ANNUAL REPORT

METROPOLITAN
UTILITIES DISTRICT


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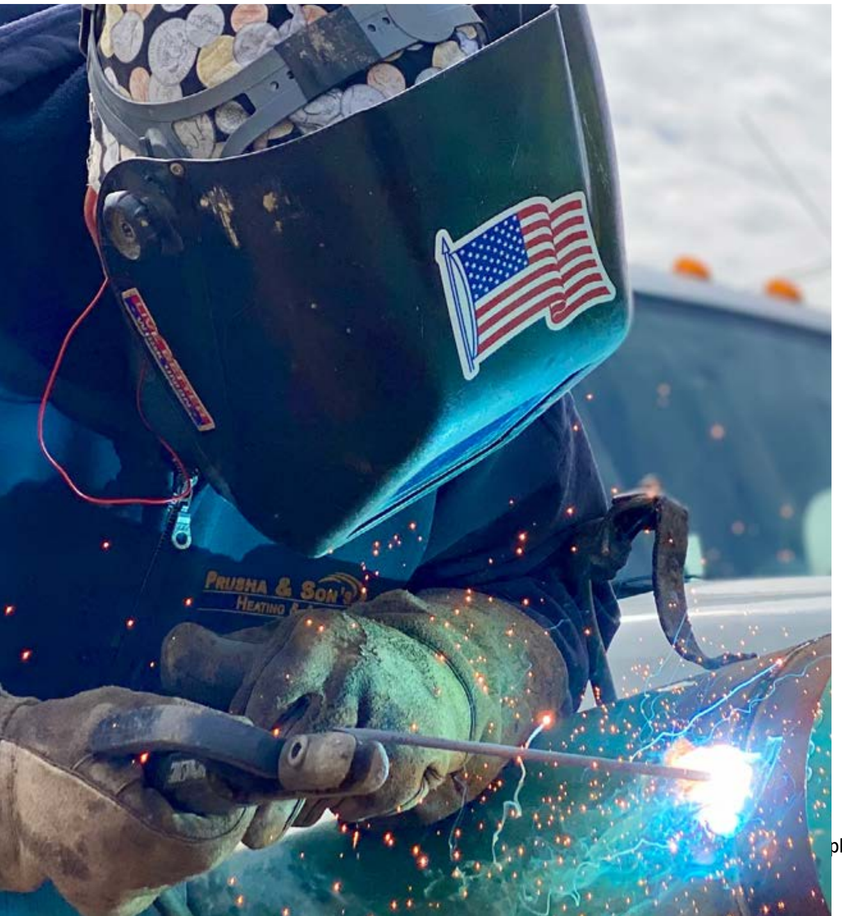
PRUSHA & SON'S
HEATING &

TO OUR CUSTOMER-OWNERS,

During the last two years the District -- and the communities we serve -- have faced unprecedented challenges, including historic flooding and the COVID-19 pandemic. Our business continuity plans were put to the test and our employees have risen to meet these challenges. The District adapted and continued to deliver life-essential natural gas and water services to the community.

The entire organization continued to focus on our foundational pillars of Safety, Reliability, Fiscal Responsibility and Organizational Excellence. These values guided our decision-making and operations, always with the goal to maintain the confidence of our customer-owners.

The pandemic was front and center in 2020. We activated the Pandemic Preparedness Plan and Incident Team ahead of the local impact and have continued to evolve our response as needed. Our team was focused on the safety of employees, the integrity of our facilities and support for public safety.

The pandemic changed the way we work – not only new policies and procedures – but many of our employees began working from home on a temporary basis. This option allowed the District to reduce the risk of exposure among the workforce while maintaining safe and reliable service to customers.

The District was responsive to the financial hardships faced by some customers due to the pandemic. We temporarily suspended service disconnections and late payment charges, as well as helped customers tap into utility assistance funds through the federal, state and county Coronavirus Aid, Relief and Economic Security (CARES) Act and the District's own Home Fund program.

We are grateful to the many partners and agencies we have worked with throughout the pandemic. The District followed recommendations by the Centers for Disease Control and Prevention and local health departments. In addition, we consulted with medical experts from the University of Nebraska Medical Center to validate and strengthen measures taken to protect our employees as well as the customers we serve.

The District will continue to manage its response as COVID-19 vaccines are made available to our employees, who are prioritized as essential workers under the State of Nebraska's Vaccine Plan. We look forward to the end of the pandemic and believe the District will come through it a stronger, more resilient organization.

As you will see in the report that follows, we continued to make strides in accomplishing our strategic initiatives despite the pandemic.

We achieved, and even surpassed, our infrastructure replacement goals for both gas and water. In addition, our safety performance was outstanding, with the lowest total recordable incidence rate of all time.

By the end of 2020 we completed renovations on our new Headquarters, including a board room for public meetings. We developed a workforce re-entry plan with a conservative, phased approach to protect our employees. Board meetings are generally the first Wednesday of the month. Meeting agendas and recordings are available at mudomaha.com.

We continued to work on succession planning and optimizing the organization. Chief Operations Officer David DeBoer recently retired with 23 years of service. His many contributions over the years helped build a strong foundation for our continued growth and success, and we wish him the best.

On behalf of our board, leadership team and dedicated employees, thank you for the opportunity to provide life-sustaining natural gas and water services to our community.

Mark E. Doyle
President

Mike McGowan
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 235,485 customers in Omaha, Bennington, Fort Calhoun, Springfield, Yutan and Bellevue.

We also provide safe drinking water to 220,625 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

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

BOARD OF DIRECTORS

MIKE MCGOWAN
Chairperson

JACK A. FROST
Vice Chairperson

JAMES P. BEGLEY
Director

TIMOTHY W. CAVANAUGH
Director

TANYA COOK
Director

DAVID J. FRIEND
Director

GWEN E. HOWARD
Director

SENIOR MANAGEMENT

MARK E. DOYLE
President

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

MARK MENDENHALL
Sr. Vice President
General Counsel

JOE SCHAFFART
Sr. Vice President
Chief Financial Officer

STATISTICAL HIGHLIGHTS

WATER DEPARTMENT

	2020	2019	2018
Number of Customers (Dec.)	220,625	218,116	216,180
Sales (1,000 gallons)	31,021,093	27,746,974	28,482,950
Operating Revenues (net)	$139,949,533	$121,260,962	$119,783,197
Operating Expenses	$87,663,411	$92,350,493	$91,730,706
Operating Income	$52,286,122	$28,910,469	$28,052,491
Plant Additions/Replacements (net)	$70,435,790	$49,545,081	$53,189,874
Plant in Service	$1,202,896,350	$1,159,933,052	$1,131,651,797
Miles of Mains	3,027	2,985	2,962
Average Daily Pumpage (1,000 gallons)	93,124	82,482	85,375

GAS DEPARTMENT

	2020	2019	2018
Number of Customers (Dec.)	235,485	232,769	231,012
Sales (Dth):			
Firm	28,139,754	30,853,007	30,744,499
Interruptible	4,208,187	5,366,081	4,721,333
Total	32,347,941	36,219,088	35,465,832
Operating Revenues (net)	$189,949,801	$223,266,292	$237,587,047
Cost of Gas Sold	$87,036,070	$114,501,720	$126,286,762
Other Operating Expenses	$61,064,036	$69,889,570	$77,523,065
Operating Income	$41,849,695	$38,875,002	$33,777,220
Plant Additions/Replacements (net)	$46,219,693	$44,073,867	$39,321,821
Plant in Service	$667,921,516	$631,065,357	$615,192,112
Miles of Mains	2,896	2,866	2,856
Average Daily Sendout (Dth)	91,011	102,140	99,895
# of Active Employees (water and gas)	815	817	810

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

FINANCIAL STABILITY MEASURES

DEBT SERVICE COVERAGE

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

	2020	2019
Water Debt Service Coverage Ratios	3.57x	2.62x
Gas Debt Service Coverage Ratios	21.18x	24.37x
Debt Service Coverage Requirements	1.20x	1.20x

CASH RESERVES

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

	2020	2019
Water Department	429 Days	388 Days
Gas Department	428 Days	313 Days

CREDIT RATING

M.U.D. Water Revenue Bonds - Moody's Investor Service *(October 22, 2020)*	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:

	2020	2019
Funded Ratio *(Actuarial Value of Assets/Actuarial Liability)*	94%	89%

OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING

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

	2020	2019
District Contribution to OPEB Trust Fund *($ in millions)*	$11.6	$10.4

FISCAL RESPONSIBILITY

We are pleased to share strong financial results for 2020, 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 39 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 2020. Our water rates trended mid-range nationally and regionally, ranking 18th in 2020.

We continue to address the District's aging gas and water infrastructure. Our gas and water rates contain components that help provide long-term funding for infrastructure replacement. In 2008, the District's Gas Department commenced with an accelerated program to replace cast iron gas mains; this program should be completed by the end of 2027. The Water Department has more recently focused on increasing the rate of replacement of critical, aged water mains, many of which are cast iron. Our long-term goal is to increase the rate of annual main replacements to approximately 25 miles, a significant increase from our historical rates of replacement.

The District spent $46 million in 2020 to improve gas and water main infrastructure. We replaced 40.9 miles of gas mains and 13.4 miles of water mains. We invested $13 million in capital improvement projects at the Florence Water Treatment Plant, including Basin 2 refurbishment, low-service valve replacement and an electrical system overhaul.

In October, Moody's Investors Service completed a credit surveillance analysis of the District's Gas and Water Departments and affirmed the "Aa2" credit rating. In 2019, S&P Global Ratings upgraded the District's gas system credit rating to "AA+," making M.U.D.'s gas system the highest rated municipal gas system of those to which S&P assigns credit ratings.

The District's long-term natural gas transportation contract with Northern Natural Gas, which extends through 2036, saved our customer-owners $8 million as compared with the published tariff rate in 2020. Natural gas pre-pay contracts with Central Plains Energy Project and three other entities saved our customers $7.8 million in 2020. Pre-pay contracts have saved our customers $94 million since 2007.

In addition, our Liquefied Natural Gas and Propane/Air peak shaving facilities allowed for $8 million in cost avoidance for our customers versus what would have been spent on firm pipeline transportation costs, since the gas/propane is stored on our distribution system. During extreme cold weather and the associated peak demand, these energy storage assets are invaluable and capable of supplying up to 40 percent of gas supplies to our customers.

Annual sales of natural gas were 32,348 million dekatherms, which exceeded budgeted levels by 3.7 percent. Water sales totaled 31.0 billion gallons, which was the highest annual consumption since the 2012 record year of 37.9 billion gallons.

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 2020, earning returns of 13.99 percent and 13.36 percent respectively (net of fees). As of December 31, 2020, the pension trust had assets of $513.6 million, representing an actuarial-funded ratio of 94 percent. In 2020, the District contributed $12.3 million to the pension trust, with employees contributing an additional $5.0 million.

In 2020, the District contributed $14.2 million to the OPEB plan, including $11.6 million to fund the OPEB trust and $2.6 million for retiree medical payments and other OPEB-related costs on a "pay-as-you-go" basis, net of retiree premiums. The OPEB trust had assets of $60.3 million on December 31, 2020, and a funded ratio of 39.0 percent as measured by the criteria established by the Governmental Accounting Standards Board in Statements No. 74 and 75. The 2021 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 3.57x and our gas debt service coverage ratio was 21.18x (the required coverage ratios are 1.20x).

The District's unrestricted cash reserves increased for both the Gas and Water Departments compared to the previous year. As of December 31, 2020, the gas company had 428 days cash on hand and the water company had 429 days cash on hand, exceeding our internal goal of 180 days, an amount equal to six months of operating expenses.

We closely monitored the financial implications of the pandemic and deferred approximately $20 million in budgeted expenditures to preserve the financial strength of the District. We remained sensitive to the hardships faced by our customers as evidenced by our decision to suspend late fees and service disconnections for a period of months. We also successfully advocated for CARES Act funding from Douglas County and the State of Nebraska to assist qualifying customers in paying their utility bills; our customers in need received $2.1 million in grants for these purposes.

Finally, we sought reimbursement for pandemic-related spending from the Federal Emergency Management Agency, the State of Nebraska and Douglas County.

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SAFETY, SECURITY AND BUSINESS CONTINUITY

Our emergency response and business continuity plans were successfully executed to address the impacts of the COVID-19 pandemic. We are extremely proud of the resiliency shown along with our ability to collaborate with local, state, and federal agencies amid a rapidly changing public health landscape. Despite the pandemic we were able to meet 100 percent of the demand for the life-essential natural gas and water services we provide without interruption, maintaining full operations at our three water treatment plants and gas production facilities.

The District implemented its Pandemic Preparedness Plan, first developed in 2018, and utilized activation and response checklists to facilitate the District's response. Employee cooperation and relationships with state and county government officials improved communication and implementation of best practices, including adherence to a mask mandate to keep employees and customers as safe as possible.

In the spring of 2020 employees at all three water treatment plants, systems control and maintenance were isolated, living and working at the plants for upwards of two weeks at a time. The dedication shown by essential staff across the District helped ensure that our water systems were never compromised. Despite these extraordinary circumstances, water consumption reached the highest level since 2012, pumping 34.2 billion gallons to customers, due in large measure to annual precipitation levels that were 42 percent below normal.

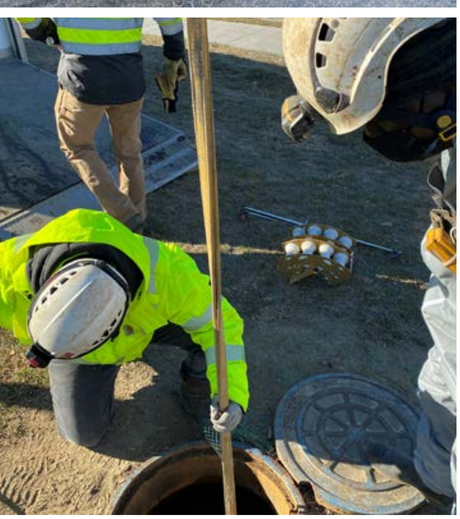
Employee and supervisor emphasis on a safety-first culture continued in earnest. The Total Recordable Incident Rate reached an all-time low, marking the least number of days away from work, work restrictions, or transfers ever recorded.

The renovation of the District's new headquarters incorporated significant security enhancements, including optical turnstiles, parking garage traffic arms, video intercoms and badge readers throughout the facility to allow for a safe and secure environment for employees, visitors and contractors.

The District progressed on efforts to identify and plan for a second Construction Center. The Board of Directors approved a proposed site and work began on the processes of platting, rezoning and site layout.

Our focus on District gas emergency response continued to show improvement with the average response time reduced to 19.3 minutes in 2020 compared to an average of 21.6 minutes in 2019 and an average of 25.6 minutes in 2015. 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 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. Monthly safety bulletins were provided to help leaders conduct more effective safety meetings with their teams, and District-wide "safety stand-down" events focused on various safety topics among work teams.



RELIABILITY

We achieved our infrastructure replacement (IR) goals for both gas and water in 2020. Through a combined effort of our internal gas and water crews and contracted partners, we replaced 40.9 miles of gas mains and 13.4 miles of water mains. Since 2008, when our IR program began, we have replaced approximately 365 total miles of cast iron gas mains and 103 miles of cast iron water mains. By the end of 2027, we plan to replace the remaining 193 miles of targeted gas mains. And, we have a long-term goal to increase water main replacement from 2020's rate of 13.4 miles to 25 miles per year by 2025.

Our Engineering and Construction teams researched and initiated a pilot program for a process known as "pipe-bursting," intended to increase efficiency when replacing longer sections of pipe that have little horizontal or vertical deflection. Crews used a large hydraulic ram to push metal rods from one excavation point to another, where they hook to the new water main. Then they pull it back through, breaking the old cast iron pipe and pushing it into the surrounding soil while putting the new water main in place. The method cuts down the project footprint, limiting open pavement cuts and reducing traffic disruptions.

The District teamed up with contractors to use the latest robotic technology to assist with critical preventative maintenance efforts. The robotic unit was able to scan nearly five miles of large concrete water mains across the City of Omaha. The inspections offer important data about the distribution system, helping spot potential issues before they cause any emergencies and plan scheduled repairs.

A new hydraulic model of the water distribution system was built and developed in 2020. Its integration into our geographical information system will serve as an important tool for the Engineering and Water Operations teams to plan and execute the Water Master Plan and future capital improvements.

UPDATING WATER FACILITIES

Contractors completed 90 percent of the wellfield repair and cleanup at the Platte South Water Treatment Plant following extensive flooding in 2019. Approximately 11,685 tons of rip-rap was used to repair seven finger dikes and 1,650 feet of riverbank. In addition, more than 65,000 tons of sand and vegetative debris was removed.

The Florence Water Treatment Plant finished structural and gate improvements in Basin 2, which included a one-month plant shutdown. District water crews successfully replaced the 48-inch low service valves at the Florence River Station. A large crane was used to lift the pieces in and out of place, maneuvering in the tight space just yards away from the Missouri River. That work was completed in conjunction with the ongoing Capital Improvement Program work at the facility, which included an electrical system overhaul.

NATURAL GAS AND ENVIRONMENTAL SUSTAINABILITY

As the energy industry and policymakers implement strategies to pursue a significantly lower-carbon energy economy, natural gas utilities, including the District, are committed to sustainable solutions. The use of natural gas, in combination with renewable energy and efficiency, has contributed to U.S. energy-related carbon dioxide (CO2) emissions declining to the lowest levels in nearly 25 years. We remain committed to delivering natural gas cleanly and more efficiently and to utilizing our infrastructure to distribute the energy sources of the future.

For example, our infrastructure replacement program provides significant environmental benefits through leak reduction. From 2008-2020, the District removed 365 miles of cast iron gas mains and replaced 41,675 services, removing approximately 408,083 metric tons of CO2 emissions. This is equal to the emissions displacement of nearly 450 million pounds of coal burned, 46 million gallons of gasoline consumed or 47,090 homes' energy use for one year.

The District's efforts were highlighted in a video for the Global Methane Challenge, an international campaign to catalyze action to reduce methane emissions and highlight policies

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and technologies being used to recover and use methane. To view the video, visit this **LINK**.

The reliability of natural gas continues to play a vital role in the generation mix for electric utilities as they transition away from coal to renewable sources. The District is working with Omaha Public Power District at the highest levels in that utility's efforts to reduce its carbon footprint and use natural gas to help reach its goals. OPPD announced plans for two new natural gas-fueled generation facilities to support growth and ensure resiliency in the region. Adding natural gas backup to the solar facilities is an important component that will improve reliability and quickly provide power when the sun isn't shining. This project also emphasizes the environmental benefits of natural gas toward reducing emissions and will have a positive long-term impact on the community.

COMPRESSED NATURAL GAS (CNG)

The District continues to lead in the market development of CNG as a vehicular fuel and has been experimenting with Renewable Natural Gas (RNG) through the Douglas County landfill gas project for the past five years. A portion of the RNG from the landfill is assigned to three local CNG fueling stations and helps fuel the District's entire natural gas fleet of more than 160 light, medium and heavy-duty vehicles. The landfill connection has delivered 2.2 million gasoline gallon equivalents (GGE) onto our system from 2015-2020. Natural gas produced from landfills for transportation fuel reduces greenhouse gas emissions by approximately 88 percent compared to diesel vehicles.

In 2020, the District dispensed more than 2.1 million GGE of CNG across the service territory. This is the equivalent of 3,300 residential homes' annual gas usage and marks the highest amount of CNG dispensed in the District's history. Additionally, we strengthened our relationship with Metro, the Omaha area's mass transit provider, as the service continued to operate more than 20 CNG buses in its regular fleet and introduced nine, 60-foot articulating CNG buses for the new Rapid Bus Transit system known as "ORBT."

FCC Environmental began operating their fleet of more than 70 CNG trucks as part of the new City of Omaha's refuse contract. These trucks will utilize approximately 100,000 dekatherms annually, or the equivalent of 1,200 residential homes' annual gas usage.

The District's investment, promotion and education of natural gas vehicles illustrates our continued dedication in helping improve the air quality for our customers and the surrounding communities.

ORGANIZATIONAL EXCELLENCE

Even as the pandemic took center stage throughout the year, the District remained focused on improving its posture both within the community and among its employees.

COMMUNITY ENGAGEMENT AND SUPPORT

In March we co-hosted the 13th annual Heat the Streets Run & Walk for Warmth, raising nearly $90,000 for customers in need of utility assistance. Over the life of the event, more than $1.3 million has been raised.

The District launched its refreshed utility assistance program in May. Formerly known as the Heat Aid Fund, the newly named Home Fund provides assistance by connecting customers in need with the community. More than $240,000 was distributed to customers suffering severe financial hardships. Customers have the option to add a donation to their monthly bill or make one-time and recurring donations online.

Current and retired employees participated in the District's annual fundraising drive, donating $90,000 which was split between the District's Home Fund and local community programs through the United Way of the Midlands.

In an effort to be a better neighbor within the community, the District joined the Nextdoor social platform. With the potential to reach more than 225,000 residents in 710 neighborhoods, we can now connect with our customers and share outage information, road closures, community events and more.

MAINTAINING EMPLOYEE COMMITMENT

The District's response to the coronavirus was all-encompassing and changed the way we worked. Many office employees began working from home in mid-March, and field employees took necessary precautions to protect their health and the health of our customers. Together, our commitment to providing life-essential services to the community never wavered.

The Information Technology team deployed laptop computers and other technologies, along with the necessary training, to allow for work-from-home options, which contributed to improved safety across the District. Enhanced work from home functionality added flexibility for customer service representatives and dispatchers without compromising customer service or response times.

Human Resources facilitated more than 900 employee COVID screenings while introducing and communicating new policies and protocols to align with the District's pandemic response, including a work from home policy. Additionally, a temporary full-time case manager was hired as the District's main point of contact to improve the employee experience as it related to pandemic-related communication.

Apart from the District's focus on the pandemic, the renovation of the District's new Headquarters at 7350 World Communications Drive was completed. Project contractors were able to expedite their work while employees were working from home. Based on employee feedback, ergonomic workstations, upgraded audiovisual technology and innovative common areas were incorporated into the building renovation, which will contribute to increased employee satisfaction and productivity when full building occupancy occurs.

Due to our "pandemic-changed" approach to work during 2020, communication and engagement with employees became increasingly important throughout the year. An all-employee survey was conducted to solicit feedback on communication preferences. Follow-up surveys were distributed to better target the needs of specific work groups. A refreshed intranet was implemented to communicate updates on the District's COVID-19 response. Using an Incident Command structure, the management team conducted daily calls beginning in early March to ensure a controlled and effective response to the challenges posed by the pandemic. President Mark Doyle sent weekly communications to all employees to keep them apprised of changes and updates throughout the District. The entire senior management team participated in two Chat with President virtual meetings, which focused on various topics of employee interest.

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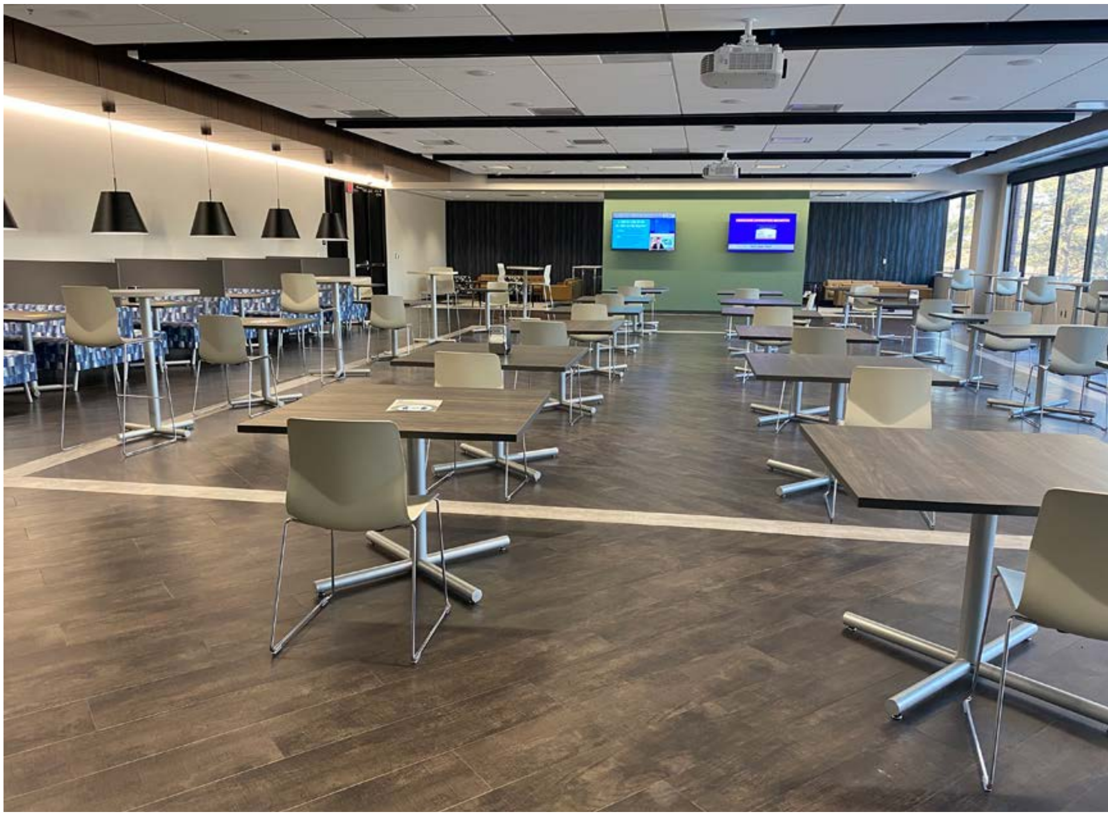
UTILITIES DISTRICT



METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2020 and 2019

(With Independent Auditor's Report Thereon)

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METROPOLITAN UTILITIES DISTRICT

Table of Contents

RSM US LLP

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, 2020, 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, 2020, 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 23, 2021

"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, 2020 and 2019. 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 24.

COVID-19 Pandemic

The COVID-19 pandemic was a significant event in 2020, with world-wide implications. Since the District supplies potable water and natural gas, both deemed life essential services, the demand for our products was minimally impacted by the pandemic. The District incurred approximately $1.2 million in incremental costs due to the pandemic, consisting primarily of overtime costs associated with employees quarantining in our three water treatment plants to ensure uninterrupted supply of potable water to our customers. At no time was our ability to provide natural gas and potable water disrupted by the pandemic. We did note a slowing in payment patterns due to the financial hardships experienced by our customers which contributed to increased bad debt expense for both the Gas and Water Departments as compared with prior years.

Considering the unpredictable nature and duration of the pandemic, the District deferred approximately $20 million in budgeted expenditures, both in the form of reduced capital spending and deferred hiring, aimed at preserving the liquidity and financial strength of the District. In response to the financial hardships faced by some customers due to the pandemic, the District temporarily suspended service disconnections and late payment charges, as well as helped customers secure utility assistance funds through the federal, state and county Coronavirus Aid, Relief and Economic Security (CARES) Act; our customers in need received $2.1 million in grants for these purposes.

Though the pandemic was clearly disruptive to the District and its customers, it did not have a material impact on the financial results for the District in 2020, nor do we expect it to in future years.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

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

	2020		2019		2018	
Sales, volume sold – DTH:		%		%		%
Firm gas sales	28,139,754	87	30,853,007	85	30,744,499	87
Interruptible gas sales	4,208,187	13	5,366,081	15	4,721,333	13
Total gas sales	32,347,941	100	36,219,088	100	35,465,832	100
Heating degree days	5,648		6,206		6,329	
Customers (at December 31):						
Firm customers	235,456		232,742		230,983	
Interruptible customers	29		27		29	
	235,485		232,769		231,012	

Gas volumes sold in 2020 decreased 3,871,147 Dekatherms (DTH), or 10.7% from 2019 due primarily to warmer winter weather, as evidenced by the 9.0% decrease in the number of heating degree days. There was an increase in firm gas customers in 2020 of 2,714 or 1.2%; the number of interruptible customers increased by 2, from 27 to 29.

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 Department Summary of Results of Operations

	2020		2019		2018	
Operating revenues:						
Firm and interruptible gas sales	$ 173,398,480	91%	$ 205,780,148	92%	$ 219,785,893	92%
Infrastructure charge	13,152,817	7	13,112,638	6	13,078,406	6
Other	4,120,388	2	4,987,913	2	5,224,527	2
Less bad debt expense	(721,884)	—	(614,407)	—	(501,779)	—
Total operating revenues, net	189,949,801	100%	223,266,292	100%	237,587,047	100%
Operating expenses:						
Cost of natural gas	87,036,070	59%	114,501,720	62%	126,286,762	62%
Other operating expenses	61,064,035	41	69,889,570	38	77,523,065	38
Total operating expenses	148,100,105	100%	184,391,290	100%	203,809,827	100%
Nonoperating revenues (expenses), net	(1,061,847)		958,281		(864,993)	
Change in net position	40,787,849		39,833,283		32,912,227	
Net position, beginning of year, as restated for 2018)	402,936,150		363,102,867		330,190,640	
Net position, end of year	$ 443,723,999		$ 402,936,150		$ 363,102,867	

Revenues for gas sales, net, were down 14.9% in 2020 vs. 2019, due to a 10.7% decrease in volumes coupled with decreased gas costs, the benefit of which is a direct "pass-through" to our customers. Revenues for gas sales, net, were down 6.0% in 2019 vs. 2018, due to decreased gas costs partially offset by a 2.1% increase in volumes. The annual revenues for the average residential gas customer were $540.26 in 2020, as compared to $627.55 in 2019 and to $667.24 in 2018.

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 2020 were down by $36.3 million or 19.7% from 2019. In 2020, the cost of natural gas was $27.5 million, or 24.0% lower than 2019, due to decreased gas cost ($15.2 million) coupled with decreased volumes ($12.3 million). In 2020, other operating expenses were $8.8 million, or 12.6%, lower than 2019 due primarily to: decreased administrative and general expense (largely due to decreased pension and OPEB expense), decreased production operating expense (LNG liquefaction performed once in 2020 vs. twice in 2019) and lower statutory payments paid to cities due to lower gas sales, partially offset by increased depreciation and amortization expense. 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.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

Net non-operating expenses were $1.1 million in 2020 compared to net non-operating revenues of $1.0 million in 2019, a change of $2.1 million. This change was due primarily to decreased investment earnings on Gas Department cash balances due to lower yields. Net non-operating revenues in 2019 increased by $1.9 million 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.

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 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 2020, the CPEP prepaid gas purchase agreements accounted for approximately 47% 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 ended 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.

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.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

Gas Department Summary Financial Position

	2020	2019	2018
Plant in service, net	$ 474,652,039	$ 452,932,182	$ 433,060,254
Noncurrent assets	4,831,484	1,204,765	17,210,164
Current assets	211,559,774	196,831,726	174,427,601
Total assets	691,043,297	650,968,673	624,698,019
Deferred outflows of resources			
Pension amounts	4,024,242	5,256,517	18,192,808
OPEB amounts	-	-	1,329,047
Total deferred outflows of resources	4,024,242	5,256,517	19,521,855
Total assets and deferred outflows of resources	$ 695,067,539	$ 656,225,190	$ 644,219,874
Deferred inflows of resources			
Pension amounts	$ 30,475,574	$ 14,861,988	$ 3,457,932
OPEB amounts	26,180,264	30,771,073	30,381,030
Contributions in aid of construction	41,726,625	41,101,682	41,250,869
Total deferred inflows of resources	98,382,463	86,734,743	75,089,831
Current liabilities	72,138,610	58,068,102	63,235,523
Noncurrent liabilities	80,822,467	108,486,195	142,791,653
Total liabilities	152,961,077	166,554,297	206,027,176
Net position			
Net investment in capital assets	399,106,408	378,171,010	373,518,801
Restricted	200,939	199,689	187,293
Unrestricted	44,416,652	24,565,451	(10,603,227)
Total net position	443,723,999	402,936,150	363,102,867
Total liabilities, deferred inflows of resources, and net position	$ 695,067,539	$ 656,225,190	$ 644,219,874

Gas Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Gas Department at December 31, 2020 and 2019.

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
Gas Revenue Bonds				
Series 2018	$ 30,565,000	$ -	$ 1,095,000	$ 29,470,000
Plus unamortized premium	1,202,678	-	114,729	1,087,949
CNG promissory note	245,235	-	245,235	-
Total Long-Term Debt	$ 32,012,913	$ -	$ 1,454,964	$ 30,557,949

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 2020, the District made principal payments of $1,095,000 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 with a fixed interest rate of 2.5% per annum; the loan matured on December 15, 2020 and was paid off in 2020.

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, 2020, 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 $44.9 million, $52.1 million and $52.7 million for 2020, 2019 and 2018, respectively. Please see the chart below for debt service coverage ratio information:

	2020	2019	2018
Debt service coverage ratios	21.18x	24.37x	25.55x
Debt service coverage requirements	1.20x	1.20x	1.20x

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

Credit Ratings and Liquidity

In December 2020, 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 October 2020, Moody's Investors Service affirmed the District's Aa2 rating, citing the District's "stable service base and solid financial performance." 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 time of the upgrade to the AA+ rating level, the District's gas system was the highest rated municipal gas system of those to which S&P assigns credit ratings.

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 428 days at year end 2020, as compared with 313 days at year-end 2019 and 216 days at year end 2018.

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, 2020, the interest rate was 0.65% and no amount was outstanding. The District did not draw on the line of credit during 2020, 2019 or 2018.

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 193 miles, over the next seven years; the District expended $18.0 million to improve infrastructure and replace cast iron gas mains in 2020, $19.0 million in 2019 and $18.0 million in 2018. Significant projects in 2020 and 2019 are as follows:

In 2020, capital and construction-related costs totaled $46.2 million, consisting of:

1) Cast iron infrastructure replacement: $18.0 million (discussed above);
2) Other gas mains and distribution: $13.2 million;
3) Facility costs associated with new headquarters: $10.2 million;
4) Other buildings, land and equipment: $1.1 million;
5) Information technology-related: $1.5 million;
6) Vehicles, equipment and all other general plant: $2.2 million.

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.

Water Department

	2020	2019	2018
Water sales (million gallons)	31,021.1	27,747.0	28,483.0

In 2020, the volume of water sales increased 3,274.1 million gallons vs. prior year, or 11.8%, due in part to full year precipitation levels that were nearly13 inches, or 42%, below normal annual precipitation levels of 30.6 inches (2020 precipitation was 17.7 inches for the year), coupled with the fact that full year precipitation totals for 2019 were 9 inches above normal (39.9 inches for the year). 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. Varying precipitation levels have the greatest impact on commercial and residential sprinkling volumes.

	2020	2019	2018
Customers (December 31)	220,625	218,116	216,180

The number of customers at the end of 2020 increased 2,509, or 1.2%, over 2019. The number of customers at the end of 2019 increased 1,936, or 0.9%, over 2018.

Water Department Summary of Results of Operations

	2020		2019		2018	
Operating revenues:						
Water sales	$ 121,283,075	87%	$ 102,555,331	85%	$ 101,244,655	84%
Infrastructure charge	14,847,245	11	14,798,599	12	14,710,635	13
Other	4,276,869	2	4,154,150	3	3,997,328	3
Less bad debt expense	(457,656)	—	(247,118)	—	(169,421)	—
Total operating revenues, net	139,949,533	100%	121,260,962	100%	119,783,197	100%
Operating expenses	87,663,411		92,350,493		91,730,706	
Nonoperating expenses net	7,209,940		5,913,435		5,881,868	
Change in net position	45,076,182		22,997,034		22,170,623	
Net position, beginning of year (as restated for 2018)	336,016,656		313,019,622		290,848,999	
Net position, end of year	$ 381,092,838		$ 336,016,656		$ 313,019,622	

Operating revenues, net, increased 15.4% in 2020 due partially to a 12.0% increase to the Commodity Component of rates effective January 2, 2020 as well as the full year impact of a 7.0% increase to the Commodity component of rates effective July 1, 2019. The purpose of these rate increases was to partially fund the District's water infrastructure replacement program. The increase in operating revenues, net, was also impacted by increased usage associated with precipitation levels that were 13 inches below normal in 2020 and 22 inches lower than 2019 levels. 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. The annual revenues for the average residential water customer were $404.61 in 2020, compared to $345.27 in 2019 and compared to $345.02 in 2018.

Total operating expenses in 2020 were down by $4.7 million, or 5.1%, due primarily to decreased administrative and general expense, which consists of decreased pension and OPEB expense, decreased public liability claims related to water main breaks and an increase in amounts charged to capital projects, partially offset by incremental costs associated with the District's COVID-19 response. The decreased administrative and general expense was partially offset by increased water service reconnections and service replacements (due to an increase in miles of water main replaced). 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).

Net non-operating expenses in 2020 increased by $1.3 million, or 21.9%, due primarily to decreased interest income on investable cash balances due to lower yields and lower investable cash balances, partially offset by decreased interest expense. Net 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.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2020 and 2019

Water Summary Financial Position

	2020	2019	2018
Plant in service, net	$ 957,665,097	$ 910,548,673	$ 883,751,308
Current assets	130,227,809	118,354,147	119,651,472
Noncurrent assets	15,687,459	25,545,917	35,633,585
Total assets	1,103,580,365	1,054,448,737	1,039,036,365
Deferred outflows of resources			
Pension amounts	3,305,015	4,318,048	14,691,640
OPEB amounts	—	—	1,074,293
Debt refunding	2,791,011	3,257,838	3,756,589
Total deferred outflows of resources	6,096,026	7,575,886	19,522,522
Total assets and deferred outflows of resources	$ 1,109,676,391	$ 1,062,024,623	$ 1,058,558,887
Deferred inflows of resources			
Pension amounts	$ 25,329,337	$ 12,368,626	$ 2,839,878
OPEB amounts	21,254,844	24,938,524	24,557,542
Contributions in aid of construction	329,881,295	312,463,282	305,208,722
Total deferred inflows of resources	376,465,476	349,770,432	332,606,142
Current liabilities	93,408,503	81,241,559	76,083,058
Noncurrent liabilities	258,709,574	294,995,976	336,850,065
Total liabilities	352,118,077	376,237,535	412,933,123
Net position:			
Net investment in capital assets	412,383,861	382,918,990	360,201,986
Restricted	2,063,690	2,036,531	1,904,008
Unrestricted	(33,354,713)	(48,938,865)	(49,086,372)
Total net position	381,092,838	336,016,656	313,019,622
Total liabilities, deferred inflows of resources, and net position	$ 1,109,676,391	$ 1,062,024,623	$ 1,058,558,887

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

Water Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Water Department at December 31, 2020 and 2019:

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
Water Revenue Bonds				
Series 2018	$ 36,135,000	$ -	$ 1,315,000	$ 34,820,000
Plus unamortized premium	1,114,813	-	106,577	1,008,236
Water Revenue Bonds				
Series 2015	157,800,000	-	8,750,000	149,050,000
Plus unamortized premium	8,422,102	-	1,171,516	7,250,586
Water Revenue Bonds				
Series 2012	29,895,000	-	1,860,000	28,035,000
Plus unamortized premium	1,679,411	-	129,868	1,549,543
NDEQ Note Payable #2	3,610,596	-	282,255	3,328,341
Total Long Term Debt	$ 238,656,922	$ -	$ 13,615,216	$ 225,041,706

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 2020 and 2019, respectively, the District made principal payments of $1,315,000 and $1,255,000 towards its outstanding Series 2018 water revenue bonds. At December 31, 2020, $8.9 million of the bond proceeds remained.

At December 31, 2020 and 2019, the District's long-term debt included $149,050,000 and $157,800,000 respectively of Series 2015 bonds outstanding. During 2020 and 2019, respectively, the District made principal payments of $8,750,000 and $8,320,000 towards its outstanding Series 2015 water revenue bonds.

At December 31, 2020 and 2019, the District's long-term debt included $28,035,000 and $29,895,000, respectively, of Series 2012 bonds outstanding. During 2020 and 2019, respectively, the District made principal payments of $1,860,000 and $1,800,000 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, 2020 and 2019, long term obligations for this note were $3,328,342 and $3,610,596 respectively. During 2020 and 2019, the District made principal payments of $282,255 and $276,692 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, 2020, 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 $36.1 million, $21.9 million and $24.0 million for 2020, 2019 and 2018, respectively. Please see the chart below for debt service coverage ratio information:

	2020	2019	2018
Debt service coverage ratios	3.57x	2.62x	2.74x
Debt service coverage requirements	1.20x	1.20x	1.20x

Credit Ratings and Liquidity

In October 2020, Moody's Investors Service affirmed the District's Aa2 rating, citing the District's "stable service base and solid financial performance."

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 429 days at year-end 2020 as compared with 388 days at year-end 2019 and 417 days at year-end 2018.

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, 2020, the interest rate was 0.65% and no amount was outstanding. The District did not draw on the line of credit during 2020, 2019 or 2018.

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Water Department Capital Asset Activity

Significant projects in 2020 and 2019 are as follows:

- In 2020, capital and construction-related costs totaled $70.4 million; significant expenditures for projects completed or in process included:

  1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): $17.0 million;
  2) Other water mains and distribution: $34.4 million;
  3) Florence water treatment plant – Low service pump architectural, mechanical, structural and electrical improvements: $7.8 million;
  4) Florence water treatment plant – Basin 2 refurbishment: $3.5 million;
  5) Variable-frequency drives (VFD) at various pump stations: $1.5 million;
  6) 36th & Edna pump station electrical upgrades: $1.1 million;
  7) Platte South water treatment plant – Replace valves and operators: $1.0 million;
  8) Construction machines: $1.6 million.

- 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.

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

Statement of Net Position

December 31, 2020 and 2019

Assets and Deferred Outflows of Resources	2020 Gas Department	2020 Water Department	2020 Eliminations	2020 Business-type Activities Total	2019 Gas Department	2019 Water Department	2019 Eliminations	2019 Business-type Activities Total
Capital assets:								
Utility plant in service	$ 667,921,516	1,202,896,350	—	1,870,817,866	$ 631,065,357	1,159,933,052	—	1,790,998,409
Less accumulated depreciation	213,345,163	331,275,524	—	544,620,687	199,449,662	309,099,003	—	508,548,665
	454,576,353	871,620,826	—	1,326,197,179	431,615,695	850,834,049	—	1,282,449,744
Construction in progress	20,075,686	86,044,271	—	106,119,957	21,316,487	59,714,624	—	81,031,111
Net capital assets	474,652,039	957,665,097	—	1,432,317,136	452,932,182	910,548,673	—	1,363,480,855
Noncurrent assets:								
Cash and cash equivalents – restricted	—	9,531,901	—	9,531,901	—	14,743,711	—	14,743,711
Investments - restricted	—	2,609,557	—	2,609,557	—	10,129,565	—	10,129,565
Net pension asset	2,961,072	2,588,529	—	5,549,601	—	—	—	—
Other noncurrent assets	1,870,412	957,472	—	2,827,884	1,204,765	672,641	—	1,877,406
Total noncurrent assets	4,831,484	15,687,459	—	20,518,943	1,204,765	25,545,917	—	26,750,682
Current assets:								
Cash and cash equivalents	151,236,837	83,334,251	—	234,571,088	140,401,286	80,796,131	—	221,197,417
Cash and cash equivalents – restricted	200,939	1,891,034	—	2,091,973	199,689	1,864,143	—	2,063,832
Accounts receivable – customers and others, less allowance for doubtful accounts	40,098,307	36,108,956	—	76,207,263	34,738,884	30,364,427	—	65,103,311
Interdepartmental receivable	—	3,295,261	(3,295,261)	—	1,325,135	—	(1,325,135)	—
Natural gas in storage	7,765,780	—	—	7,765,780	8,160,066	—	—	8,160,066
Propane in storage	3,563,138	—	—	3,563,138	4,053,608	—	—	4,053,608
Materials and supplies	3,989,605	4,075,948	—	8,065,553	3,704,538	3,521,469	—	7,226,007
Construction materials	3,650,436	1,343,500	—	4,993,936	3,196,978	1,660,307	—	4,857,285
Prepayments	1,054,732	178,859	—	1,233,591	1,051,542	147,670	—	1,199,212
Total current assets	211,559,774	130,227,809	(3,295,261)	338,492,322	196,831,726	118,354,147	(1,325,135)	313,860,738
Total assets	691,043,297	1,103,580,365	(3,295,261)	1,791,328,401	650,968,673	1,054,448,737	(1,325,135)	1,704,092,275
Deferred Outflows of Resources								
Pension amounts	4,024,242	3,305,015	—	7,329,257	5,256,517	4,318,048	—	9,574,565
Deferred charge on refunding	—	2,791,011	—	2,791,011	—	3,257,838	—	3,257,838
Total deferred outflows of resources	4,024,242	6,096,026	—	10,120,268	5,256,517	7,575,886	—	12,832,403
Total assets and deferred outflows of resources	$ 695,067,539	1,109,676,391	(3,295,261)	1,801,448,669	$ 656,225,190	1,062,024,623	(1,325,135)	1,716,924,678

See accompanying notes to basic financial statements.

Liabilities, Deferred Inflows and Net Position	2020 Gas Department	2020 Water Department	2020 Eliminations	2020 Business-type Activities Total	2019 Gas Department	2019 Water Department	2019 Eliminations	2019 Business-type Activities Total
Net position:								
Net investment in capital assets	$ 399,106,408	412,383,861	—	811,490,269	$ 378,171,010	382,918,990	—	761,090,000
Restricted:								
Environmental	—	172,656	—	172,656	—	172,388	—	172,388
Debt service requirements-sinking fund	200,939	1,891,034	—	2,091,973	199,689	1,864,143	—	2,063,832
Unrestricted	44,416,652	(33,354,713)	—	11,061,939	24,565,451	(48,938,865)	—	(24,373,414)
Total net position	443,723,999	381,092,838	—	824,816,837	402,936,150	336,016,656	—	738,952,806
Deferred inflows of resources								
Pension amounts	30,475,574	25,329,337	—	55,804,911	14,861,988	12,368,626	—	27,230,614
OPEB amounts	26,180,264	21,254,844	—	47,435,108	30,771,073	24,938,524	—	55,709,597
Contributions in aid of construction	41,726,625	329,881,295	—	371,607,920	41,101,682	312,463,282	—	353,564,964
Total deferred inflows of resources	98,382,463	376,465,476	—	474,847,939	86,734,743	349,770,432	—	436,505,175
Noncurrent liabilities:								
Long-term debt, excluding current installments	29,407,949	212,273,779	—	241,681,728	30,672,678	226,449,668	—	257,122,346
Self-insured risks	98,096	379,470	—	477,566	125,000	174,926	—	299,926
Net pension liability	—	—	—	—	22,669,301	18,723,173	—	41,392,474
Net OPEB liability	49,846,993	44,553,578	—	94,400,571	53,871,419	48,454,520	—	102,325,939
Other accrued expenses	1,469,429	1,502,747	—	2,972,176	1,147,797	1,193,689	—	2,341,486
Total noncurrent liabilities	80,822,467	258,709,574	—	339,532,041	108,486,195	294,995,976	—	403,482,171
Current liabilities:								
Accounts payable	29,119,518	8,819,681	—	37,939,199	28,389,492	8,092,583	—	36,482,075
Customer deposits	25,526,198	7,808,495	—	33,334,693	18,712,524	3,186,588	—	21,899,112
Customer advances for construction	1,200,974	29,025,868	—	30,226,842	785,096	24,805,018	—	25,590,114
Interdepartmental payable	3,295,261	—	(3,295,261)	—	—	1,325,135	(1,325,135)	—
Sewer fee collection due to municipalities	—	28,117,453	—	28,117,453	—	24,726,862	—	24,726,862
Statutory payment due to municipalities	1,003,654	645,777	—	1,649,431	1,128,353	532,901	—	1,661,254
Other accrued expenses	3,210,280	3,283,072	—	6,493,352	2,879,560	2,994,692	—	5,874,252
Current installments of long-term debt	1,150,000	12,767,927	—	13,917,927	1,340,235	12,207,254	—	13,547,489
Accrued interest	91,557	662,380	—	753,937	96,119	708,326	—	804,445
Self-insured risks	2,323,245	2,277,850	—	4,601,095	1,206,955	2,662,200	—	3,869,155
Other liabilities	5,217,923	—	—	5,217,923	3,529,768	—	—	3,529,768
Total current liabilities	72,138,610	93,408,503	(3,295,261)	162,251,852	58,068,102	81,241,559	(1,325,135)	137,984,526
Total liabilities	152,961,077	352,118,077	(3,295,261)	501,783,893	166,554,297	376,237,535	(1,325,135)	541,466,697
Total liabilities, deferred inflows of resources, and net position	$ 695,067,539	1,109,676,391	(3,295,261)	1,801,448,669	$ 656,225,190	1,062,024,623	(1,325,135)	1,716,924,678

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT

Statement of Revenues, Expenses, and Changes in Net Position

December 31, 2020 and 2019

	2020			2019		
	Gas Department	Water Department	Business-type Activities Total	Gas Department	Water Department	Business-type Activities Total
Operating revenues:						
Charges for services	$ 190,671,685	140,407,189	331,078,874	$ 223,880,699	121,508,080	345,388,779
Less bad debt expense	721,884	457,656	1,179,540	614,407	247,118	861,525
Charges for services, net	189,949,801	139,949,533	329,899,334	223,266,292	121,260,962	344,527,254
Operating expenses:						
Cost of natural gas	87,036,070	—	87,036,070	114,501,720	—	114,501,720
Operating and maintenance	40,685,392	70,698,570	111,383,962	49,420,891	75,833,634	125,254,525
Depreciation and amortization	17,458,144	15,023,958	32,482,102	16,666,592	14,873,197	31,539,789
Payment in lieu of taxes	2,920,499	1,940,883	4,861,382	3,802,087	1,643,662	5,445,749
Total operating expenses	148,100,105	87,663,411	235,763,516	184,391,290	92,350,493	276,741,783
Operating income	41,849,696	52,286,122	94,135,818	38,875,002	28,910,469	67,785,471
Nonoperating revenues (expenses):						
Investment income, net	502,184	559,802	1,061,986	2,759,105	2,279,259	5,038,364
Other expense	(469,821)	(161,823)	(631,644)	(652,472)	(67,274)	(719,746)
Interest expense	(1,094,210)	(7,607,919)	(8,702,129)	(1,148,352)	(8,125,420)	(9,273,772)
Total nonoperating revenues (expenses), net	(1,061,847)	(7,209,940)	(8,271,787)	958,281	(5,913,435)	(4,955,154)
Change in net position	40,787,849	45,076,182	85,864,031	39,833,283	22,997,034	62,830,317
Net position, beginning of year	402,936,150	336,016,656	738,952,806	363,102,867	313,019,622	676,122,489
Net position, end of year	$ 443,723,999	381,092,838	824,816,837	$ 402,936,150	336,016,656	738,952,806

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statement of Cash Flows

December 31, 2020 and 2019

	2020			2019		
	Gas Department	**Water Department**	**Business-type Activities Total**	**Gas Department**	**Water Department**	**Business-type Activities Total**
Cash flows from operating activities:						
Receipts from customers	$ 187,000,418	134,662,661	321,663,079	$ 232,209,154	117,663,313	349,872,467
Payments to suppliers	(93,515,110)	(52,467,801)	(145,982,911)	(133,620,883)	(56,675,806)	(190,296,689)
Cash collections on behalf of other governments	—	181,196,452	181,196,452	—	173,112,775	173,112,775
Cash disbursements to other governments	—	(172,657,449)	(172,657,449)	—	(165,733,943)	(165,733,943)
Payments to employees	(39,254,995)	(32,741,260)	(71,996,255)	(38,200,087)	(31,402,806)	(69,602,893)
Payments in lieu of taxes	(2,920,499)	(1,940,883)	(4,861,382)	(3,802,087)	(1,643,662)	(5,445,749)
Net cash provided by operating activities	51,309,814	56,051,720	107,361,534	56,586,097	35,319,871	91,905,968
Cash flows from noncapital financing activities:						
Interdepartmental loans and advances	4,681,044	(4,681,044)	—	1,960,558	(1,960,558)	—
Net cash provided by (used in) noncapital financing activities	4,681,044	(4,681,044)	—	1,960,558	(1,960,558)	—
Cash flows from capital and related financing activities:						
Plant additions	(44,482,815)	(70,614,438)	(115,097,253)	(47,669,991)	(49,729,503)	(97,399,494)
Plant removal/retirement costs	(578,093)	727,313	149,220	3,094,126	(656,008)	2,438,118
Payments on long-term debt	(1,340,235)	(12,207,254)	(13,547,489)	(1,279,802)	(11,651,692)	(12,931,494)
Customer advances/CIAC	1,958,403	28,592,093	30,550,496	857,965	19,471,166	20,329,131
Interest paid	(1,213,501)	(8,594,999)	(9,808,500)	(1,272,628)	(9,165,221)	(10,437,849)
Net cash used in capital and related financing activities	(45,656,241)	(62,097,285)	(107,753,526)	(46,270,330)	(51,731,258)	(98,001,588)
Cash flows from investing activities:						
Interest received	502,184	559,802	1,061,986	2,759,105	2,279,259	5,038,364
Sales of investment securities	—	7,520,008	7,520,008	12,807,428	15,642,376	28,449,804
Net cash flows provided by investing activities	502,184	8,079,810	8,581,994	15,566,533	17,921,635	33,488,168
Net increase (decrease) in cash and cash equivalents	10,836,801	(2,646,799)	8,190,002	27,842,858	(450,310)	27,392,548
Cash and cash equivalents, beginning of year	140,600,975	97,403,985	238,004,960	112,758,117	97,854,295	210,612,412
Cash and cash equivalents, end of year	$ 151,437,776	94,757,186	246,194,962	$ 140,600,975	97,403,985	238,004,960

(Continued)

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METROPOLITAN UTILITIES DISTRICT

Statement of Cash Flows (Continued)

December 31, 2020 and 2019

	2020			2019		
	Gas Department	**Water Department**	**Business-type Activities Total**	**Gas Department**	**Water Department**	**Business-type Activities Total**
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 41,849,696	52,286,122	94,135,818	$ 38,875,002	28,910,469	67,785,471
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation and amortization						
Depreciation charged to depreciation and amortization	17,156,427	14,734,822	31,891,249	16,369,195	14,550,406	30,919,601
Depreciation charged to operating and maintenance	3,937,308	1,363,713	5,301,021	3,959,457	1,195,303	5,154,760
Amortization charged to depreciation and amortization	301,717	289,136	590,853	297,397	322,791	620,188
Amortization charged to operating and maintenance	1,658,570	295,273	1,953,843	1,815,273	197,050	2,012,323
Cash flows impacted by changes in:						
Amounts due from customers and others	(5,359,423)	(5,744,529)	(11,103,952)	7,227,933	(3,828,137)	3,399,796
Natural gas, propane, materials, supplies, and prepayments	596,499	(585,668)	10,831	916,225	(827,648)	88,577
Other noncurrent assets	(665,647)	(284,832)	(950,479)	(556,615)	(210,755)	(767,370)
Accounts payable and other	(376,627)	4,178,161	3,801,534	(6,760,253)	2,327,767	(4,432,486)
Customer deposits	6,833,499	4,621,907	11,455,406	1,618,536	(1,676,833)	(58,297)
Self-insurance and other liabilities	2,777,541	(179,806)	2,597,735	1,476,555	1,193,728	2,670,283
Net pension liability (asset)	(25,630,373)	(21,311,702)	(46,942,075)	(24,290,247)	(19,873,839)	(44,164,086)
Deferred inflows pension	10,066,179	8,475,148	18,541,327	18,972,787	15,499,222	34,472,009
Deferred outflows pension	6,779,682	5,498,596	12,278,278	5,367,560	4,403,118	9,770,678
Net OPEB liability	(4,024,425)	(3,900,941)	(7,925,366)	(8,596,798)	(8,318,046)	(16,914,844)
Deferred inflows OPEB	(4,923,071)	(3,952,253)	(8,875,324)	1,386,828	1,186,702	2,573,530
Deferred outflows OPEB	332,262	268,573	600,835	332,262	268,573	600,835
Unearned gas purchase discounts	—	—	—	(1,825,000)	—	(1,825,000)
Net cash provided by operating activities	$ 51,309,814	56,051,720	107,361,534	$ 56,586,097	35,319,871	91,905,968
Supplemental schedules of noncash capital and related financing items:						
Construction in accounts payable	$ 3,261,057	5,118,046	8,379,103	$ 1,646,577	4,468,206	6,114,783

See accompanying notes to basic financial statements.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

METROPOLITAN UTILITIES DISTRICT
Statement of Fiduciary Net Position
Pension and Other Post Employment Benefits
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 1,610,995	$ 1,693,223
Investments at fair value		
Mutual funds:		
Fixed income funds	151,831,211	152,287,962
Domestic equity funds	271,395,474	219,743,960
International equity funds	149,110,653	119,704,931
Liabilities	-	-
Net position held in trust for pension and other post employment benefits	$ 573,948,333	$ 493,430,076

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT
Statement of Changes in Fiduciary Net Position
Pension and Other Post Employment Benefits
December 31, 2020 and 2019

	2020	2019
Additions:		
Investment income (loss), net appreciation (depreciation) in the fair value of pooled separate accounts, interest and dividends, net of investment expense	$ 73,545,434	$ 84,973,228
Employer contributions	23,946,933	26,554,367
Employee contributions	5,021,423	4,413,137
Total additions	102,513,790	115,940,732
Deductions:		
Benefit payments	21,897,160	25,083,943
Administrative expenses	98,373	73,490
Total deductions	21,995,533	25,157,433
Net increase	80,518,257	90,783,299
Net position held in trust for pension and OPEB benefits		
Beginning of year	493,430,076	402,646,777
End of year	$ 573,948,333	$ 493,430,076

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, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, 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 tropolitan 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, *Fiduciary Activities*.

(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 two items that meet the criterion for reporting as deferred outflows on the statement of net position: the deferred charge on refunding and the changes of actuarial assumptions used in the measurement of total pension liability. 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.

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, the differences between projected and actual earnings on OPEB plan investments, 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. 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.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

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:

	2020	2019
Water Department	2.1%	2.1%
Gas Department	3.6	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 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, 2020 and 2019, the Gas Department held current “Cash and cash equivalents – restricted” of $0.2 million pursuant to various bond resolutions.

At December 31, 2020, the Water Department held $12.1 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 $8.9 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, 2019, the Water Department held $24.9 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 $21.7 million of proceeds remaining from the Water System Revenue Bond Series 2018 issued in September 2018. At December 31, 2020 and 2019, the Water Department also held current “Cash and cash equivalents – restricted” of $1.9 million 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:

		2020	2019
Gas	$	22,648,065	16,866,883
Water		3,730,023	3,542,418

(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, 2020, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of $3,295,261. 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. 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 $28,117,453 and $24,726,862 as of December 31, 2020 and 2019, 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 $5.3 million in 2020 and $5.0 million in 2019. 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 [illegible] the fiduciary net position of the Retirement Plan for Employees of the Metropolitan Utilities D[illegible]of Omaha (the Plan) and additions to/deductions from the Plan’s fiduciary net position have be[illegible]rmined 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, was to be effective for the District beginning with its year ending December 31, 2020. As a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued in May 2020, Statement No. 87 will be effective for the District beginning with its year ending December 31, 2022. 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. 96, *Subscription-based Information Technology Arrangements*, issued in May 2020, will be effective for the District beginning with its year ending December 31, 2023. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Dist[illegible]urrently assessing the impact of this Statement.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, issued June 2020, will be effective for the beginning with fiscal year December 31, 2022. The primary objective of Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The District is currently assessing the impact of this Statement.

(2) Impact of Adoption of New Accounting Standard

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued in May 2020, will be effective immediately for the District. The objective of Statement No. 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by delaying the effective dates of pronouncements not yet adopted by 12-18 months. As a result of Statement No. 95, GASB Statement No. 87, *Leases*, will be effective for the District beginning with its year ending December 31, 2022.

(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, 2020 and 2019, 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, 2020 and 2019, the District had the following investments and maturities:

			Investment Maturities in Years			Rating
Investment Type		**Fair Value**	**Less Than One**	**1-5**	**Hierarchy Level**	**Standard & Poors**
2020						
Corporate bonds and notes	$	1,037,020	—	1,037,020	1	A- to AAA
Commercial paper		1,572,537	1,572,537	—	1	A-1
	$	2,609,557	1,572,537	1,037,020		
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		

As of December 31, 2020 and 2019, the District's fiduciary funds had the following investments.

	Fair Value			Hierarchy
Investment Type	**Pension Plan**	**OPEB**	**Total**	**Level**
2020				
Mutual Funds:				
Fixed Income Funds	$ 136,841,702	14,989,509	151,831,211	1
Domestic Equity Funds	242,432,356	28,963,118	271,395,474	1
International Equity Funds	132,753,722	16,356,931	149,110,653	1
	$ 512,027,780	60,309,558	572,337,338	
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	

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, 2020 and 2019, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 14.7% and 21.0%, respectively. For the years ended December 31, 2020 and 2019, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan expense was 15.8% and 21.4%, 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, 2020 and 2019, 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, 2020 and 2019 is summarized as follows:

	Gas Department	Water Department	Total
2020			
Utility plant in service:			
Depreciable	$ 663,383,345	1,189,019,644	1,852,402,989
Nondepreciable (land)	4,538,171	13,876,706	18,414,877
Total	667,921,516	1,202,896,350	1,870,817,866
Construction in progress (nondepreciable)	20,075,686	86,044,271	106,119,957
	687,997,202	1,288,940,621	1,976,937,823
Less:			
Accumulated depreciation	(213,345,163)	(331,275,524)	(544,620,687)
	$ 474,652,039	957,665,097	1,432,317,136
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

The provision for depreciation expense is as follows:

	2020			2019		
	Gas Department	Water Department	Total	Gas Department	Water Department	Total
Charged to depreciation	$ 17,156,427	14,734,821	31,891,248	16,369,195	14,550,403	30,919,598
Charged to operating and maintenance	3,937,308	1,363,713	5,301,021	3,959,457	1,195,303	5,154,760
	$ 21,093,735	16,098,534	37,192,269	20,328,652	15,745,706	36,074,358

The depreciation expense presented above includes a reduction of expense of $7,870,812 and $7,546,396 for the years ended December 31, 2020 and 2019, respectively, due to the amortization of CIAC.

Capital asset activity for the year ended December 31, 2020 and 2019 is as follows:

	Balance, beginning of year	Increases	Decreases	Balance, end of year
2020				
Gas Department:				
Utility plant in service	$ 631,065,357	46,884,638	(10,028,479)	667,921,516
Construction in progress	21,316,487	44,856,539	(46,097,340)	20,075,686
Accumulated depreciation	(199,449,662)	(21,941,667)	8,046,166	(213,345,163)
	$ 452,932,182	69,799,510	(48,079,653)	474,652,039
Water Department:				
Utility plant in service	$ 1,159,933,052	45,251,439	(2,288,141)	1,202,896,350
Construction in progress	59,714,624	71,586,427	(45,256,780)	86,044,271
Accumulated depreciation	(309,099,003)	(23,121,414)	944,893	(331,275,524)
	$ 910,548,673	93,716,452	(46,600,028)	957,665,097
	$ 1,363,480,855	163,515,962	(94,679,681)	1,432,317,136
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

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

(5) Long-Term Obligations

Activity in long-term obligations for the year ended December 31, 2020 and 2019 is as follows:

	Balance, beginning of year	Increases	Decreases	Balance, end of year	Due within one year
2020					
Revenue Bonds:					
Water Revenue Bonds					
Series 2018	$ 36,135,000	—	1,315,000	34,820,000	1,355,000
Plus unamortized premium	1,114,813	—	106,577	1,008,236	—
Water Revenue Bonds					
Series 2015	157,800,000	—	8,750,000	149,050,000	9,200,000
Plus unamortized premium	8,422,102	—	1,171,516	7,250,586	—
Water Revenue Bonds					
Series 2012	29,895,000	—	1,860,000	28,035,000	1,925,000
Plus unamortized premium	1,679,411	—	129,868	1,549,543	—
Gas Revenue Bonds					
Series 2018	30,565,000	—	1,095,000	29,470,000	1,150,000
Plus unamortized premium	1,202,678	—	114,729	1,087,949	—
Notes from Direct Borrowings and Direct Placements:					
NDEQ note payable	3,610,596	—	282,255	3,328,341	287,927
CNG promissory note	245,235	—	245,235	—	—
Net OPEB liability	102,325,938	—	7,925,367	94,400,571	—
Net pension liability (asset)	41,392,474	—	46,942,075	(5,549,601)	—
Self-insured risks	4,169,081	4,765,038	3,855,458	5,078,661	4,601,095
Other accrued expenses	8,215,738	6,049,963	4,800,173	9,465,528	6,493,352
	$ 426,773,066	10,815,001	78,593,253	358,994,814	25,012,374

	Balance, beginning of year, as restated	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	),715	85,121,093	426,773,067	23,290,896

(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, 2020 and 2019 consist of:

	Interest rate		Annual installment	Principal outstanding 2020	2019
Series 2012 bonds:					
Serial	2.000% - 4.000%	$	1,185,000 - 2,335,000	14,760,000	16,620,000
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
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		2,170,000	684,844	2,854,844
2026 – 2030		12,235,000	2,117,594	14,352,594
2031 – 2032		5,620,000	265,156	5,885,156
	$	28,035,000	6,560,519	34,595,519

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 $1,860,000 and $1,040,694, respectively, were paid on these bonds in 2020. Principal and interest payments of $1,800,000 and $1,112,694, respectively, were paid on these bonds in 2019. Total water revenues for the year ended December 31, 2020 and 2019 were $140,407,189 and $121,508,080 respectively.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

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 $8,750,000 and $6,147,005, respectively, were paid on these bonds in 2020. Principal and interest payments of $8,320,000 and $6,563,005, respectively, were paid on these bonds in 2019. Total water revenues for the year ended December 31, 2020 and 2019 were $140,407,189 and $121,508,080, respectively.

The balance, annual installments, and interest rates at December 31, 2020 and 2019 consist of:

	Interest rate	Annual installment	Principal outstanding 2020	Principal outstanding 2019
Series 2015 bonds:				
Serial	2.850% - 5.000%	$ 7,330,000 - 14,115,000	141,230,000	149,980,000
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
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	11,220,000	3,724,505	14,944,505
2026 – 2030	62,510,000	12,122,905	74,632,905
2031 – 2035	35,620,000	2,463,163	38,083,163
	$ 149,050,000	38,294,343	187,344,343

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 $1,315,000 and $1,312,219, respectively, were paid on these bonds in 2019. Principal and interest payments of $1,255,000 and $1,374,969, respectively, were paid on these bonds in 2019. Total water revenues for the year ended December 31, 2020 and 2019 were $140,407,189 and $121,508,080, respectively.

The balance, annual installments, and interest rates at December 31, 2020 and 2019 consist of:

	Interest rate	Annual installment	Principal outstanding 2020	Principal outstanding 2019
Series 2018 bonds:				
Serial	2.500% - 5.000%	$ 1,255,000 - 2,540,000	34,820,000	36,135,000

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
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	1,645,000	980,519	2,625,519
2026 – 2030	9,165,000	3,978,269	13,143,269
2031 – 2035	10,785,000	2,355,855	13,140,855
2036 – 2038	7,380,000	503,550	7,883,550
	$ 34,820,000	12,488,769	47,308,769

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
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	15,035,000	5,389,868	20,424,868
2026 – 2030	83,910,000	18,218,768	102,128,768
2031 – 2035	52,025,000	5,084,174	57,109,174
2036 – 2038	7,380,000	503,550	7,883,550
	$ 211,905,000	57,343,631	269,248,631

Series 2012, Series 2015 and Series 2018 Debt Covenant Compliance

At December 31, 2020, 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 $36.1 million for 2020; funds available for debt service were equal to 3.6 times average debt service costs in 2020.

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 $1,095,000 and $1,153,429, respectively, were paid on these bonds in 2019. Principal and interest payments of $1,040,000 and $1,205,429, respectively, were paid on these bonds in 2019. Total gas revenues for the year ended December 31, 2020 and 2019 was $190,671,685 and $223,880,699, respectively.

The balance, annual installments, and interest rates at December 31, 2020 and 2019 consist of:

	Interest rate		Annual installment	Principal outstanding 2020	2019
Series 2018 bonds:					
Serial	2.750% - 5.000%	$	1,040,000 - 2,175,000	20,065,000	21,160,000
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
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		1,395,000	851,179	2,246,179
2026 – 2030		7,730,000	3,506,781	11,236,781
2031 – 2035		9,110,000	2,129,392	11,239,392
2036 – 2038		6,285,000	460,262	6,745,262
	$	29,470,000	10,986,080	40,456,080

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

Series 2018 Debt Covenant Compliance

At December 31, 2020, 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 $44.9 million for 2020; funds available for debt service were equal to 21.2 times average debt service costs in 2020.

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 2020 and 2019, the District paid back $282,254 and $276,692, 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
2021	$	287,927	65,134	32,567	385,628
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	376,772
2025		311,784	41,278	20,639	373,701
2026-2030		1,655,480	109,828	54,914	1,820,222
2031		174,177	1,742	871	176,790
	$	3,328,342	378,193	189,097	3,895,632

CNG Promissory Note

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

(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, 2020, the interest rate was 0.65% and no amount was outstanding. The District did not draw on the line of credit during 2020 or 2019.

(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, 2020, membership of the Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	655
Disabled members	23
Inactive members entitled to but not yet receiving benefits	49
Inactive non-vested members	1
Active members	808
Total	1,536

(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 2020, each member contributed 7.5% 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: 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 is expected to align with the rates stated in the collective bargaining agreement through 2023. District contributions to the Plan totaled $12,300,000 for both the fiscal years ending December 31, 2020 and 2019.

Pension Plan Fiduciary Net Position

Financial information about the pension plan's fiduciary net position and the changes in fiduciary net position for the years ended December 31, 2020 and 2019 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2020 and 2019

		2020	2019
Assets			
Cash and cash equivalents	$	1,610,995	1,693,223
Investments at fair value			
Mutual funds:			
Fixed income funds		136,841,702	142,203,573
Domestic equity funds		242,432,356	199,638,211
International equity funds		132,753,722	108,545,692
Total investments		512,027,780	450,387,476
Total assets		513,638,775	452,080,699
Net position restricted for pensions	$	513,638,775	452,080,699

Statements of Changes in the Fiduciary Net Position
for the Years Ended December 31, 2020 and 2019

		2020	2019
Additions:			
Employer contributions	$	12,300,000	12,300,000
Employee contributions		5,021,423	4,413,137
Total contributions		17,321,423	16,713,137
Net investment income		66,226,054	78,431,581
Total additions		83,547,477	95,144,718
Deductions:			
Service benefits		21,897,160	21,204,786
Administrative expenses		92,241	70,123
Total deductions		21,989,401	21,274,909
Net increase		61,558,076	73,869,809
Net position restricted for pensions:			
Beginning of year		452,080,699	378,210,890
End of year	$	513,638,775	452,080,699

Net Pension (Asset) Liability

All of the District's pension assets are available to pay member's benefit. The net pension (asset) liability as of December 31, 2020 and 2019 was as follows:

		2020	2019
Total pension liability	$	508,089,174	493,473,173
Fiduciary net position		513,638,775	452,080,699
Net pension (asset) liability		(5,549,601)	41,392,474
Fiduciary net position as a % of total pension liability		101.09%	91.61%
Covered payroll	$	66,588,665	63,272,421
Net pension (asset) liability as a % of covered payroll		-8.33%	65.42%

(a) Actuarial Assumptions

The District's net pension (asset) liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension (asset) liability was determined based on an actuarial valuation prepared as of January 1, 2020, rolled forward one year to December 31, 2020, using standard actuarial techniques.

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%. 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 2119.

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, 2020 was 6.90%. There was no change in the discount rate since the prior measurement date. 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: 7.50% 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: 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 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 (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the District as of December 31, 2020, calculated using the discount rate of 6.90%, as well as the District's net pension (asset) 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:

	1% Decrease (5.90%)	**Current Discount Rate (6.90%)**	**1% Increase (7.90%)**
2020	$ 60,051,236	(5,549,601)	(60,315,140)

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

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

(d) Changes in Net Pension (Asset) Liability

		Increases (Decreases)		
		Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
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 income		-	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
Changes for the year:				
Service cost		12,718,417	-	12,718,417
Interest on total pension liability		33,306,797	-	33,306,797
Differences between expected and actual experience		(9,512,053)	-	(9,512,053)
Employer contributions		-	12,300,000	(12,300,000)
Employee contributions		-	5,021,423	(5,021,423)
Net investment loss		-	66,226,054	(66,226,054)
Benefit payments, including member refunds		(21,897,160)	(21,897,160)	-
Administrative expenses		-	(92,241)	92,241
Net changes		14,616,001	61,558,076	(46,942,075)
Balances at December 31, 2020	$	508,089,174	513,638,775	(5,549,601)

Pension (Income) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The District recognized pension (income) expense of ($3,822,470) and $12,378,601 for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020, 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	$ -	10,429,929
Changes of assumptions	7,329,257	-
Differences between projected and actual earnings on pension plan investments	-	45,374,982
Total	$ 7,329,257	55,804,911

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

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
2021	$	(13,500,909)
2022		(7,996,791)
2023		(17,737,760)
2024		(7,411,895)
2025		(1,206,014)
Thereafter		(622,285)
	$	(48,475,654)

(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, 2020 and 2019, the following payments were made:

	2020	**2019**
Water retirees	$ 2,302,269	$ 2,833,946
Gas retirees	2,768,808	3,463,712
Total claims/fees paid	$ 5,071,077	$ 6,297,658
Prefunded benefits	11,646,933	10,375,210
Retiree contributions	(2,475,931)	(2,418,501)
Total	$ 14,242,079	$ 14,254,367

Retiree health premiums are calculated based on a three-year rolling average, with 2020 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2020. 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, 2020 are as follows: 1) ages 59 and older: $247.48 per month, 2) age 58: $371.22 per month and 3) ages 55 through 57: $742.45 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 $247.48 per month).

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

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, 2020 and 2019 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2020 and 2019

		2020	2019
Assets			
Investments at fair value			
Mutual funds:			
Fixed income funds	$	14,989,509	10,084,389
Domestic equity funds		28,963,118	20,105,749
International equity funds		16,356,931	11,159,239
Total investments		60,309,558	41,349,377
Total assets		60,309,558	41,349,377
Net position restricted for other postemployment benefits	$	60,309,558	41,349,377

Statements of Changes in the Fiduciary Net Position
For the Years Ended December 31, 2020 and 2019

		2020	2019
Additions:			
Employer contributions	$	11,646,933	10,375,210
Net investment income		7,319,380	6,541,647
Total additions		18,966,313	16,916,857
Deductions:			
Administrative expenses		6,132	3,367
Total deductions		6,132	3,367
Net increase		18,960,181	16,913,490
Net position restricted for other postemployment benefits:			
Beginning of year		41,349,377	24,435,887
End of year	$	60,309,558	41,349,377

Net OPEB Liability

The net OPEB liability as of December 31, 2020 and 2019 was as follows:

	2020	2019
Total OPEB liability	$ 154,710,129	143,675,315
Fiduciary net position	60,309,558	41,349,377
Net OPEB liability	94,400,571	102,325,938
Fiduciary net position as a % of total OPEB liability	38.98%	28.78%

(a) Actuarial Assumptions

The District's net OPEB liability was measured as of December 31, 2020, 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, 2020.

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-2016.

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.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

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	
REITS	8.0		5.9	
Total	100.0	%		

(b) Discount Rate

The discount rate used to measure the total OPEB liability at December 31, 2020 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 benef n 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, 2020, 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:

2020		**1% Decrease (5.90%)**	**Discount Rate (6.90%)**	**1% Increase (7.90%)**
Net OPEB Liability	$	115,121,037	94,400,571	77,402,894

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

(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 as of December 31, 2020, 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:

2020		**1% Decrease**	**Current Trend Rates**	**1% Increase**
Net OPEB Liability	$	73,988,875	94,400,571	119,867,454

The following presents the net OPEB liability of the District as of December 31, 2019, 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

(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, 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
Changes for the year:			
Service cost	3,804,402	-	3,804,402
Interest	9,825,558	-	9,825,558
Employer contributions	-	14,242,079	(14,242,079)
Net investment income	-	7,319,380	(7,319,380)
Benefit payments	(2,595,146)	(2,595,146)	-
Administrative expenses	-	(6,132)	6,132
Net changes	11,034,814	18,960,181	(7,925,367)
Balances at December 31, 2020	$ 154,710,129	60,309,558	94,400,571

OPEB (Income) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District recognized OPEB (income) expense of ($1,957,777) and $513,887 for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020, 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	$ -	343,093
Changes of assumptions	-	42,352,038
Differences between projected and actual earnings on OPEB plan investments	-	4,739,977
Total	$ -	47,435,108

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

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
2021	$ (12,345,853)
2022	(12,345,853)
2023	(12,946,688)
2024	(9,762,725)
2025	(33,989)
	$ (47,435,108)

(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 $653,993 and $654,587 for 2020 and 2019, 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 $1,886,001 and $1,840,248 at December 31, 2020 and 2019, respectively.

Changes in the District’s self-insured risk balances for the health plan during 2020 and 2019 are as follows:

		Business-type Activities Total	
		2020	**2019**
Beginning balance	$	1,840,248	1,986,721
Expenses		30,466,503	35,045,282
Payments		(30,420,750)	(35,191,755)
Ending balance	$	1,886,001	1,840,248

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 2020. In 2020, 2019, and 2018, 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 2020 and 2019 are as follows:

	Gas Department		Water Department	
	2020	2019	2020	2019
Beginning balance	$ 1,331,955	957,296	2,837,126	1,643,398
Expenses	2,105,883	924,027	2,659,155	4,574,100
Payments	(1,016,497)	(549,368)	(2,838,961)	(3,380,372)
Ending balance	$ 2,421,341	1,331,955	2,657,320	2,837,126

(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 2020, the Water Department and Gas Department wrote off receivables totaling $816,003 and $878,020, respectively. During 2019, the Water Department and Gas Department wrote off receivables totaling $1,412,923 and $1,893,792, respectively. The allowance consists of the following at December 31:

	2020	2019
Water Department	$ 1,880,409	1,814,575
Gas Department	3,561,890	3,673,965

(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 custo[illegible] 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 ended 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, 2020, the District owed CPEP $5,021,845 for gas purchases under these agreements, which is recorded within "Accounts payable" in the statements of net position. During the year ended December 31, 2020, billings from CPEP to the District for services provided under these agreements were $28,247,892.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

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
2021	14,241,600
2022	14,635,600
2023	15,756,100
2024	16,154,500
2025	16,077,000
2026-2050	352,189,300
	429,054,100

In 2020, the District purchased 15,211,658 DTH of gas under these agreements, representing 47% 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, 2021 and October 31, 2022 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
2021	1,063,400
2022	1,063,400
2023	1,063,400
2024	1,068,600
2025	1,063,400
2026 – 2048	34,914,700
	40,236,900

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
2021	1,452,550
2022	1,452,550
2023	1,524,569
2024	1,562,009
2025	1,554,305
2026 – 2048	40,536,111
	48,082,094

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
2021	1,004,200
2022	1,004,200
2023	1,004,200
2024	1,009,200
2025	1,004,200
2026 – 2048	38,480,775
	43,506,775

(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%. NNG and its shippers agreed to a settlement in June 2020. The District's existing contract has a rate cap due to any rate cases that has a maximum annual fee of $20 million. After settlement, all of the District's transportation rates are now discounted below their proposed rates. Since the settlement rates were higher than our discounted rates with our contract cap we did not receive any refunds from the interim rates in effect until settlement. The District did have some additional commodity fees from the settlement period that were refunded to the District. The rate cap in our contract is approximately $8 million dollars lower than the annual settlement demand rates.

(d) Construction

At December 31, 2020, the District's obligation under the uncompleted portion of contracts for plant facilities and equipment for the Water Department amounted to approximately $0.8 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 $0.7 million at December 31, 2020, 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.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries and their political subdivisions. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the District. The extent to which COVID-19 may affect the District's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information, which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

METROPOLITAN UTILITIES DISTRICT

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

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 3,804,402	4,185,594	7,514,662	7,150,328
Interest	9,825,558	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	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Net change in total OPEB liability	11,034,814	(1,355)	(51,466,954)	8,810,707
Total OPEB liability, beginning	143,675,315	143,676,670	195,143,624	186,332,917
Total OPEB liability, ending (a)	$ 154,710,129	143,675,315	143,676,670	195,143,624
Plan Fiduciary Net Position				
Employer contributions	$ 14,242,079	14,254,367	16,704,020	11,015,207
Net investment income (loss)	7,319,380	6,541,647	(1,616,178)	1,407,980
Benefit payments	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Administrative expenses	(6,132)	(3,367)	(3,194)	(1,491)
Net change in plan fiduciary net position	18,960,181	16,913,490	10,830,883	8,406,489
Plan fiduciary net position, beginning	41,349,377	24,435,887	13,605,004	5,198,515
Plan fiduciary net position, ending (b)	$ 60,309,558	41,349,377	24,435,887	13,605,004
Net OPEB liability, ending (a) - (b)	$ 94,400,571	102,325,938	119,240,783	181,538,620
Plan fiduciary net position as a percentage of the total OBEP liability	38.98%	28.78%	17.01%	6.97%
Covered payroll	73,975,548	69,759,343	68,704,312	67,761,364
Net OPEB liability as a percentage of covered payroll	127.61%	146.68%	173.56%	267.91%

Notes to Schedule:

Changes in actuarial assumptions and methods:
1/1/2019 valuation (assumptions used for measuring total OPEB liability as of December 31, 2019 and 2020):
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 four 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, 2011 Through December 31, 2020
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2020	13,545	14,242	(697)	73,975	19.25%

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.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

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
2020	15.8%
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 five years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

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

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	$ 12,718,417	11,710,809	11,863,654	11,137,854	10,857,017	10,160,376
Interest on total pension liability	33,306,797	31,734,106	30,304,199	29,552,506	28,076,211	26,596,785
Differences between expected and actual experience	(9,512,053)	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	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)	(16,154,435)
Net change in total pension liability	14,616,001	29,705,723	21,453,640	26,123,138	20,799,847	20,602,726
Total pension liability, beginning	493,473,173	463,767,450	442,313,810	416,190,672	395,390,825	374,788,099
Total pension liability, ending (a)	$ 508,089,174	493,473,173	463,767,450	442,313,810	416,190,672	395,390,825
Plan Fiduciary Net Position						
Employer contributions	$ 12,300,000	12,300,000	11,606,179	11,193,821	10,300,000	10,301,268
Employee contributions	5,021,423	4,413,137	3,805,373	3,757,444	3,895,899	2,820,596
Net investment income	66,226,054	78,431,581	(20,727,828)	52,812,850	25,696,348	(748,921)
Benefit payments, including member refunds	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)	(16,154,435)
Administrative expenses	(92,241)	(70,123)	(94,940)	(94,161)	(85,186)	(92,250)
Net change in plan fiduciary net position	61,558,076	73,869,809	(24,527,909)	50,224,934	23,251,917	(3,873,742)
Plan fiduciary net position, beginning	452,080,699	378,210,890	402,738,799	352,513,865	329,261,948	333,135,690
Plan fiduciary net position, ending (b)	$ 513,638,775	452,080,699	378,210,890	402,738,799	352,513,865	329,261,948
Net pension (asset) liability, ending (a) - (b)	$ (5,549,601)	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	101.09%	91.61%	81.55%	91.05%	84.70%	83.28%
Covered payroll*	$ 66,588,665	63,272,421	62,865,829	62,624,066	61,064,398	63,384,548
Net pension (asset) liability as a percentage of covered payroll	-8.33%	65.42%	136.09%	63.19%	104.28%	104.33%

Notes to Schedule:

Changes to benefit terms and funding terms:
2020: The member contribution rate increased from 7.00% to 7.50% of total pay, as scheduled
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 six 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, 2011 Through December 31, 2020
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered* Payroll	Actual Contribution as a % of Covered Payroll
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%
2020	11,036	12,300	(1,264)	66,589	18.47%

* 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, 2020 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 15 to 24 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	6.90%
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
2020	14.7%
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 six years are presented. Additional years will be reported as they become available.

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

METROPOLITAN UTILITIES DISTRICT

Water Department

Schedule of Insurance Coverage

December 31, 2020

(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	6-15-2021
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2021
Contractors Equipment floater	Construction equipment and communication equipment	Continental Casualty Co.	$40,000 deductible	6-15-2021
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-7-2021

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, 2020

(Unaudited)

Operating revenues, net	$	139,949,533
Thousands of gallons of water supplied to mains		34,070,350
Thousands of gallons of water sold		31,021,093
Maintenance	$	27,987,965
Gross additions to utility plant in service, exclusive of land	$	45,198,649
Land purchased	$	—
Depreciation charged to operations and other accounts	$	16,098,534
Cost per thousand gallons of water sold (schedule A)	$	3.07
Collected for sale and rent of meters, net	$	378,815
Assessments against property for extension of mains	$	—
Operating expenses (schedule B)	$	87,663,411
Average number of employees for the year		375
Compensation of employees for the year	$	32,741,260
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		

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

Schedule A

METROPOLITAN UTILITIES DISTRICT

Water Department

Cost per Thousand Gallons of Water Sold

Year ended December 31, 2020

(Unaudited)

Operating expenses:		
Operations	$	42,710,605
Maintenance		27,987,965
Depreciation		15,023,958
Provision for statutory payments to municipalities		1,940,883
Total operating expenses		87,663,411
Other deductions:		
Interest		7,607,919
Total operating expenses and other deductions	$	95,271,330
Thousands of gallons of water sold		31,021,093
Cost per thousand gallons of water sold	$	3.07

Schedule B

METROPOLITAN UTILITIES DISTRICT

Water Department

Operating Expenses

Year ended December 31, 2020

(Unaudited)

Operating expenses:		
Operations:		
Primary pumping	$	9,416,781
Purification		12,128,664
Booster pumping		2,648,849
Distribution		8,689,312
Customer accounting		6,898,054
Marketing		691,235
Administrative		2,237,710
Total operating		42,710,605
Maintenance:		
Primary pumping		2,265,073
Purification		4,288,503
Booster pumping		1,849,823
Distribution		19,584,566
Total maintenance		27,987,965
Depreciation		15,023,958
Provision for statutory payments to municipalities		1,940,883
Total operating expenses	$	87,663,411

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

METROPOLITAN UTILITIES DISTRICT

Gas Department

Schedule of Insurance Coverage

December 31, 2020

(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	6-15-2021
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2021
Contractors Equipment floater nonowner liability	Construction equipment and communication equipment	Continental Casualty Co.	$40,000 deductible	6-15-2021
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-7-2021
Auto Fleet	Physical damage - specified parts	Amco Insurance, Inc. (Nationwide)	$500 deductible	6-15-2021
Cyber Liability	Privacy, data, and network exposures	National Union Fire Insurance Company of Pittsburg, PA	$50,000 deductible	6-15-2021
LNG plant	LNG plant and contents	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$250,000 deductible	6-15-2021
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	6-15-2021

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, 2020

(Unaudited)

Operating revenues, net	$	189,949,801
Dekatherms of gas delivered to mains		32,347,941
Dekatherms of gas sold		32,347,941
Maintenance	$	16,286,201
Gross additions to utility plant in service	$	45,838,134
Depreciation charged to operations and other accounts	$	21,093,735
Cost per thousand cubic feet of gas sold (schedule A)	$	4.78
Collected for sale and rent of meters	$	—
Assessments against property for extension of mains	$	—
Operating expenses (schedule B)	$	148,100,105
Average number of employees for the year		450
Compensation of employees for the year	$	39,254,995
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		—

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

Schedule A

METROPOLITAN UTILITIES DISTRICT

Gas Department

Cost per Thousand Cubic Feet of Gas Sold

Year ended December 31, 2020

(Unaudited)

Operating expenses:		
Natural gas	$	87,036,070
Operations		24,399,191
Maintenance		16,286,201
Depreciation		17,458,144
Provision for statutory payments to municipalities		2,920,499
Total operating expenses	$	148,100,105
Other deductions:		
Interest		1,094,210
Total operating expenses and other deductions	$	149,194,315
Thousands of cubic feet of gas sold		31,184,962
Cost per thousand cubic feet of gas sold	$	4.78

Schedule B

METROPOLITAN UTILITIES DISTRICT

Gas Department

Operating Expenses

Year ended December 31, 2020

(Unaudited)

Operating expenses:		
Natural gas	$	87,036,070
Operations:		
Production		2,432,946
Distribution		12,265,102
Customer accounting and collecting		9,295,942
Marketing		1,147,155
Administrative		(741,954)
Total operations		24,399,191
Maintenance:		
Production		3,161,065
Distribution		13,125,136
Total maintenance		16,286,201
Depreciation		17,458,144
Provision for statutory payments to municipalities		2,920,499
Total operating expenses	$	148,100,105

PLEASE NOTE: Some photos were taken prior to the March 2020 implementation of COVID-19 policies requiring facial coverings and social distancing.

METROPOLITAN UTILITIES DISTRICT

Statistical Highlights

Years ended December 31, 2020, 2019, and 2018

(Unaudited)

Water Department	**2020**	**2019**	**2018**
Number of customers (December)	220,625	218,116	216,180
Sales (thousand gallons)	31,021,093	27,746,974	28,482,950
Operating revenues, net	$ 139,949,533	121,260,962	119,783,197
Operating expenses	87,663,411	92,350,493	91,730,706
Operating income	$ 52,286,122	28,910,469	28,052,491
Plant additions and replacements, net	$ 70,435,790	49,545,081	53,189,874
Plant in service	1,202,896,350	1,159,933,052	1,131,651,797
Miles of mains	3,027	2,985	2,962
Average daily pumpage (thousand gallons)	93,124	82,482	85,375
Gas Department			
Number of customers (December)	235,485	232,769	231,012
Sales (DTH):			
Firm	28,139,754	30,853,007	30,744,499
Interruptible	4,208,187	5,366,081	4,721,333
Total	32,347,941	36,219,088	35,465,832
Operating revenues, net	$ 189,949,801	223,266,292	237,587,047
Cost of gas sold	87,036,070	114,501,720	126,286,762
Other operating expenses	61,064,036	69,889,570	77,523,065
Operating income	$ 41,849,695	38,875,002	33,777,220
Plant additions and replacements, net	$ 46,219,693	44,073,867	39,321,821
Plant in service	667,921,516	631,065,357	615,192,112
Miles of mains	2,896	2,866	2,856
Average daily sendout (DTH)	91,011	102,140	99,895
Number of active employees – water and gas combined	815	817	810


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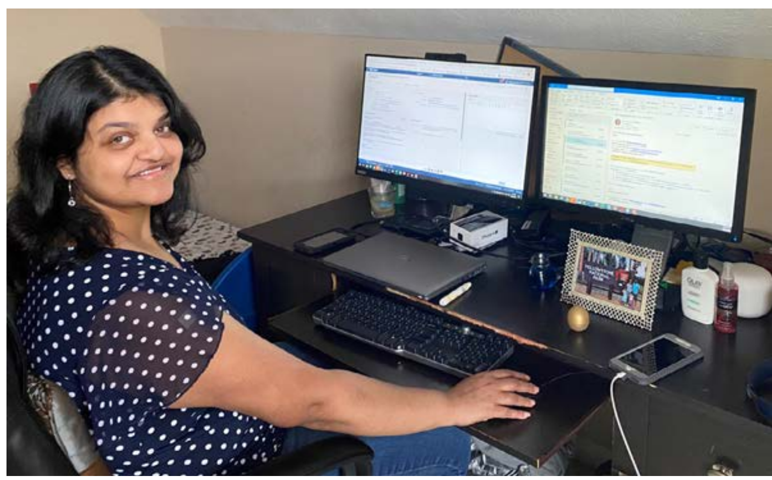

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