating expenses and other deductions	$	100,475,913
Thousands of gallons of water sold		27,746,974
Cost per thousand gallons of water sold	$	3.62

Schedule B

METROPOLITAN UTILITIES DISTRICT

Water Department

Operating Expenses

Year ended December 31, 2019

(Unaudited)

Operating expenses:		
Operations:		
Primary pumping	$	8,993,873
Purification		11,688,111
Booster pumping		2,657,835
Distribution		8,858,089
Customer accounting		8,013,872
Marketing		1,011,295
Administrative		8,954,037
Total operating		50,177,112
Maintenance:		
Primary pumping		2,221,519
Purification		4,381,099
Booster pumping		2,054,903
Distribution		16,999,001
Total maintenance		25,656,522
Depreciation		14,873,197
Provision for statutory payments to municipalities		1,643,662
Total operating expenses	$	92,350,493

METROPOLITAN UTILITIES DISTRICT

Gas Department

Schedule of Insurance Coverage

December 31, 2019

(Unaudited)

Coverage	Description	Name of insurer	Deductible or coinsurance amounts	Expiration date
Buildings (including contents)	Fire and extended coverage	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2020
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2020
Contractors Equipment floater nonowner liability	Construction equipment and communication equipment	Continental Casualty Co.	$50,000 deductible	6-15-2020
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-7-2020
Auto Fleet	Physical damage - specified parts	Amco Insurance, Inc. (Nationwide)	$500 deductible	6-15-2020
LNG plant	LNG plant and contents	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$250,000 deductible	6-15-2020
Propane caverns	Two caverns - special cause of loss, including earthquake and flood	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$250,000 deductible	6-15-2020

METROPOLITAN UTILITIES DISTRICT

Gas Department

Statutory Information Required by Chapter 14,
Section 2145 of the Revised Statutes of Nebraska of 1943

Year ended December 31, 2019

(Unaudited)

Operating revenues, net	$	223,266,292
Dekatherms of gas delivered to mains		36,219,088
Dekatherms of gas sold		36,219,088
Maintenance	$	15,538,993
Gross additions to utility plant in service	$	36,258,128
Depreciation charged to operations and other accounts	$	20,328,652
Cost per thousand cubic feet of gas sold (schedule A)	$	5.14
Collected for sale and rent of meters	$	—
Assessments against property for extension of mains	$	—
Operating expenses (schedule B)	$	184,391,290
Average number of employees for the year		452
Compensation of employees for the year	$	38,200,087
Direct taxes levied against property at request of District	$	—
All other facts necessary to give an accurate and comprehensive view of the cost of maintaining and operating the plant		—

Schedule A

METROPOLITAN UTILITIES DISTRICT

Gas Department

Cost per Thousand Cubic Feet of Gas Sold

Year ended December 31, 2019

(Unaudited)

Operating expenses:		
Natural gas	$	114,501,720
Operations		33,881,898
Maintenance		15,538,993
Depreciation		16,666,592
Provision for statutory payments to municipalities		3,802,087
Total operating expenses	$	184,391,290
Thousands of cubic feet of gas sold		35,901,640
Cost per thousand cubic feet of gas sold	$	5.14

Schedule B

METROPOLITAN UTILITIES DISTRICT

Gas Department

Operating Expenses

Year ended December 31, 2019

(Unaudited)

Operating expenses:	
Natural gas	$ 114,501,720
Operations:	
Production	3,213,342
Distribution	12,849,186
Customer accounting and collecting	10,770,941
Marketing	1,499,035
Administrative	5,549,394
Total operations	33,881,898
Maintenance:	
Production	2,743,462
Distribution	12,795,531
Total maintenance	15,538,993
Depreciation	16,666,592
Provision for statutory payments to municipalities	3,802,087
Total operating expenses	$ 184,391,290


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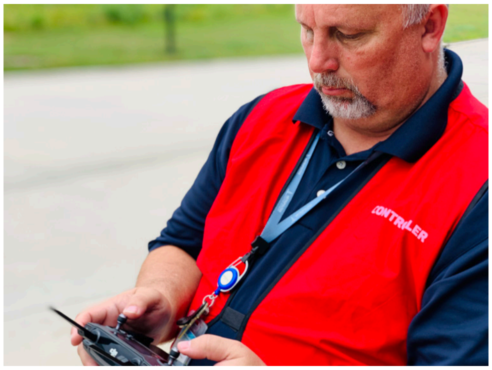
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