METROPOLITAN UTILITIES DISTRICT

Committee Meetings

8:15 a.m. **April 7, 2021**

AGENDA

1. Safety Briefing
2. Roll Call
3. Open Meetings Act Notice

Construction and Operations – *Frost, Friend, Cavanaugh*

1. Capital Expenditures [Cory O'Brien - Interim SVP, Chief Operations Officer] – **Tab 5**
2. Acceptance of Contracts and Payment of Final Estimates
   [Stephanie Henn – Director, Plant Engineering] – **Tab 6**
3. Bids on Materials and Contracts
   [Jon Zellars – VP, Procurement & Enterprise Services] – **Tab 7**
4. Capital Expenditure for Lease of Property at 14242 "C" Circle
   [Steve Ausdemore, SVP - Safety, Security & Field Operations] – **Tab 8**

Services & Extensions – *Friend, Begley, Howard*

1. Main Extensions [Cory O'Brien – Interim SVP, Chief Operations Officer] – **Tab 9**

Personnel – *Begley, Frost, Friend*

1. Wage and/or Salary Increases and Ratifications
   [Bonnie Savine – VP, Human Resources] - **Tab 10**

Judicial and Legislative – *Cook, Cavanaugh, Howard*

1. Family Focus Federal Credit Union Property Lease
   [Joseph Kehm, Staff Attorney] – **Tab 11**
2. Third Legislative Report [Rick Kubat, Governmental Attorney] – **Tab 12**

Accounts, Expenditures, Finance & Rates

1. 2020 Financial Recap [Mark Myers – VP, Accounting] – **Tab A (INFORMATION ONLY)**

Insurance and Pensions – *Howard, McGowan, Cook*

1. Actuarial Valuation Report on the Retirement Plan
   [Joseph Schaffart, SVP & Chief Financial Officer – **Tab 13**

Audit - *McGowan, Howard, Begley*

1. 2020 Audited Financial Statement
   [Joseph Schaffart, SVP & Chief Financial Officer] – **Tab 14**

(Turn over for regular Board Meeting agenda)

METROPOLITAN UTILITIES DISTRICT

Regular Monthly Board Meeting

9:00 a.m. **April 7, 2021**

AGENDA

	1.	Roll Call
	2.	Open Meetings Act Notice
	3.	Pledge of Allegiance
	4.	Approval of Minutes – Committee Meetings & Regular Board Meeting for March 3, 2021
CONSTRUCTION & OPERATIONS	5.	Capital Expenditures
	6.	Acceptance of Contracts and Payment of Final Estimates
	7.	Bids on Materials and Contracts
	8.	Capital Expenditure for Lease of Property at 14242 "C" Circle
SERVICES & EXTENSIONS	9.	Main Extensions
PERSONNEL	10.	Wage and/or Salary Increases and Ratifications
JUDICIAL & LEGISLATIVE	11.	Family Focus Federal Credit Union Property Lease
	12.	Third Legislative Report
INSURANCE & PENSIONS	13.	Actuarial Valuation Report on the Retirement Plan
AUDIT	14.	2020 Audited Financial Statement
BOARD	15.	Other Matters of District Business for Discussion
	16.	CLOSED SESSION – Litigation & Real Estate

Adjourn Regular Board Meeting

(Turn over for Committee Meetings agenda)

METROPOLITAN UTILITIES DISTRICT

Minutes of Committee Meetings

March 3, 2021

Chairperson McGowan called to order the Committee meetings of the Metropolitan Utilities District Board of Directors at 8:15 a.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the Meetings was published in the print version of *The Omaha World-Herald* on February 21, 2021 and its online version from February 21, 2021 through February 27, 2021. The notice also appeared on the M.U.D. website at www.mudomaha.com and other social media platforms. Agendas and all pertinent documents to be presented at the March 3, 2021 meetings were posted to the M.U.D. website on February 25, 2021.

Chairperson McGowan announced that the meeting was being livestreamed and a recording of this meeting would be uploaded to the M.U.D. website after the meeting's conclusion. He announced that due to the Governor's extension of his Executive Order No. 20-36 on January 11, 2021 in response to the surge in COVID-19 cases, in-person meeting requirements of the Open Meetings Act are waived until April 30, 2021.

Chairperson McGowan reminded those in attendance in the Board Room that due to an Omaha City Council ordinance, all attendees must abide by the requirement for wearing a facemask or face covering or maintain six-foot distancing from one another in indoor public settings in response to the COVID-19 pandemic. This ordinance will remain in effect until May 25, 2021.

Roll Call

On a roll call vote, the following Directors acknowledged their presence: Jack Frost, Mike McGowan, Gwen Howard, Tim Cavanaugh, Jim Begley, Tanya Cook, Dave Friend. (Directors Howard, Cook and McGowan participated remotely. Directors Frost, Cavanaugh, Begley and Friend participated in-person.)

Safety Briefing

Vice-President of Safety, Security and Business Continuity Shane Hunter provided a safety briefing for all individuals attending the meeting in-person regarding the protocol in the event of an emergency.

Open Meetings Act Notice

Chairperson McGowan announced that a copy of the Open Meetings Act was located on the wall of the Board Room.

<u>Construction and Operations</u> <u>– *Frost, Friend, Cavanaugh*</u>

Interim Senior Vice-President & Chief Operations Officer Cory O'Brien reviewed the proposed capital expenditures as outlined in his letter to the Committee dated February 23, 2021.

Director of Plant Engineering Stephanie Henn reviewed the acceptance of contracts and payment of final estimates as outlined in her letter to the Committee dated February 23, 2021.

Vice-President of Procurement and Enterprise Services Jon Zellars reviewed the bids on materials and contracts as outlined in the letter from Director of Procurement Sherri Meisinger to the Committee dated February 19, 2021.

<u>Services & Extensions</u> <u>– *Friend, Begley, Howard*</u>

Mr. O'Brien reviewed the proposed main extensions as outlined in his letter to the Committee dated February 19, 2021.

<u>Personnel -</u> <u>*Begley, Frost, Friend*</u>

Vice-President of Human Resources Bonnie Savine reported on the current status of employee counts, District job postings and employee COVID-19 testing.

Ms. Savine reviewed the proposed wage and/or salary increases and ratifications as outlined in her letter to the Committee dated February 18, 2021.

<u>Account, Expenditures, Finance & Rates</u> <u>– *McGowan, Begley, Cook*</u>

Senior Vice-President and Chief Financial Officer Joseph Schaffart presented two Reimbursement Resolutions associated with proposed bond issuances as outlined in his letter dated February 23, 2021. The Resolutions authorize the issuance of bonds of up to $71,630,000 for the Water Department and up to $95,382,000 for the Gas Department. Approximately $65.1 million of the water bond issuance will fund the Florence Water Treatment Plant (WTP) capital improvement plan, the Platte South WTP capital improvement plan, and other infrastructure-related projects including a water pumping station, water mains and land acquisition for future water reservoirs. The Gas Department bond issuance has been "resized" downward from what was assumed in the 2021 budget to reflect updated cost estimates for the projects to be financed. The gas bond issuance will designate $52.6 million for the renovation of the District's liquefied natural gas (LNG) peak shaving plant and $31.4 million to fund a portion of the cast iron gas main replacement costs. Both the gas and the water bond issuances incorporate a 10% 'margin of safety' to address any changes in the estimated costs of the projects between now and the time the bonds are issued. The resolutions will authorize the District to apply proceeds from the bond issuances to fund qualified expenditures occurring up to 60 days prior to the date of Board approval of the resolutions as well as any qualified expenditures which may occur through the date of the bond issuance and thereafter as well. Mr. Schaffart pointed out the application of the bond funds to qualified projects must comply with certain specified timelines, and the District is reluctant to borrow more than necessary given that the design phase for the LNG plant will not likely begin until August of 2021. The reason for bringing forth the Reimbursement Resolution for the Gas Department bond issuance at this time is because of the long lead time (in excess of one year) for the very specialized equipment that will be part of the LNG project. Mr. Schaffart pointed out that the LNG plant renovation is anticipated to be a four-year project which may require an additional bond issuance in the future.

Judicial & Legislative – *Cook, Cavanaugh, Howard*

Senior Vice-President and General Counsel Mark Mendenhall presented the purchase of approximately 52 acres adjacent to Blair High Road and State Street as outlined in his letter dated February 22, 2021.

Mr. Mendenhall presented the proposed purchase of approximately 4.5 acres adjacent to the proposed secondary Construction Center site as outlined in his letter dated February 22, 2021.

Mr. Mendenhall next reviewed the proposed condemnation authority (out of order, at Chairperson McGowan's request) pertaining to a leasehold interest for property currently owned by the District, as outlined in his letter dated February 24, 2021.

Government Affairs Attorney Rick Kubat presented the Second Legislative Report for 2021 dated February 22, 2021, noting changes made to the positions on two legislative bills of interest to the District, LB 266 (Renewable Energy Standards Act) and LB 619 (pertaining to the One-Call Notification Systems Act).

Committee of the Whole

Director of Infrastructure Integrity Masa Niiya provided a presentation reviewing the accomplishments of both the gas and water infrastructure replacement (IR) programs in the past year and presented an overview of the new initiatives and goals for 2021.

Mr. Niiya opened the review of the gas IR program with a graph that chronicled the dramatic upward trend in cast iron gas main breaks over the past thirty-year time span. The gas IR goal was increased to 40 miles in recent years with a targeted completion date of 2027. The replacement work done so far has had a significant positive impact, thereby reversing the trend of the water main break curve and reducing the overall risk within the system.

Mr. Niiya presented maps of cast iron gas mains that have been abandoned over the last decade, mains slated for replacement in the year 2021, and remaining gas mains planned for replacement until completion in 2027. Once the District has achieved its goal of replacing all cast iron gas mains throughout its entire system, the District will then focus attention on other aspects of the gas distribution system such as inside meter sets, older buried regulator stations or bare steel gas mains. Until then, the District will continue to follow its general plan to systematically identify threats and develop strategies to mitigate any potential risks associated with gas distribution as required by the federal Gas Distribution Integrity Management Program regulations.

Mr. Niiya next reviewed the water infrastructure replacement program, its accomplishments and its goals for the future. Like other water utilities across the country, the District's water mains are experiencing ever-increasing failure rates. Because water infrastructure replacement is much more disruptive and expensive than gas, it will require a much longer period to complete. The District met or exceeded its water infrastructure replacement goal the last two years, replacing 10.1 miles in 2019 and 13.4 miles in 2020, which was a significant accomplishment given the additional challenges brought about by the COVID-19 pandemic. However, water main breaks continue to strain resources as we experienced 538 main breaks in 2020 at a cost of $6.4 million to repair. The consequences of water main failure are far-reaching and include not only pipe replacement costs, but indirect costs associated with repairing adjacent property damage, inconveniencing residential and commercial customers, and traffic disruption. By the year 2025 water main replacement work is expected to increase to 25 miles at an estimated cost of $52 million. Reducing the cost per mile of main replacement is critical to the long-term success of the District's water IR program and sustainability of the water distribution system. Because of the magnitude and duration of the challenges ahead, a combination of strategies and technologies are being deployed to curtail or defer the costliness and disruption of main replacement.

Infrastructure Engineer Jared Svagera outlined several new initiatives that were rolled out in 2020, noting that the District is continually monitoring options that can prove to be the most efficient, cost-effective, and least disruptive methods of renewal and replacement. Condition assessment and monitoring is key to managing resources as efficiently as possible. By using tools that can determine physical integrity of the pipe and its continued performance, main replacement projects can be prioritized based upon the risk they pose for failure. Multiple approaches exist to making this determination, ranging from mere observation to using an MRI-like scan of a pipe to identify areas that may have localized corrosion that can be repaired instead of being replaced. Another tool to address corrosion issues is the use of sacrificial anodes attached to older ductile iron mains, and oxidize more quickly than the main, providing corrosion protection and extending the service life of the main by an additional 20 to 40 years. Under the right circumstances, this technology will be a very cost-effective solution.

Another initiative involves placement of a remote leak monitoring device inside a valve box to relay signals when a leak is detected. In the few test cases undertaken so far, the alert has enabled a repair and water service outage to be scheduled and enabled customers to be notified in advance as opposed to having an emergency situation unfold. Other initiatives include a pilot pipe bursting project which is a trenchless process that involves fracturing old cast iron main in place while pulling a new water main into the same location; PVC pipe used in place of metal materials for directional drilling of new water mains; piloting a "smart" hydrant to transmit rapid pressure or temperature fluctuations via sensors in real time to help detect problem areas and potentially avert main failures; and a GIS (geographic information system) risk model developed by HDR to assist with identification and prioritization of the highest risk mains across the distribution system. In the latter example, the GIS model enables longer-range planning which adds a measure of predictability when engaging potential contract partners in future contract work.

Mr. Svagera highlighted the District's continued commitment to replacing lead water services whenever they are encountered during the course of a water IR project, having replaced 129 lead services in 2020. The goal for 2021 is the replacement of 16 miles of water main. District crews will be handling 7.75 miles and will be aided by the addition of a new water infrastructure construction crew; third party construction contractors will replace the remaining 8.25 miles.

Mr. Niiya and Mr. Svagera thanked Board Members for their continued support of the District's infrastructure replacement program.

Director Cavanaugh requested that Vice-President of Gas Operations Jim Knight provide a brief presentation at the April Board meeting on the natural gas consortium of which M.U.D. is a member, to distinguish it from the Southwest Power Pool (which became the object of much criticism in recent weeks when frigid temperatures led to widespread electrical outages in the southern states). Mr. Doyle clarified that the entity in question was the Central Plains Energy Project (CPEP) and agreed that a presentation would be timely.

Chairperson McGowan asked whether any Board Members had any further comments. There were none.

Chairperson McGowan announced that due to COVID-related precautions, any members of the public interested in speaking at the meeting were provided access via a Webex connection set up in a conference room adjacent to the Board Room at the Headquarters Building. He asked whether any members of the public were present and wished to speak, and if so, to please relay that information to the conference room moderator. There were none.

At 10:24 a.m., Chairperson McGowan announced that the regular monthly Board Meeting would convene at 10:35 a.m.

Mark E. Doyle

Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT

Minutes of the Regular Monthly Board Meeting

March 3, 2021

Chairperson McGowan called to order the regular monthly meeting of the Metropolitan Utilities District Board of Directors at 10:25 a.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the Meetings was published in the print version of *The Omaha World-Herald* on February 21, 2021 and its online version from February 21, 2021 through February 27, 2021. The notice also appeared on the M.U.D. website at www.mudomaha.com and other social media platforms. Agendas and all pertinent documents to be presented at the March 3, 2021 meetings were posted to the M.U.D. website on February 25, 2021.

Chairperson McGowan announced that the meeting was being livestreamed and a recording would soon be available on the M.U.D. website. He announced that due to the Governor's extension of his Executive Order No. 20-36 on January 11, 2021 in response to the surge in COVID-19 cases, in-person meeting requirements of the Open Meetings Act are waived until April 30, 2021.

Chairperson McGowan reminded those in attendance in the Board Room that due to an Omaha City Council ordinance, all attendees must abide by the requirement for wearing a facemask or face covering or maintain six-foot distancing from one another in indoor public settings in response to the COVID-19 pandemic.

AGENDA NO. 1
ROLL CALL

On a roll call vote, the following Directors acknowledged their presence: Jack Frost, Mike McGowan, Gwen Howard, Tim Cavanaugh, Jim Begley, Tanya Cook, Dave Friend. (Directors Howard, Cook and McGowan participated remotely. Directors Frost, Cavanaugh, Begley and Friend participated in-person.)

AGENDA NO. 2
OPEN MEETINGS ACT NOTICE

Chairperson McGowan announced that a copy of the Open Meetings Act was located on the wall of the Board Room.

AGENDA NO. 3
PLEDGE OF ALLEGIANCE

Chairperson McGowan invited all who wished to participate to recite the Pledge of Allegiance.

AGENDA NO. 4
APPROVAL OF MINUTES FOR COMMITTEE MEETINGS AND REGULAR MONTHLY BOARD MEETING FOR FEBRUARY 3, 2021

Director Cavanaugh moved to approve the minutes for the Committee Meetings and regular monthly Board Meeting for February 3, 2021 which was seconded by Director Friend and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 5
CAPITAL EXPENDITURES

Director Frost moved to approve the capital expenditures as outlined in Mr. O'Brien's letter to the Committee dated February 23, 2021, which was seconded by Director Friend and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 6
ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

Director Frost moved to approve the acceptance of contracts and payment of final estimates as outlined in the letter from Ms. Henn to the Committee dated February 23, 2021, which was seconded by Director Begley and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 7
BIDS ON MATERIALS AND CONTRACTS

Director Frost moved to approve Management's recommendation regarding the bids on materials and contracts as discussed by Mr. Zellars and as outlined in the letter from Ms. Meisinger dated February 19, 2021. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 8
MAIN EXTENSIONS

Director Friend moved to approve the proposed main extensions as outlined in Mr. O'Brien's letter to the Committee dated February 19, 2021 which was seconded by Director Frost and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 9
WAGE AND/OR SALARY INCREASES AND RATIFICATIONS

Director Begley moved to approve the wage and/or salary increases and ratifications as outlined in Ms. Savine's letter to the Committee dated February 18, 2021. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 10
REIMBURSEMENT RESOLUTIONS ASSOCIATED WITH BOND ISSUANCES

Director McGowan moved to approve the Reimbursement Resolutions that were provided along with Mr. Schaffart's letter to the Committee dated February 23, 2021. The motion was seconded by Director Friend and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 11
PURCHASE OF APPROXIMATELY 52 ACRES ADJACENT TO BLAIR HIGH ROAD AND STATE STREET

Director Cook moved to approve the proposed purchase of approximately 52 acres adjacent to Blair High Road and State Street as outlined in Mr. Mendenhall's letter to the Committee dated February 22, 2021. The motion was seconded by Director Friend and carried on a roll call vote. Director Cavanaugh recommended that the District prepare a comprehensive communication plan to apprise neighboring residents and commercial business entities regarding the District's proposed development of a secondary construction center.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 12
PROPOSED PURCHASE OF APPROXIMATELY 4.5 ACRES NEAR STATE STREET & IRVINGTON ROAD ADJACENT TO PROPOSED SECONDARY CONSTRUCTION CENTER SITE

Director Cook moved to approve the proposed purchase of approximately 4.5 acres near State Street & Irvington Road adjacent to the proposed secondary construction center site as outlined in Mr. Mendenhall's letter dated February 22, 2021. The motion was seconded by Director Begley and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 13
SECOND LEGISLATIVE REPORT FOR 2021

Director Cook moved to approve the Second Legislative Report for 2021 dated February 22, 2021 as presented by Mr. Kubat at the Committee Meetings. The motion was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 14
CONDEMNATION AUTHORITY FOR PROPERTY NEAR 120TH & MILITARY STREETS (RESOLUTION)

Director Cook moved to approve the proposed condemnation authority and accompanying Resolution pertaining to property located near 120th and Military Streets as outlined in Mr. Mendenhall's letter to the Committee dated February 24, 2021. The motion was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh, Begley, Cook, Friend
Voting No: None

AGENDA NO. 15
OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION

Senior Vice President of Safety, Security and Field Operations Steve Ausdemore provided an update on the District's COVID-related developments with regard to new cases, employee vaccinations, and employees' return to the workplace. Mr. Ausdemore indicated that the District continues to be in 'Phase 1' with 28% of District staff members currently working in District facilities. In addition, 93% are currently working, either remotely or at their workplace; 7% are considered "on leave" due to vacation or other type of leave provision; and two employees are on leave for COVID-related matters.

The District's COVID cases total 120 to date and of those, 118 have recovered resulting in a 'less than 15%' impact for the District. There have been 309 employees who have received their first vaccine dose, which represents 37% of the total number employees, and represents nearly 100% of employees identified as volunteers and mission critical personnel. To date, 200 employees have received the second vaccine dose.

Vice-President of Gas Operations Jim Knight provided a report on the impact of the recent weather on the District's gas supply. An extended period of frigid temperatures reaching as low as 23 degrees below zero triggered not only high natural gas demands but also electrical power outages and rolling blackouts. New records for natural gas demand were set on February 14th and 15th (reaching levels of 334,000 decatherms (Dth) and 340,000 Dth, respectively).

The storage capacity afforded by the District's three peak shaving plants was crucial to meeting not only the higher demand for natural gas but also in circumventing the extreme gas price fluctuations. For the month of February, the District's peak shaving plants were called upon to supply 11% (720,000 Dth) of the total gas sendout for the entire month and reached as high as 40% on February 14th and15th. Had the District been forced to purchase gas on the spot market (as opposed to relying on its peak shaving plants), it would have been subject to prices that jumped from $3.00/Dth to as high as $400/Dth. Gas prices even reached a high of $1,100/Dth in Oklahoma. Because of the important role served by the peak shaving plants, the District was able to avoid incurring the higher gas purchase costs that would have totaled $100 million during this period alone.

According to statistics provided by some larger utilities in Minnesota and elsewhere, the additional charge for residential customers over the remainder of the year was expected to range from $200 to $400.

Mr. Knight extended his appreciation to all Gas Operations staff (including Gas Production, Systems Control, Gas Distribution, and Energy Acquisitions) for their diligence and dedication during this period. To meet the many challenges presented by the extreme weather conditions, Gas Production employees worked for twelve consecutive days and frequently for twelve-hour shifts in order to safeguard a ready and reliable gas supply. Mr. Knight also applauded the performance by Northern Natural Gas (NNG), the District's pipeline provider, in meeting all gas supply contract commitments with M.U.D. despite disruptions to its gas production and distribution in other states due to the freeze.

Chairperson McGowan asked whether any Board Members had any further comments.

Vice-President of Corporate Communications Stephanie Mueller responded to questions from Director Howard regarding the status of the COVID-related funds from Douglas County and other sources that are available to customers struggling to pay their utility bills.

Mr. Doyle responded to Chairperson McGowan's inquiry, confirming that the State of the District presentation is planned for the May Board Meeting.

Director Begley reminded all those in attendance that the District's "Heat the Streets" virtual walk/run fundraising event will be held (virtually) on Saturday, March 6th and encouraged all those interested to support the cause.

Chairperson McGowan announced that due to COVID-related precautions, any members of the public interested in speaking at the meeting were provided access via a Webex connection set up in a conference room adjacent to the Board Room at the Headquarters Building. He asked whether any members of the public were present who wished to speak, and if so, to please relay that information to the conference room moderator. There were none.

AGENDA NO. 18
CLOSED SESSION – LITIGATION

At 11:07 a.m., Director Cavanaugh motioned to go into Closed Session for the purpose of discussing litigation, which was seconded by Director Cook and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh Begley, Cook, Friend
Voting No: None

At 11:24 a.m., Director Begley moved to return to Open Session which was seconded by Director Frost and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh Begley, Cook, Friend
Voting No: None

Director Frost moved to adjourn the meeting which was seconded by Director Cavanaugh and carried on a roll call vote.

Voting Yes: Frost, McGowan, Howard, Cavanaugh Begley, Cook, Friend
Voting No: None

The meeting was adjourned at 11:25 a.m.

Mark E. Doyle
Secretary and President

MED/mjm

Approved by the Board
April 7, 2021

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

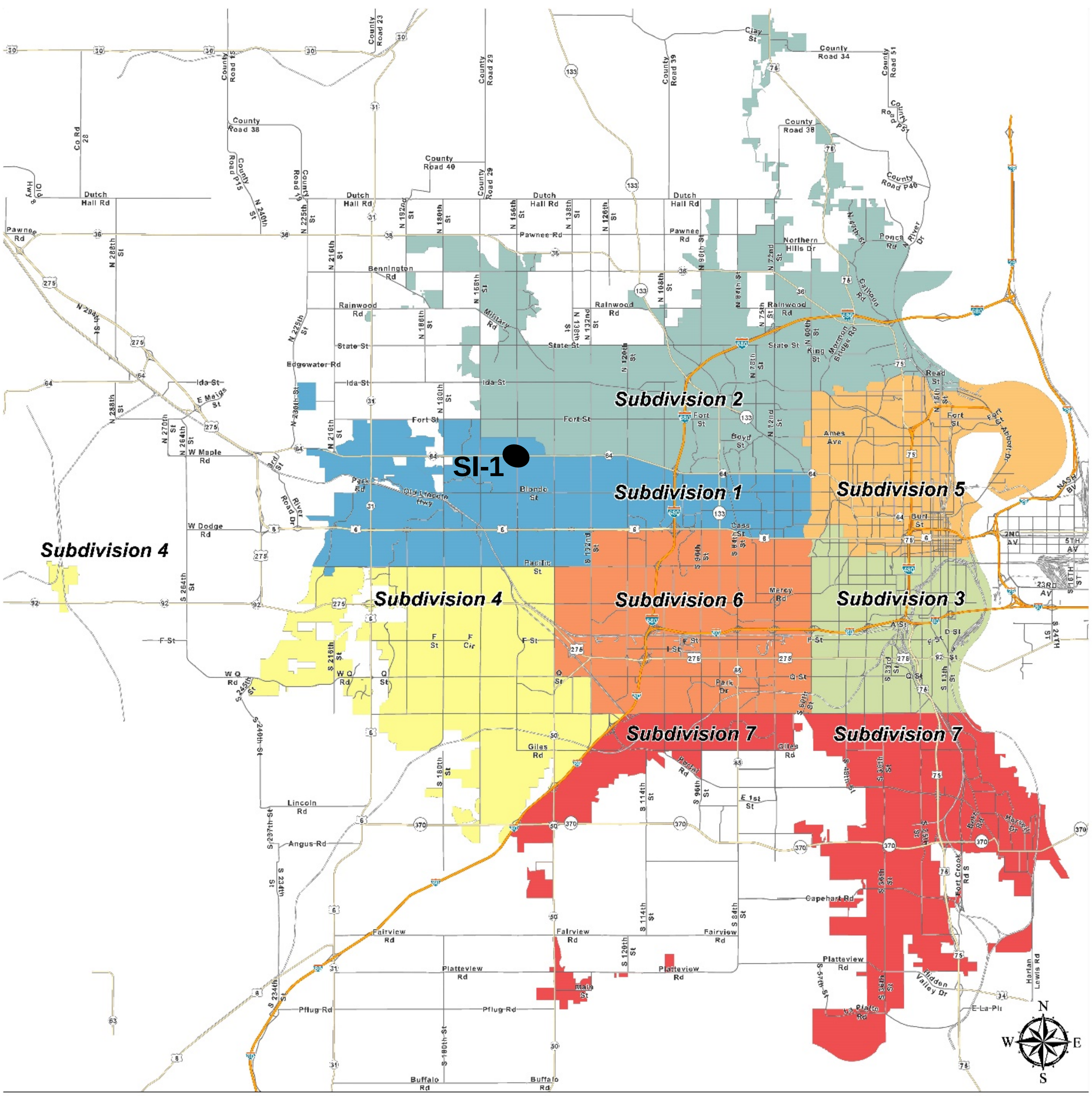
March 29, 2021

Subject: CAPITAL EXPENDITURES

To: Committee on Construction and Operations
cc: all Board Members, Doyle, Mendenhall, Schaffart, Ausdemore and all Vice Presidents

From: Cory J. O'Brien, Interim Senior Vice President, Chief Operations Officer

The following items will be on the April 7, 2021 Committee Agenda for consideration and the Board Agenda for approval:



MUD Subdivision Map

SYSTEM IMPROVEMENTS

1. GP 2607 (100062000663 and associated job numbers) - $179,100 – Install 235 feet of 4-inch and 265 feet of 6-inch gas main and install above and below ground regulator station piping, 156th Street and West Maple Road. The existing below ground regulator station needs to be replaced because it experiences rapid rates of corrosion since it is located along the edge of West Maple Road and consistently fills up with water as it drains off the road. The proposed above ground regulator station will be installed on the northeast corner of 156th Street and West Maple Road in state right-of-way. Both the State of Nebraska and City of Omaha have approved this location. This is one of Gas Distribution's prioritized regulator station replacements budgeted for 2021. This project is anticipated to start in the summer of 2021. **(Subdivision 1 – Begley)**

BUILDINGS, PLANTS AND EQUIPMENT

1. 100083001073 - $145,000 – Install material storage area at Platte South. This facility will store lime grits, rock and dirt in an open structure consisting of a concrete slab with four storage compartments. The storage compartments will have short concrete walls on three sides to create a box like structure to contain the material. An additional small parking area (without the walls) is included to provide a hard surface for parking trailers, mowers and other equipment. Currently these materials are stored on an unimproved area. Items are stored directly on existing grade which makes the area difficult to access when ground conditions are wet or frozen due to the unevenness of the area. The area easily becomes saturated with standing water. The conditions of the current storage area make it difficult to deposit and remove materials while the grounds are wet. In addition, removing and containing materials in an orderly manner is difficult as the current storage location does not have any confining structure or walls.

2. 100086000736 - $330,000 – Network lifecycle refresh and upgrades. Information Technology is requesting the replacement of aging network devices to improve the security, reliability and performance of the District's computing environment. This effort aims to replace network switches, Wi-Fi systems, office phones, network modems and other security appliances reaching the end of life. This expenditure is in accordance with the Network Infrastructure Replacement Plan where the IT Department replaces and upgrades a portion of network infrastructure every year to maintain the reliability and performance of the network systems.

3. 100088000770 - $125,000 – Purchase three medium duty regular cab 4x4 dual rear wheel chassis. These trucks will be upfitted as welder trucks. The trucks being replaced will be reallocated for use in other divisions with less demanding operations. Three existing trucks that have reached a point wherein they are no longer economical to maintain for use within the District's fleet will be sold at auction. There are currently no EPA or CARB approved CNG upfits listed as available in this bid due to a new gasoline engine being released by Chevy.

4. 100088000777 - $95,000 - Purchase two medium duty regular cab 4x4 pickups. The new trucks will have snowplows installed after delivery. These trucks will be replacements for trucks that have reached a point wherein they are no longer economical to maintain for use within the District's fleet. The replaced trucks will be sold at auction. There are currently no EPA or CARB approved CNG upfits listed as available in this bid due to a new gasoline engine being released by Chevy.

5. 100088000776 - $86,000 – Purchase two medium duty crew cab 4x4 pickups. One new truck will be a replacement for two vehicles at Platte South, a regular cab pickup and a sedan. The other new truck will be a replacement for the Corporate Communications/Marketing pickup which currently is not capable of pulling the new hydration station. This pickup will be wrapped with promotional graphics and is designed for pulling the hydration station. The replaced trucks and sedan will be reallocated to other divisions and replace vehicles that have reached a point wherein they are no longer economical to maintain for use within the District's fleet. Those vehicles will be sold at auction. There are currently no EPA or CARB approved CNG upfits listed as available in this bid due to a new gasoline engine being released by Chevy.

6. 100090001389 - $52,399 – Purchase six RD7200 5w utility locating machines and three RD8200 10w utility locating machines, both with lithium-ion rechargeable batteries. These locating machines will be used by the Plant Engineering division and Safety & Security department. Purchase of these machines will be made through Rep Co International, LLC as they are the authorized dealer and sole source provider for Nebraska. This locating equipment is needed for personnel who perform utility locates on a daily basis, and to meet the demands of the additional locating staff for 2021. To the extent possible the existing locating machines being replaced will be reallocated to District personnel in other divisions.

7. 100088000764 - $570,000 – Purchase nine replacement extended cab F-550 chassis for various applications within the District. Four of the new trucks will carry service bodies with front and rear valve turners for use by Water Distribution. Two of the new trucks will carry service bodies with steamer units for use by Water Distribution. One new truck will carry a drill truck service body. The last two new trucks will pull smaller bore rigs for use by Construction. Seven of the new trucks will be equipped with the Ford 7.3-liter gasoline engine. Two of the new trucks will have the 6.7-liter diesel engine. The diesel equipped trucks will be utilized to pull the bore rigs and other equipment. All of the new trucks will be a replacement for older high mileage trucks in the fleet. There are currently no EPA or CARB approved CNG upfits listed as available in this class truck due to a new gasoline engine being released by Ford. The surplus trucks will be sold at auction.

8. 100087000628 - $420,000 – Purchase one 550-gallon and three 800-gallon high flow vacuum excavators. These vacuum excavators will be used by the Construction and Water Distribution divisions. All excavators will be replacements for units that have reached a point wherein they are no longer reliable or economical to maintain within the District's fleet. The replaced units will be sold at auction.

9. 100087000631 and 100087000632 - $680,000 – Purchase one large directional boring machine, mixing system, triple axle trailer and locating system; and two small directional boring machines, mixing systems, tandem axle trailers and locating systems. These machines will be used by the Construction division. The large directional boring machine will be a DitchWitch JT20, and the two smaller directional boring machines will each be a DitchWitch JT10. All machines will be replacements for units that have reached a point wherein it is no longer reliable or economical to maintain within the District's fleet. The existing directional boring machines will be traded in upon arrival of the new machines.

Cory J. O'Brien

Cory J. O'Brien
Interim Senior Vice President, Chief Operations Officer

Approved:

Mark E. Doyle

Mark E. Doyle
President

Approved by the Board
April 7, 2021

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 29, 2021

Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

To: Committee on Construction and Operations
cc: all Board Members, Doyle, Mendenhall, Schaffart, Ausdemore, O'Brien and all Vice Presidents

From: Stephanie L. Henn, Director, Plant Engineering

The following items will be on the April 7, 2021 Committee Meeting for consideration and the Board Meeting Agenda for approval. Work has been satisfactorily completed on the following contracts and final payment is recommended:

Contract	Board Approval Date	Amounts		
		*Unit Price Bid	Actual	Final
a. Q3 Contracting, GP 2420, 100092001608, 100082000040-3, 100042000057, Cast Iron Gas main replacement, 41st St. to 48th Ave., Center to Grover Sts.	October 4, 2019	$3,629,460.33	$3,487,808.59	$236,821.54

Comments: There was an overall net decrease of $141,651.70 primarily due to less paving restoration needed than originally estimated. Of note, there was a significant amount of additional traffic control required, including flagging of traffic along 42nd Street for worker and public safety.

Contract	Board Approval Date	Amounts		
		*Unit Price Bid	Actual	Final
b. Becker Trenching and Water, WP 1762, 100055001333, Install Water Mains in Estates at Loveland, 85th Ave. and Pacific St.	July 2, 2020	$88,750.00	$84,105.00	$17,267.75

Comments: There was a decrease in contract quantities of $4,645.00 primarily due to less pipe required than originally estimated.

**Based upon Engineering's estimated unit quantities.*

Stephanie L. Henn
Director, Plant Engineering

Approved:

Cory J. O'Brien
Interim SVP, COO

Mark E. Doyle
President

Approved by the Board
April 7, 2021
with Exception of JEO
Consulting Being Held
Over

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 26, 2021

Subject: BIDS ON MATERIALS AND CONTRACTS DURING THE MONTH OF MARCH

To: Construction & Operations Committee
cc: All Board Members, Doyle, Ausdemore, O'Brien, Mendenhall, Schaffart and all Vice Presidents

From: Sherri A Meisinger, Director, Procurement

The following items will be on the April 7, 2021 Committee Agenda for consideration and the April 7, 2021 Board Agenda for approval. The recommended bid is bolded and listed first. Nonlocal bidders have been indicated in italics.

WATER/GAS MAIN CONTRACTS

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install Water Mains in Deer Crest 114th Street and Reynolds Street 100055001350 100057000494 WP1789	18/2	**Cedar Construction**	**$819,537.50**
		Kersten Construction	980,967.50

Engineering Estimate: $905,100.00
(A C&A in the amount of $1,007,137.00 will be presented to the Board on April 7, 2021 for approval.)

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install Water Mains in Woodbrook Lots 103-252 180th Street and Fort Street 100055001352 WP1792	18/3	**Cedar Construction**	**$292,353.50**
		Kersten Construction	368,875.50
		Pat Thomas Constr.	398,853.60

Engineering Estimate: $339,049.00
(A C&A in the amount of $374,273.00 will be presented to the Board on April 7, 2021 for approval.)

Install Water Mains in Snowden Commons, 168th Street and Military Road 100055001357 WP1802 Engineering Estimate: $353,632.00	18/2	**Cedar Construction** Kersten Construction	**$377,232.00** 386,116.50

(A C&A in the amount of $469,863.00 will be presented to the Board on April 7, 2021 for approval.)

Install Water Mains in Heartwood Estates 144th Street and Pacific Street 100055001359 WP1807 Engineering Estimate: $355,166.00	18/2	**Cedar Construction** Kersten Construction	**$329,507.00** 348,419.00

(A C&A in the amount of $428,922.00 will be presented to the Board on April 7, 2021 for approval.)

RATIFICATION

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Business Planning and Consolidation (BPC) Implementor 100086000734	6/4	***TekLink International*** *iTelligence* *Utegration* *SandPoint*	***$398,984.00*** *438,288.00* *716,850.00* *1,125,000.00*

(C&A for 100086000734 approved January 7, 2021in the amount of $380,000.00)

OTHER

Item	Bids Sent / Rec'd	Bidders	Bid Amount
One (1) 550-Gallon Trailer Mounted Vacuum Excavator and Three (3) 800 Gallon Trailer Mounted Vacuum Excavator 100087000628	6/3	**Midwest Underground** Ditch Witch *Technology International*	**$347,203.00** 425,230.00 *343,455.00**

*Reject Bid, non-responsive

(A C&A in the amount of $420,000.00 will be presented to the Board on April 7, 2021 for approval.)

One (1) 30,000 LB Dual Wheel Tandem Axle Trailer 100088000761	11/4	**Ditch Witch (Felling)**	**$33,000.00**
		NMC Inc.	34,400.00
		Ditch Witch (Belshe)	29,500.00*
		Bobcat of Omaha	31,608.00*

*Bid rejected, does not meet specifications
(C&A for 100087000761 approved February 6, 2020 in the amount of $95,000.00.)

Three (3) Medium Duty, Regular Cab, 4x4, Dual, Rear Wheel Chassis Cab 100088000770	9/2	**Husker Auto Group**	**$95,991.00**
		Gene Steffy Auto Group	101,406.00

(A C&A in the amount of $125,000.00 will be presented to the Board on April 7, 2021 for approval.)

Two (2) Medium Duty, Crew Cab 4x4 Pickup 100088000776	6/2	**Husker Auto Group**	**$68,954.00**
		Gene Steffy Auto	68,306.00*

*Bid rejected, does not meet specifications
(A C&A in the amount of $86,000.00 will be presented to the Board on April 7, 2021 for approval.)

Two (2) Medium Duty, Regular Cab, 4x4, Pickup 100088000777	7/2	**Husker Auto Group**	**$63,314.00**
		Gene Steffy Auto	56,494.00*

*Bid rejected, does not meet specifications
(A C&A in the amount of $95,000.00 will be presented to the Board on April 7, 2021 for approval.)

Nine (9) Extended Cab F-550 Chassis 100088000778	N/A	**Anderson Ford**	**$465,548.00***

*State of Nebraska bid, Contract #14704
(A C&A in the amount of $570,000.00 will be presented to the Board on April 7, 2021 for approval.)

One (1) Large Directional Drilling Machine 100087000631	1/1	**Ditch Witch**	**$ 224,095.00**

(A C&A in the amount of $290,000.00 will be presented to the Board on April 7, 2021 for approval.)

Two (2) Small Directional Drilling Machine 100087000632	1/1	**Ditch Witch**	**$ 301,510.00**

(A C&A in the amount of $390,000.00 will be presented to the Board on April 7, 2021 for approval.)

Install Material Storage Area At Platte South Water Production Facility 100083001073 WP1604	6/3	**Midwest DCM**	**$104,900.00**
		Cummings & Sons	124,873.02
		Judds Bros Constr.	169,750.00

(A C&A in the amount of $145,000.00 will be presented to the Board on April 7, 2021 for approval.)

Hi-Vis Uniform Apparel Replacement	2/2	**SP Incentives**	**$59,565.00**
		Great Plains	73,917.00

ANNUALS

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Cast Iron and Malleable Iron Pipe Fittings, Pipe Nipples, Weld Fittings, and Weld Flanges (June 1, 2021 to May 31, 2022)	16/3	**Central States**	**$181,219.28**
		Piping Resources	226,447.00
		Kelly Group	360,039.51
Resilient Seated Gate Valves Extension #1 (May 1, 2021 to April 30, 2022)	1/1	**Municipal Supply**	**$236,004.72**
Gas Odorant (40,000 lbs.) (June 1, 2021 to May 31, 2022)	6/2	***Arkema Inc.***	***$116,400.00***
		USDI	*180,000.00*
Concrete and Asphalt Pavement Repairs at Various Metropolitan Utilities District Construction Sites, (June 1, 2021 Through May 31,2022)	16/1	**Burrell Enterprises**	**$328,580.00**

Construction Phase Inspection Services for Contracted Water Mains Extension #5 (April 1, 2021 to March 31, 2023)	1/1	**JEO Consulting**	**$828,100.00**
Plate & Frame Filter Press Cloth Extension #2	1/1	***Micronics Filtration***	***$58,575.00***

Sherri A. Meisinger
Director, Procurement
(402) 504-7253

Approved:

Jon Zellars
Vice President, Procurement and Enterprise Services

Steven E. Ausdemore
Senior Vice President, Safety, Security and Field Operations

Mark E. Doyle
President

Current Uniforms

High-Visibility Uniforms

Approved by the Board
April 7, 2021

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 30, 2021

Subject: CAPITAL EXPENDITURE FOR LEASE OF 14242 “C” CIRCLE

To: Committee on Construction and Operations
cc: all Board Members, Doyle, Ausdemore, O’Brien, Mendenhall, Schaffart and all Vice Presidents

From: Jon Zellars, Vice President, Procurement and Enterprise Services

The following item will be on the April 7, 2021 Committee Agenda for consideration and the April 7, 2021 Board Agenda for approval:

BUILDING, PLANTS AND EQUIPMENT

1. **100084001288 - $3,662,000.00 – Lease 14242 “C” Circle**

Over the last year, the Construction Center has settled because of construction activities associated with an adjacent third-party construction site. Settling has progressed resulting in the closure of a portion of the northwest section of the Construction Center to assure employee safety. This closure resulted in the displacement of various operating work groups to include Construction and Field Services Welders, Electricians, and Carpenter. These work groups have been temporarily relocated while a search for a suitable facility continued.

A Letter of Intent (LOI) to lease has been submitted, by the District, to the owner of 14242 “C” Circle. The LOI is not a binding offer to lease but, outlines general terms and informs the owner of the District’s interest in leasing the property. This facility provides for 41,318 SF of shop and office space. The terms of the lease will allow the relocation of displaced workgroups and provides for parking of smaller fleet vehicles for a period of three years with two one-year optional extensions.

Approval of this C&A will authorize the President to enter a three (3) year lease agreement with two one-year optional extension for 14242 “C” Circle. Furthermore, approval will authorize Purchasing to enter into an agreement with Patriot Crane & Rigging for relocation of equipment, materials, and cranes.

Jon Zellars
Vice President, Procurement and Enterprise Services
(402) 504-2478

Approved:

Steven E. Ausdemore
Senior Vice President, Safety, Security and Field Operations

Mark E. Doyle
President

Approved by the Board
April 7, 2021

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

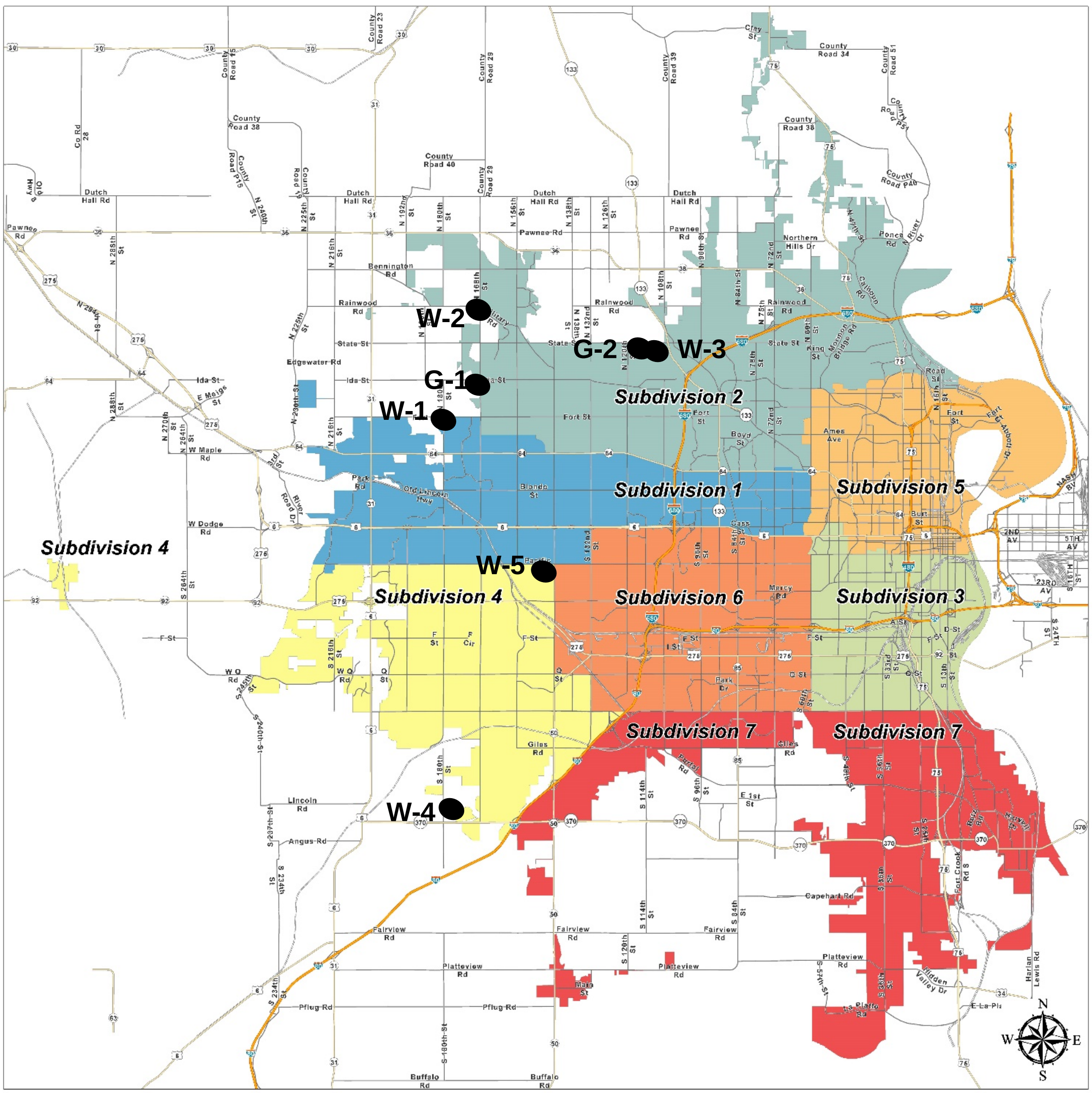
March 29, 2021

Subject: MAIN EXTENSIONS

To: Services and Extensions Committee
cc: All Board Members, Doyle, Mendenhall, Schaffart, Ausdemore and all Vice Presidents

From: Cory J. O'Brien, Interim Senior Vice President, Chief Operations Officer

The following main extensions will be on the April 7, 2021 Committee Agenda for consideration and the Board Agenda for approval:



MUD Subdivision Map

GAS						
	Project Number	Total Estimated	Cost		Allowable Revenue Credits Developer	Deficiency
			Developer Equivalent	Developer Estimate		
1.	GP 2596	$155,101	$128,614	$114,198	$140,270	$0
	Subdivision 2, Friend: *These mains are being installed to provide gas service to 130 single-residence lots in Lakeview 168 Subdivision, Phase 2, 168th and Ida Sts. Work is requested to be completed by Summer 2021. To properly extend the gas system to serve future developments, it is necessary to oversize approximately 2,840 feet of 2-inch mains to 4-inch mains at a District cost of $26,487. (City of Omaha zoning, Celebrity Homes)*					
	Project Number	Total Estimated	Cost		Allowable Revenue Credits Developer	Deficiency
			Developer Equivalent	Developer Estimate		
2.	GP 2567	$55,736	$39,058	$34,680	$3,249	$31,431
	Subdivision 2, Friend: *These mains are being installed to provide gas service to one commercial lot in R & L Carriers Addition, 117th and State Sts. Work is requested to be completed by Spring 2021. To properly expand the gas system to serve future developments, it is necessary to oversize approximately 2,280 feet of 2-inch mains to 4-inch mains at a District cost of $16,678. (City of Omaha zoning, Ramar Land Corporation)*					

WATER					
	Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
1.	WP 1792	$374,273	$581,381	$0	$0
	Subdivision 1, Begley: *These mains are being installed to provide domestic water service and fire protection to 150 single-residence lots in Woodbrook Subdivision, Phase 2, 180th and Fort Sts. Work is requested to be completed by September 2021. There are pioneer main fees in the amount of $207,108 due to the existing 30-inch water main in West Maple Rd. and a 24-inch water main in 180th St. (City of Omaha zoning, Celebrity Homes)*				
	Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
2.	WP 1802	$469,863	$739,389	$0	$0
	Subdivision 2, Friend: *These mains are being installed to provide domestic water service and fire protection to 168 Snowden Commons subdivision with a middle school and elementary school at 168th and Military Rd. Work is requested to be completed by April 2022. There are pioneer main fees in the amount of $269,526 due to the existing 36-inch water main in State St. and the existing 12-inch water main in 168th St. and Military Rd. (City of Omaha zoning, Bennington Public Schools)*				

Water (con't)

3.

Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
WP 1789	$1,007,137	$1,316,205	$0	$0

Subdivision 2, Friend: *These mains are being installed to provide domestic water service and fire protection to 312 single-residence lots in Deer Crest Subdivision, 114th and Reynolds Sts. Work is requested to be completed by November 2021. There are pioneer main fees in the amount of $309,068 due to the existing 36- and 48-inch water mains in State St. and 12-inch water main in 114th St. (City of Omaha zoning, Celebrity Homes)*

4.

Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
WP 1821	$772,023	$432,900	$0	$339,123

Subdivision 4, Cavanaugh: *These mains are being installed to provide domestic water service and fire protection to Lot 1 Gretna Public High School No. 2 Subdivision, 18102 Lincoln Rd. Work is requested to be completed by Fall 2022. The developer is required to pay a 12-inch equivalent cost of 1400 feet of 16-inch main in 180th St. in the amount of $283,886. The District will pay for the oversizing in the amount of $108,123. The District will also pay for another 825 feet of inter-connecting 16-inch main in 180th St. in the amount of $231,000 to enhance reliability and increase flows to the area. (City of Gretna zoning, Gretna Public Schools)*

5.

Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
WP 1807	$428,922	$428,922	$0	$0

Subdivision 4, Cavanaugh: *These mains are being installed to provide domestic water service and fire protection to 49 single-residence lots and two commercial lots in Heartwood Estates Subdivision, 144th and Pacific Sts. Work is requested to be completed by September 2021. (City of Omaha zoning, Applied Underwriters)*

Cory J. O'Brien
Interim Senior Vice President, Chief Operations Officer

Approved:

Mark E. Doyle
President

Approved by the Board
April 7, 2021

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 26, 2021

Subject: Wage and/or Salary Increases and Ratifications, April 2021 Board Meeting

To: Personnel Committee members Begley, Friend, and Frost
cc: Board Members Cavanaugh, Cook, Howard, and McGowan
President Doyle, and Senior Vice Presidents Ausdemore, Mendenhall, Schaffart and Interim Senior Vice President O'Brien

From: Bonnie Savine, Vice President, Human Resources

The Human Resources Department is recommending the Board of Directors approve the wage or salary increases outlined below. All positions involve District employees earning more than $10,000 per year and therefore require your approval.

1. <u>Operating and Clerical (OAC) Wage Increases Due To Promotion</u>

The Human Resources Department is recommending the Board of Directors approve wage increases for the following Employees within the OAC classification. These wage increases are based on a job selection process, are in compliance with the Collective Bargaining Agreement, and are made following the posting and application process for a job opening in the District. The effective date for these increases will be the beginning of the next OAC pay period following Board approval.

Employee:	**Andrea Carbis**
Current position (department):	Pipe Layer – Welder (Construction)
New position (department):	Utility Worker (Construction)
Current rate; step/grade:	$34.38; Step 3
Proposed rate; step/grade:	$36.40; Step 3
Percent of increase:	5.88%
District hire date:	October 2, 2017

Employee:	**Carlos Diaz**
Current position (department):	Pipe Layer Trainee (Construction)
New position (department):	Building & Grounds Maintenance Worker (Facilities Management)
Current rate; step/grade:	$24.25; Step 1
Proposed rate; step/grade:	$25.56; Step 3
Percent of increase:	5.40%
District hire date:	March 23, 2020

Employee:	**Jesse Foust**
Current position (department):	Pipe Layer – Welder (Construction)
New position (department):	Utility Worker (Construction)
Current rate; step/grade:	$36.19; Step 4
Proposed rate; step/grade:	$38.32; Step 4
Percent of increase:	5.89%
District hire date:	June 9, 2014

Employee:	**Aaron Mays**
Current position (department):	Mechanic (Transportation)
New position (department):	Senior Mechanic (Transportation)
Current rate; step/grade:	$37.84; Step 4
Proposed rate; step/grade:	$41.62; Step 4
Percent of increase:	9.99%
District hire date:	June 30, 2014

Employee:	**Bryan McKulsky**
Current position (department):	Utility Worker (Construction)
New position (department):	Crew Leader (Construction)
Current rate; step/grade:	$38.32; Step 4
Proposed rate; step/grade:	$40.45; Step 3
Percent of increase:	5.56%
District hire date:	November 6, 2006

Employee:	**Paul Weiss**
Current position (department):	Utility Worker (Construction)
New position (department):	Crew Leader (Construction)
Current rate; step/grade:	$38.32; Step 4
Proposed rate; step/grade:	$40.45; Step 3
Percent of increase:	5.56%
District hire date:	June 12, 2006

2. Operating and Clerical (OAC) Wage Increases Due To Job Transfer

The Human Resources Department is recommending the Board of Directors approve wage increases for the following Employees within the OAC classification. A transferring employee who is at less than Standard Wage will be moved to an equal rate in the new job classification or, if there is not an identical wage rate, to the nearest higher wage rate in the new job classification. These wage increases are based on a formal selection process, are in compliance with the Collective Bargaining Agreement, and are made following the posting and application process for a job opening in the District. The effective date for these increases will be the beginning of the next OAC pay period following Board approval.

There are no recommendations for approval this month

3. Operating and Clerical (OAC) Wage Increases Due To Job Progression

The Human Resources Department is recommending the Board of Directors approve the following wage increases for the OAC employees who have successfully completed required training and who have been recommended by their supervisor for promotion as they progress within their job family. All increases are based on the bargaining unit wage structure. The effective date for these increases will be the beginning of the next OAC pay period following board approval.

Employee: **Jonathan Randall**
Current position (department): Gas Maintenance Trainee (Gas Distribution)
New position (department): Gas Maintenance Worker (Gas Distribution)
Current rate; step/grade: $29.77; Step 4
Proposed rate; step/grade: $33.12; Step 1
Percent of increase: 11.25%
District hire date: June 4, 2018

Employee: **Jefferson Schaecher**
Current position (department): Computer Aided Drafting Technician I (Engineering Design)
New position (department): Computer Aided Drafting Technician II (Engineering Design)
Current rate; step/grade: $27.97; Step 4
Proposed rate; step/grade: $30.84; Step 2
Percent of increase: 10.26%
District hire date: August 20, 2018

Employee: **Justin Weber**
Current position (department): Pipe Layer Trainee (Construction)
New position (department): Pipe Layer (Construction)
Current rate; step/grade: $28.53; Step 4
Proposed rate; step/grade: $30.65; Step 2
Percent of increase: 7.43%
District hire date: March 4, 2019

4. Supervisory, Professional and Administrative (SPA) Salary Increases Due To Job Promotion

The following SPA employees are selected for promotion. It is recommended the President be authorized to increase the salary of these employees. These SPA positions have been evaluated, graded, appropriate job descriptions completed, and posting guidelines fulfilled. The effective date for these salaries will be the beginning of the next SPA pay period following board approval.

Employee: **Brian Brown**
Current position (department): Buyer (Purchasing)
New position (department): Senior Buyer (Purchasing)
Current rate; step/grade: $81,135; SPA – 03
Proposed rate; step/grade: $85,192; SPA – 04
Percent of increase: 5.00%
District hire date: February 11, 2019

Employee:	**Tammie Hineline**
Current position (department):	Safety Technician (Safety and Security)
New position (department):	Safety Specialist (Safety and Security)
Current rate; step/grade:	$70,630; SPA – 01
Proposed rate; step/grade:	$74,162; SPA – 03
Percent of increase:	5.00%
District hire date:	December 16, 2019

Employee:	**John Velehradsky**
Current position (department):	Senior Plant Engineer (Plant Engineering)
New position (department):	Director, Facilities Management (Facilities Management)
Current rate; step/grade:	$127,387; SPA – 07
Proposed rate; step/grade:	$133,756; SPA – 07D
Percent of increase:	5.00%
District hire date:	March 10, 1997

5. Supervisory, Professional and Administrative (SPA) New Hire Ratification

Board of Director Ratification of salaries, for new SPA employees hired from outside the District, is required to confirm the salary within the grade established for the position. Authorization to ratify the annual salary of SPA employees hired from outside the District will be requested each month, if appropriate.

There are no New Hire Ratifications for this month

Bonnie Savine
Vice President, Human Resources

Mark A. Mendenhall
Senior Vice President, General Counsel

Mark E. Doyle
President

Approved by the Board
April 7, 2021

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 23, 2021

Subject: PROPOSED LEASE AGREEMENT WITH FAMILY FOCUS FEDERAL CREDIT UNION

To: Judiciary and Legislative Committee

Cc: All Board Members; Messrs. Doyle, Ausdemore, Mendenhall, Schaffart, O'Brien and all Vice Presidents

From: Joseph Kehm, attorney

Management is seeking Board authority to authorize it to enter into a lease agreement with Family Focus Federal Credit Union ("FFFCU"). The twenty-five-year lease would permit FFFCU to occupy space within one or more District buildings, as designated by the District.

The purpose of the lease is to formalize the District's partnership with FFFCU. The lease would help ensure that District employees have continued access to this important employee benefit while the District would receive formal assurance under the lease that FFFCU and its employees will adhere to District safety and security rules.

Management's current plans for the lease, should it receive Board approval, would permit FFFCU to continue to occupy an office near the lunchroom at the Operations Center and, in addition, to occupy an office on the first floor of District headquarters. The District would have flexibility under the lease, however, to change these plans and designate one or more different locations for FFFCU or to terminate the lease altogether before the end of the twenty-five-year term.

Management requests authorization to allow Mark Doyle, President, to execute the lease agreement with FFFCU.

Joseph Kehm
Attorney

Approved:

Mark A. Mendenhall
Senior Vice President, General Counsel

Mark E. Doyle
President

LEASE AGREEMENT

This LEASE AGREEMENT is entered into as of the date of the last signature below (the "Effective Date") between METROPOLITAN UTILITIES DISTRICT OF OMAHA, NEBRASKA, a municipal corporation and political subdivision of the State of Nebraska ("MUD") and FAMILY FOCUS FEDERAL CREDIT UNION, a federally-chartered credit union ("FFFCU").

RECITAL

a. MUD and FFFCU desire to enter into a lease agreement whereby MUD, as lessor, would lease to FFFCU, as lessee, space within one or more buildings owned by MUD under terms and conditions mutually agreed to by MUD and FFFCU.

NOW THEREFORE, in consideration of the above Recitals and mutual promises and covenants herein contained, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are expressly acknowledged, MUD and FFFCU set forth their mutual understanding and lease agreement as follows:

AGREEMENT

1. **Leased Premises.** MUD hereby grants to FFFCU a lease, subject to all the terms and conditions set forth in this Lease Agreement, to use and occupy space within one or more buildings owned by MUD (the "Leased Premises"). The size and location of the Leased Premises shall be determined by MUD in its sole discretion. Further, MUD shall have sole and absolute discretion to designate, change, and/or modify the location and size of the Leased Premises.

2. **Use.** FFFCU may use the Leased Premises only for the operation of a federally-chartered credit union.

3. **Term.** The term of this Lease Agreement shall be for twenty-five years, commencing on the Effective Date (the "Initial Term").

4. **Consideration.** FFFCU agrees to pay to MUD the sum of $25.00, payable in advance.

5. **Termination.** Either party may terminate this Lease Agreement at any time upon 90 days' written notice to the other party.

6. **Default; Remedies.** The occurrence of any of the following events constitutes a default and material breach of this Lease Agreement by FFFCU:

a. FFFCU vacating or abandoning the Leased Premises.

b. FFFCU failing to make any payment required under this Lease Agreement.

c. FFFCU's failure to observe or perform any of the covenants, conditions, or provisions of this Lease Agreement, where the failure continues for a period of thirty (30) days after notice thereof from MUD to FFFCU.

d. Any act or omission by FFFCU that impairs or impedes MUD's business or operations.

If FFFCU defaults under or breaches this Lease Agreement, MUD shall have the right at any time thereafter to immediately terminate FFFCU's right to possession of the Leased Premises, in which case FFFCU shall immediately surrender possession of the Leased Premises to MUD. Additionally, MUD shall be entitled to recover from FFFCU all damages sustained by MUD as a result of FFFCU's default.

7. **Compliance with Law.** FFFCU at its sole expense shall at all times comply with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use by FFFCU of the Leased Premises and/or FFFCU's business as a federally-chartered credit union.

8. **Compliance with MUD's Rules, Procedures, Policies.** FFFCU shall comply with all of MUD's rules, procedures, and policies, including any of MUD's rules, procedures, and policies enacted after the Effective Date. MUD reserves the right from time to time to make modifications to its rules, procedures, and policies.

9. **Condition of Property.** FFFCU acknowledges and accepts the Leased Premises in the condition existing as of the Effective Date. FFFCU will keep the Leased Premises in the same condition as it is on the Effective Date, normal wear and tear excepted.

10. **Insurance Rate Increase/Cancellation.** Notwithstanding anything to the contrary herein, no use shall be made of the Leased Premises by FFFCU that will cause the cancellation of any property or liability insurance policy covering any building owned by MUD.

11. **Alterations and Additions.** FFFCU shall not, without MUD's prior written consent, make any alteration, improvement, or addition to the Leased Premises. As a condition to giving consent, MUD may require that FFFCU remove any alteration, improvement, or addition at the termination of the Lease Agreement and restore the Leased Premises to its prior condition.

12. **Entry into Leased Premises.** MUD shall have the right to enter the Leased Premises for any purpose at reasonable times and at reasonable intervals, upon notice to FFFCU.

13. **Authority to Execute.** Each person signing this Lease Agreement represents and warrants that she or he has authority to enter into this Lease Agreement on behalf of the entity for which she or he signs.

14. **Further Actions.** The Parties agree to use good faith and commercially reasonable efforts to do all things and take all actions required to further consummate and effectuate the purpose of this Agreement.

15. **<u>Counterparts; Electronic Signatures.</u>** For purposes of determining the enforceability of this Lease Agreement, facsimile signatures shall be deemed originals, and this Lease Agreement may be executed in any number of counterparts. This Lease Agreement may be executed by the use of DocuSign electronic signatures.

IN WITNESS WHEREOF, METROPOLITAN UTILITIES DISTRICT OF OMAHA and FAMILY FOCUS FEDERAL CREDIT UNION execute this LEASE AGREEMENT.

METROPOLITAN UTILITIES DISTRICT OF OMAHA

date: ____________________________________

printed name: ____________________________________

signature: ____________________________________

title: ____________________________________

FAMILY FOCUS FEDERAL CREDIT UNION

date: ____________________________________

printed name: ____________________________________

signature: ____________________________________

title: ____________________________________

Placed on File
April 7, 2021

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 22, 2021

Subject: THIRD LEGISLATIVE REPORT – 2021 SESSION

To: Judiciary and Legislative Committee

cc: All Board Members; Doyle, Mendenhall, Ausdemore, Schaffart, O'Brien; all Vice Presidents; Nowka

From: Rick Kubat, Government Relations Attorney

LR 49 as introduced by Senator Wayne sought information from the natural gas industry regarding natural gas supply shortages associated with the polar vortex in February. Testimony was provided by the Public Service Commission, Black Hills, Northwestern Energy, M.U.D. and others. Mark Mendenhall testified on behalf of the District in front of the Urban Affairs Committee. Mr. Mendenhall's testimony centered on peak shaving capabilities, the District's response to the extreme weather event, and District cost savings through largely avoiding the spot market. Provided below are updates on pending legislation.

LB 26 (Wayne) – Eliminates sales tax for residential water. LB 26 would eliminate both city and state sales tax imposed on the sale, lease, or rental of and the storage, use, or other consumption of residential water. Industrial and commercial water would still be subject to city and state sales tax under the provisions of the legislation.

Board Pos: Support
Status: Prioritized by Senator Pahl's and advanced to General File

LB 83 (Flood) – Changes the Open Meetings Act to provide for virtual conferencing. LB 83 has two parts. The first part provides for virtual meetings under regular or non-emergency circumstances. The second part of the bill addresses virtual meetings when an emergency declaration is made. The first part of LB 83 would allow specific political subdivisions to hold up to half of their meetings via virtual conferencing in non-emergency or regular circumstances. The District is seeking a change to the underlying bill that would add the District to the list of eligible entities. The second part of LB 83 allows virtual meetings if an emergency is declared under the Emergency Management Act. For District purposes, the emergency declaration can be made by the principal executive officer of local government. As amended, the Emergency declaration can now only be made by the Governor. The District is included as a public body in the emergency declaration portion of LB 83. LB 83 further clarifies notice requirements and the public's ability to participate in Board meetings under emergency declaration circumstances.

Board Pos: Support
Status: Placed on General File

LB 148 (Bostelman) – Transfers powers and duties from the Department of Health and Human Services to the Department of Environment and Energy. For District purposes, these powers and duties include oversight over drinking water, testing of water samples and the licensure, and permitting of water well contractors.

Board Pos: Neutral
Status: Presented to the Governor for his signature

LB 163 (Urban Affairs Committee) – LB 163 amends all sections of Chapter 18 of the Nebraska State Statutes. LB 163 is the Urban Affairs clean up bill intended to replace or eliminate antiquated, obsolete, or unnecessary language and it includes various statutory references to the District.

Board Pos: Neutral
Status: Presented to the Governor for his signature

LB 178 (Lindstrom) – Provides for a turn-back of a portion of the 5.5% of state sales tax dollars collected for sewer and potable water services. LB 178 is a similar version of last year's LB 242. The only change from last year's LB 242 is additional language in LB 178 which requires entities who receive turnback dollars to account for their receipt in their budget statement along with a declaration of the percentage by which water and sewer rates would have increased if not for the receipt of turnback funds. The turn-back of revenue is specifically designated and earmarked for potable water and wastewater infrastructure assistance or repaying of bonds for such work. LB 178 would turn-back 36% of the 5.5% of state sales tax dollars collected for water and sewer services from July 1, 2021 through June 30, 2022, a turn-back of 54% of the 5.5% of state sales tax dollars collected from July 1, 2022 through June 30, 2024, and a turn-back of 72% of the 5.5% of state sales tax dollars collected after July 1, 2024. LB 178 did not receive any opposition testimony. The bill was supported by the Omaha and Lincoln Chambers, the City of Omaha, City of Lincoln, Sarpy County, United Cities of Sarpy County, Nebraska Assn. of Resource Districts, the Coalition of Agricultural Manufactures, American Council of Engineering Companies, Assn. of General Contractors, Nebraska Assn. of Commercial Property Owners, Nebraska Utility and Excavators Assn, Nebraska Water Resources Assn, the cities of Blair, Hastings, Grand Island, South Sioux City, Plattsmouth and others. LB 178 did not receive a priority designation. Senator Lindstrom is exploring the possibility of amending LB 178 onto another bill.

Board Pos: Support
Status: Advanced to General File

LB 190 (Hughes) – Prohibits the Legislature from appropriating or transferring money from the Water Sustainability Fund. The only exception would be upon a finding that the goals of the fund are no longer being accomplished.

Board Pos: Support
Status: Amended into LB 507 and advanced to Select File

LB 266 (McCollister) – Adopt the Renewable Energy Standards Act. LB 266 requires public power suppliers to achieve net-zero carbon emissions by 2050. The Renewable Energy Standards Act will not apply to a public power entity, if a determination is made by the public power entity, that compliance will negatively affect the operation of the power system. The Board took a position of Neutral on LB 266, as it was understood that an amendment to the underlying bill would be offered, to make the bill permissive. The amendment was never offered, and the District provided testimony on opposition to the bill.

Board Pos: Oppose
Status: Remains in the Natural Resources Committee

LB 293 (Flood) – Changes the membership of the Public Service Commission from the current five-member board to seven Commissioners.

Board Pos: Neutral
Status: Remains in the Transportation & Telecommunications Committee

LB 306 (Brandt) – Changes requirements for low-income home energy assistance program (LIHEAP). LB 190 would increase the federal poverty income guidelines from 130% to 150% to increase the threshold of income to qualify for LIHEAP. Additionally, LB 190 would set aside 10% of the LIHEAP funds for weatherization purposes for qualified applicants to make their homes more energy efficient.

Board Pos: Support
Status: Prioritized by Senator Brandt and advanced to General File

LB 339 (Bostelman) – Requires a utility coordination plan for highway, bridge, and other specific construction projects. LB 339 applies to any contract exceeding $50,000 for construction, reconstruction, improvement, maintenance or repair of a street, highway, bridge, or other related structure. The utility coordination plan shall provide the date and time for when utilities are moved or removed. The Contractor for the project may rely upon such plan and shall be compensated by the Department of Transportation, city or county for damages associated with any deviation of the utility coordination plan. LB 339 impacts both the water and gas facilities owned by the District.

Board Pos: Oppose
Status: Remains in the Transportation & Telecommunications Committee

LB 344 (Friesen) – Changes provisions to the One-Call Notification System Act and creates the Underground Excavation Safety Committee (UESC). LB 344 creates the UESC to consist of the State Fire Marshall, two operator representatives and two excavator representatives appointed by the Governor. As amended, LB 344 will also include two locators. The UESC members will not be compensated and will be governed by rules and regulations promulgated by the State Fire Marshall. The UESC will review complaint proceedings brought by any person for any violation of the One Call Act of an excavator or operator. If the UESC unanimously determines that a violation of the One-Call Act has occurred, a recommendation for a civil penalty shall be submitted for consideration by the Nebraska Attorney General. A majority of the UESC may make a recommendation for continuing education.

Board Pos: Neutral
Status: Amended and advanced to General File

LB 406 (McDonnell) – Creates the Lower Platte River Infrastructure Task Force and provides funding. LB 406 would create a task force to study potential reservoirs on the Lower Platte River. The purpose of the study is to look at three to five potential flood-control infrastructure projects along the river basin for flood control, water supply, water quality, recreation, and hydropower. The task force is to be made up of representatives appointed by the Director of Natural Resources to include four designees from the four natural resources districts with boundaries along the lower Platte River basin, the dean or designee of the UNL College of Engineering, the mayor or designee of the City of Lincoln, three representatives from communities located adjacent to the lower Platte River, and the Director of the Natural Resources as a nonvoting, ex officio member. Funding for the task force study would come from a $900,000 transfer from the Water Sustainability Fund if a matching contribution is made from the private sources to support the study. The District has requested additional language in the bill to provide a District representative as a member of the task force. Historically, the District has opposed previous legislation for a lower Platte reservoir as prior potential reservoir locations were detrimental to the District's water plant assets. As this is a study of possible locations, management feels it is important to have a voice to assure any potential reservoir locations assure that the public water supply is adequately protected. Potential reservoirs could benefit the District by enhancing flood control in the basin. Additionally, the potential retiming of water could enhance the public water supply in drought conditions. The District has offered a letter of support for LB 406 and is working with Senator McDonnell to be included as a member of the task force.

Board Pos: Support
Status: Provided a Speaker priority and remains in the Natural Resources Committee

LB 414 (Wishart) – Changes provisions of the Political Subdivisions Construction Alternatives Act. LB 414 enhances the ability for political subdivisions to use design-build contracts for sewer, water, utility and other large projects. Unfortunately, the District was unable to be amended onto LB 414. We will likely introduce legislation in 2022 to be included in the provisions of LB 414.

Board Pos: Support
Status: Advanced to General File

LB 512 (Brewer) – Adopts the Critical Infrastructure Utility Worker Protection Act. In the event of a civil defense emergency, the Governor shall insure that critical utility workers are provided access to personal protective equipment, medical screening, testing, preventive health services, medical treatment, and vaccines. Priority access means a level of accessibility at least equal to that provided to hospital, medical personnel, law enforcement and other emergency responders. Under LB 512, the District would maintain a list of mission critical employees.

Board Pos: Support
Status: Remains in the Business & Labor Committee

LB 619 (Sanders) – Changes excavation requirements under the One-Call Notification System Act. LB 619 would change the depth requirements for underground utilities. The District is concerned that the minimum depth requirements proposed by LB 619 are contrary to federal regulations as proscribed by the Pipeline and Hazardous Materials Safety Administration (PHMSA). Specifically, PHMSA requires a depth of 18 inches for gas service lines and LB 619 would require a new depth requirement of 24 inches. The Board took a position of opposition to LB 619. The District's concerns of residential grading and gas utility depths have been removed from the bill via an amendment.

Board Pos: Neutral
Status: Remains in the Transportation & Telecommunications Committee

LB 650 (Flood) – Adopt the Nebraska Geologic Storage of Carbon Dioxide Act. LB 650 establishes the legal and regulatory framework for potential carbon dioxide capture and storage projects in Nebraska. Carbon capture technology captures industrial carbon dioxide emissions, compresses the carbon, and places them in geological formations for long term storage. This technology enables industries such as ethanol to reduce their carbon footprint, thus mitigating the environmental impact of their operations. LB 650 establishes the legislative intent for carbon capture in Nebraska. It clarifies property rights related to storage, assigns the Nebraska Oil and Gas Conservation Commission as the primary regulatory authority, provides for regulations and permitting procedures, and creates a cash fund for administration of regulations.

Board Pos: Neutral
Status: Prioritized by Senator Hughes and advanced to General File

Richard A. Kubat
Government Relations Attorney

Approved:

Mark Mendenhall
Senior Vice President/General Counsel

Mark Doyle
President

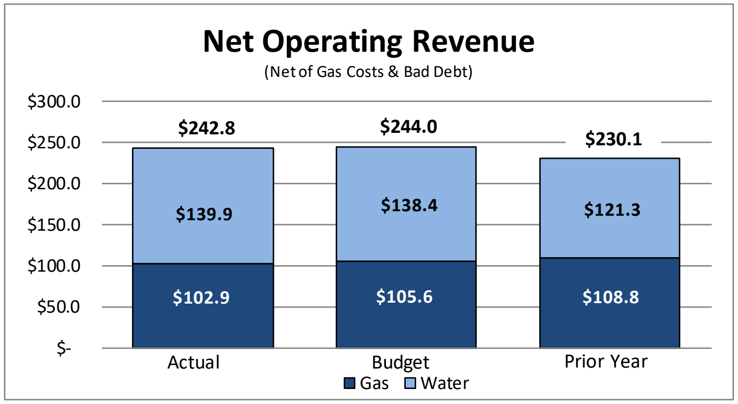
2020 Financial Review

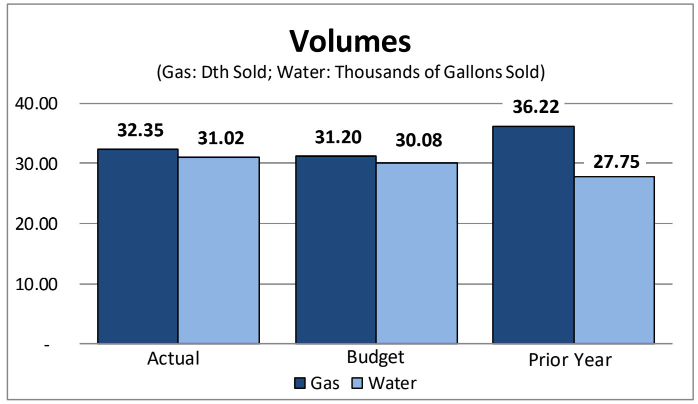
April 7, 2021

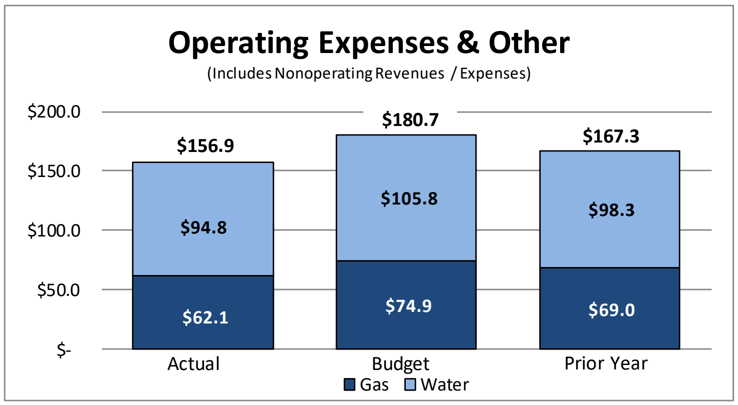
METROPOLITAN
UTILITIES DISTRICT

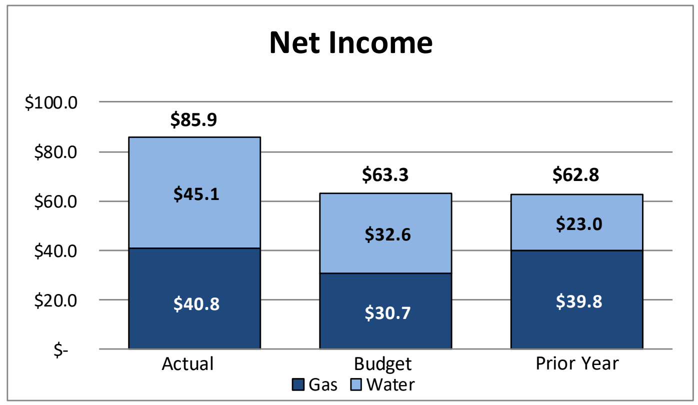
2020 Financial Summary
Gas & Water Combined

(Dollars and Volumes in Millions)



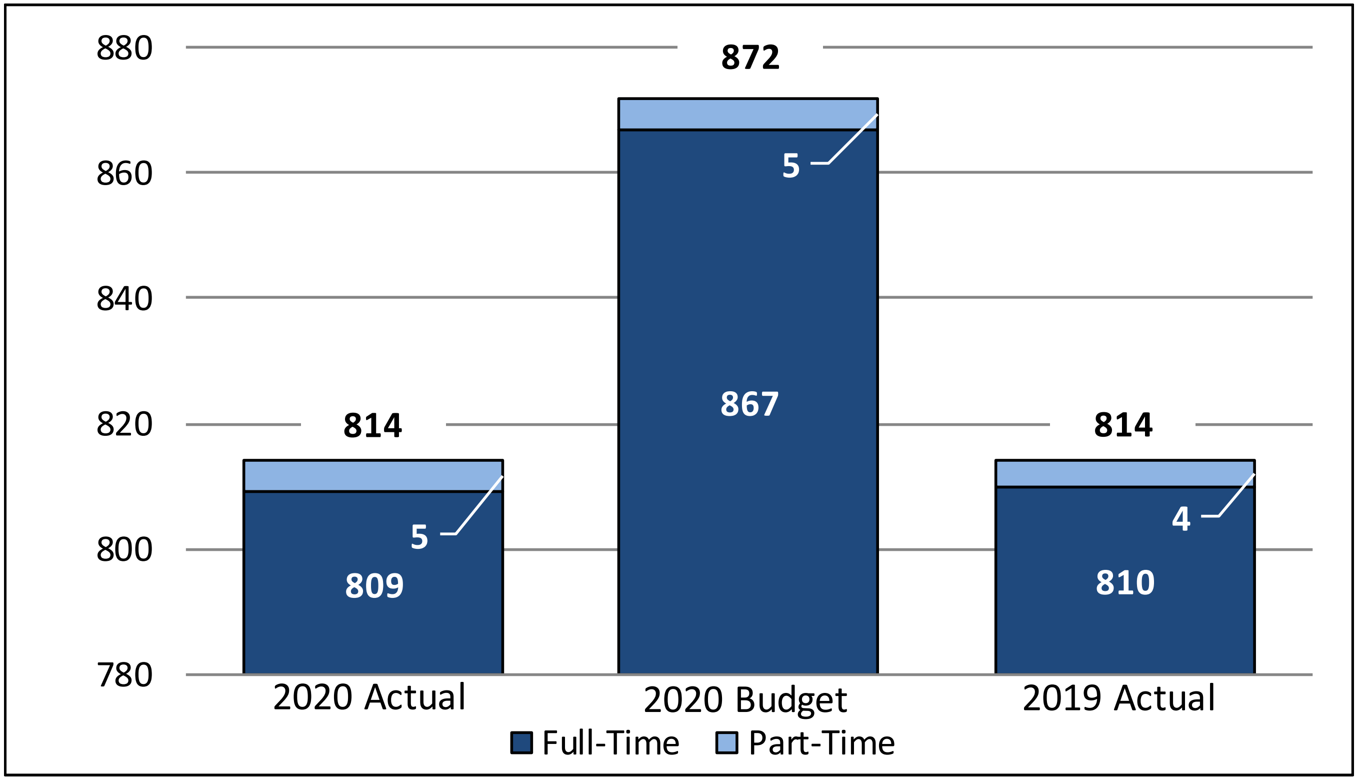






Personnel

As of December 31
(Gas & Water Combined)



METROPOLITAN UTILITIES DISTRICT

Financial Stability – Key Measures

Cash Reserves as of December 31:

		2020	2019
• Water Department:	Unrestricted Cash *(in millions)*	$83.3	$80.8
	Days Cash On Hand	354 days	356 days
• Gas Department:	Unrestricted Cash *(in millions)*	$151.2	$140.4
	Days Cash On Hand	377 days	297 days

Debt Service Coverage:

	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

Credit Rating:

MUD Gas Revenue Bonds - Fitch Ratings; issued in December 2020	AA+
MUD Gas Revenue Bonds - S&P Global Rating; issued in November 2019	AA+
MUD Gas and Water Revenue Bonds - Moody's Investor Service; issued in October 2020	Aa2

Pension Funding:

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

OPEB Funding:

	2020	2019
District contribution to OPEB trust fund *($ in millions)*	$11.6	$10.4

METROPOLITAN UTILITIES DISTRICT

Approved by the Board
April 7, 2021

METROPOLITAN UTILITIES DISTRICT
Inter-Departmental Communication

March 30, 2021

Subject: ACTUARIAL AND ACCOUNTING REPORTS FOR THE RETIREMENT PLAN

To: Insurance and Pensions Committee
cc: All Board Members; Doyle, Ausdemore, Mendenhall, O'Brien, and all Vice Presidents

From: Joseph J. Schaffart, Senior Vice President, Chief Financial Officer

Attached for your review, please find three documents related to the District's Retirement Plan, as follows:

1) The Retirement Plan for Employees of the Metropolitan Utilities District of Omaha – Actuarial Valuation as of January 1, 2021
2) GASB Statements No. 67 & 68 Report for the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha – Measurement Date: December 31, 2020
3) Cavanaugh Macdonald Consulting – Retirement Plan for Employees of MUD – Summary Presentation of the Highlights of the Actuarial Valuation Results

The first document, the Actuarial Valuation of the Retirement Plan, is used to determine the annual actuarially determined contribution amount to fund the Plan. Annual funding of the Plan is comprised of both Employer and Employee contributions, and it reflects the impact of increasing employee contributions as a percentage of "covered payroll", which rise from 6% in 2017 to 9% in 2023, pursuant to the approved Labor Agreement for the period April 1, 2018 through March 31, 2023. The Employee Contribution rate increases to 8.0% of "covered payroll" in 2021, an increase of .5% from 2020's level. An Executive Summary can be found on pages 1-10 of the report, which provides an excellent synopsis of the information contained therein. Though the report contains considerable detail, the key statistical highlights follow:

	2021	2020
Funded Ratio at January 1 (Acturial Value)	94.0%	89.3%
Actuarially Determined District Contribution	$ 9,481,333	$ 11,036,307

As a point of reference, the District's actual pension contribution in 2020 was $12,300,000 while the 2021 budget reflects a contribution of $11,600,000. Though we attempt to be conservative in the determination of required employer contributions when preparing the budget, positive market returns in 2020, coupled with increasing employee contributions, served to reduce 2021's District required contribution. The District has historically contributed more than the actuarially required contribution, and we believe it is prudent to continue this practice; therefore, management is recommending that we contribute $11,600,000, as reflected in the 2021 budget.

The second document, the "GASB Statements No. 67 & 68 Report", provides the District with necessary information to meet the requirements of the Governmental Accounting Standards Board, most notably relative to financial reporting, which includes the determination of annual pension expense. Guidance prescribed by GASB 67 & 68 was first reflected in our financial statements in 2015. This guidance separates the funding of the pension plan, which is addressed in the actuarial valuation report, from pension expense recognition, which is prescribed by GASB 68. Following are key statistics contained in the GASB 67 & 68 Report:

	2020	2019
Plan Fiduciary Net Position as % of Total Pension Liability (At December 31)	101.1%	91.6%
Pension Expense	$ (3,822,470)	$ 12,378,601

As you compare the difference in funded percentage as well as pension expense vs. actuarial required funding levels, it becomes very apparent that the GASB 67/68 guidance is much more sensitive to market return volatility, as compared with the information derived from the actuarial valuation. Though market return impacts the actuarial required contribution as well as actuarial funding levels, the actuarial plan valuation uses an actuarial (smoothed) value of assets, not the pure market value.

The final document, "Cavanaugh Macdonald Consulting – Retirement Plan for Employees of MUD", is a synopsis of information contained in the Actuarial Valuation document as prepared by Pat Beckham, Principal and Consulting Actuary with Cavanaugh Macdonald Consulting. Pat will be presenting this information at the April Board meeting.

The Board is to be commended for their continuing commitment to taking the necessary steps to ensure that our Retirement Plan is in a strong financial position. It is a testament to the Board's commitment to fulfilling the District's "Fiscal Responsibility" core value, which encompasses a key tenet: properly funding promises to our employees. The documents attached and referred to above will be on the April 7, 2021 Committee and Board Agendas to be placed on file.

Joseph J. Schaffart
Senior Vice President, Chief Financial Officer
(402) 504-7111

Approved:

Mark E. Doyle
President

Attachments

Placed On File
April 7, 2021

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

METROPOLITAN
UTILITIES DISTRICT

The Retirement Plan for Employees of The Metropolitan Utilities District of Omaha

Actuarial Valuation as of January 1, 2021

www.CavMacConsulting.com

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

March 18, 2021

Board of Directors
Metropolitan Utilities District
7350 World Communications Dr.
Omaha, NE 68122-4041

Members of the Board:

In accordance with your request, we have completed an actuarial valuation of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha as of January 1, 2021 for the plan year ending December 31, 2021. The major findings of the valuation are contained in this report. There have been no changes to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation.

This valuation reflects the scheduled increase in the employee contribution rate from 7.5% in 2020 to 8.0% in 2021, as provided by the collective bargaining agreement approved by the Board in March 2018. There are additional increases scheduled for January 1 of 2022 (8.5%) and 2023 (9.0%). The employee contribution rate for non-bargaining employees aligns with the rates stated in the collective bargaining agreement through 2023. Future scheduled contribution increases will reduce the District's portion of the actuarial contribution rate as they are implemented over the next two years.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the District's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information provided in prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

In order to prepare the results in this report, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our report, we did not perform an analysis of the potential range of future measurements.

3802 Raynor Pkwy, Suite 202, Bellevue, NE 68123
Phone (402) 905-4461 • Fax (402) 905-4464
www.CavMacConsulting.com
Offices in Kennesaw, GA • Bellevue, NE

Actuarial computations presented in this report are for purposes of determining the actuarial contribution amount for funding the Plan and have been made on a basis consistent with our understanding of the Plan's funding policy and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements for the Plan under Governmental Accounting Standards No. 67 and No. 68 are provided in a separate report.

As we prepare this report, the world is still in the midst of a pandemic. We have considered available information, but do not believe there is sufficient data yet to warrant the modification of any of our assumptions at this time. We will continue to monitor the situation and advise the Board in the future of any adjustments we believe would be appropriate.

The consultants who worked on this assignment are public pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries and meet the qualification standards to render the actuarial opinion contained herein. We further certify that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonable based on the actual experience of the Plan. The Board of Directors has the final decision regarding the appropriateness of the actuarial assumptions used in the valuation and adopted those disclosed in Appendix B.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice Beckham

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Bryan K. Hoge FSA, EA, FCA, MAAA
Consulting Actuary

TABLE OF CONTENTS

This report presents the results of the January 1, 2021 actuarial valuation of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The primary purposes of performing the valuation are:

- to estimate the liabilities for future benefits expected to be paid by the Plan;
- to determine the recommended contribution amount, based on the District's funding policy;
- to measure and disclose various asset and liability measures;
- to assess and disclose the key risks associated with funding the System;
- to monitor any deviation between actual plan experience and experience predicted by the actuarial assumptions, so that recommendations for assumption changes can be made when appropriate;
- to analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

There have been no changes to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation. However, this valuation reflects the scheduled increase in the employee contribution rate from 7.5% to 8.0% effective January 1, 2021. There are additional increases scheduled for January 1, 2022 (8.5%) and January 1, 2023 (9.0%). The increase in the employee contribution rate for 2021 decreased the District's contribution by about $350,000. Future scheduled increases in the employee contribution rate will reduce the District's portion of the total actuarial contribution rate as they are implemented over the next two years.

The key results in the January 1, 2021 valuation are compared to those in the prior valuation below:

	January 1, 2021	January 1, 2020
Actuarial Liability	$501,663,185	$484,575,088
Actuarial Assets	471,538,702	432,489,879
Unfunded Actuarial Liability	$ 30,124,483	$ 52,085,209
Funded Ratio	94.00%	89.25%
District Actuarial Contribution	$9,481,333	$11,036,307

The actuarial valuation results provide a "snapshot" view of the Plan's financial condition on January 1, 2021 which reflects net favorable experience for the past plan year. The rate of return on the actuarial value of assets was higher than the expected return, which resulted in an actuarial gain on assets of $14.0 million. There was also favorable experience on the plan liabilities for the past plan year, largely due to lower salary increases and cost of living adjustments (COLAs) than expected based on the assumptions. The net liability experience from all demographic assumptions was an actuarial gain of $6.4 million. The aggregate experience for the 2020 plan year, on both actuarial assets and actuarial liabilities, was a gain of $20.5 million.

The valuation uses an asset smoothing method to mitigate the impact of the volatility of investment experience on the funding results. As a result, the plan's funded status and the actuarially determined contribution are based on the actuarial (smoothed) value of assets, not the pure market value. The money-weighted rate of return on the market value of assets during 2020, as reported by Vanguard, was 14.7%, considerably higher than the assumed rate of return of 6.9%. However, as a result of the deferred (unrecognized) investment experience due to the asset smoothing method, the rate of return on the actuarial value of assets was 10.2%. The strong return on the market value of assets in 2020 increased the deferred investment gain of $19.6 million in the 2020 valuation to $42.1 million in the 2021 valuation. Actual returns over the next few years will determine if, and when, the deferred investment gain will be recognized. With the current deferred investment experience, a return of about -2% on the market value of assets in 2021 would result in the actuarial value of assets being equal to the market value of assets at January 1, 2022. The deferred investment gain would be eliminated, but no actuarial gain/loss on assets would occur for the 2021 plan year.

The change in the assets, liabilities, and contributions of the Plan over the last year are discussed in more detail in the following pages.

Assets

As of January 1, 2021, the Plan had total funds of $513.6 million, when measured on a market value basis. This was an increase of $61.6 million from the prior year and represents a 14.7% rate of return for the 2020 plan year.

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the District's recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 6.9%) plus 25% of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2021. The rate of return on the actuarial value of assets was 10.2% (higher than the 6.9% assumption) which generated an actuarial gain of $14.0 million.

The components of the change in the market value and actuarial value of assets are shown below:

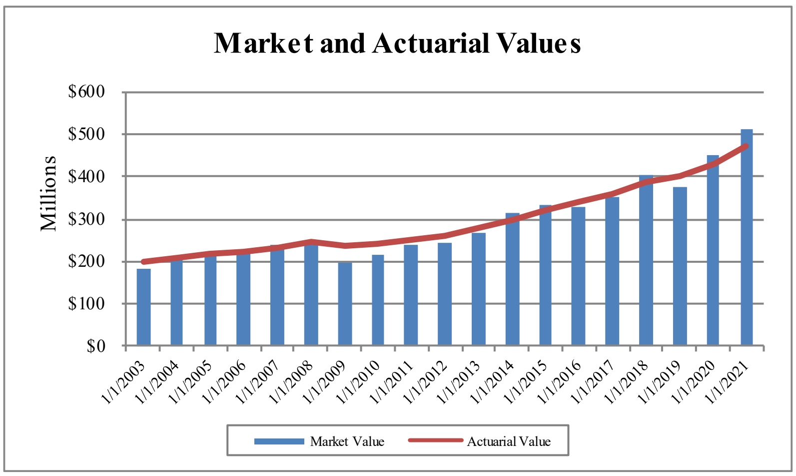
	Market Value ($M)	Actuarial Value ($M)
Net Assets, January 1, 2020	$ 452.1	$ 432.5
• District Contributions	+ 12.3	+ 12.3
• Member Contributions	+ 5.0	+ 5.0
• Benefit Payments, Refunds and Administrative Expenses	- 22.0	- 22.0
• Net Investment Return	+ 66.2	+ 43.7
Net Assets, January 1, 2021	$ 513.6	$ 471.5
Rate of Return	14.7%	10.2%

The deferred investment gain (market value less actuarial value of assets) as of January 1, 2021 is $42.1 million, compared to a $19.6 million deferred gain in last year's valuation. This unrecognized investment gain will flow through the asset smoothing method over the next few years producing actuarial gains for the next few years, to the extent it is not offset by investment experience that is lower than the assumed rate of return of 6.9%

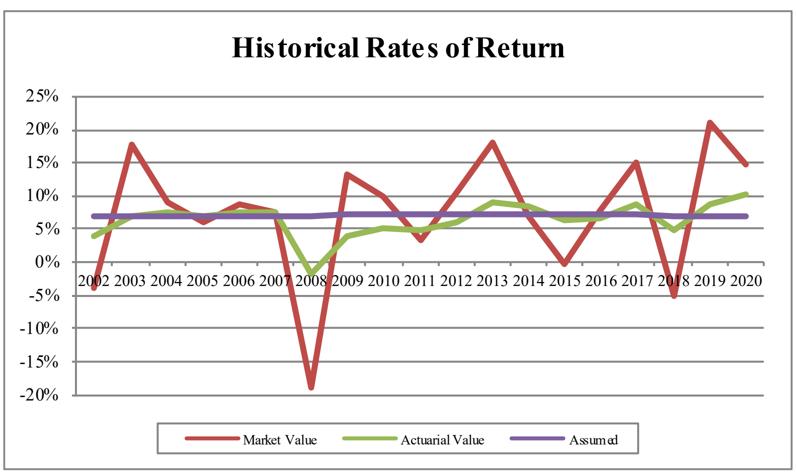
If the deferred investment gain was recognized immediately in the actuarial value assets, the unfunded actuarial liability would decrease by $42.1 million, resulting in a surplus of $12.0 million. The funded percentage would increase from 94.0% to 102.4% and the actuarially determined contribution would decrease from $9.5 million to $7.1 million.

A comparison of asset values on both a market and actuarial basis for the last six years is shown below.

	January 1 ($M)					
	2016	2017	2018	2019	2020	2021
Actuarial Value of Assets	339	359	387	403	432	472
Market Value of Assets	329	353	403	378	452	514
Actuarial Value/Market Value	103%	102%	96%	106%	96%	92%



An asset smoothing method is used to mitigate the volatility in the market value of assets. By using a smoothing method, the actuarial (or smoothed) value can be, and actually should be, either above or below the pure market value.



The rate of return on the actuarial value of assets has been less volatile than the return on market value, which is the reason for using a smoothing method. However, during this time period, the rate of return on actuarial assets has been at or below the assumed rate of return for much of the period.

Liabilities

The first step in determining the contribution for the Plan is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be paid to the current Plan members, assuming that all actuarial assumptions are realized. Thus, the PVFB reflects future service and salary increases for active members that are expected to occur before a benefit becomes payable. The components of the PVFB can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3). The other critical measurement of plan liabilities in the valuation process is the actuarial liability (AL). The PVFB is funded over each employee's expected working career and the portion of the PVFB that is allocated to prior service periods is called the actuarial liability. The portion allocated to the current year of service is called the normal cost.

The following chart compares the Present Value of Future Benefits (PVFB), the Actuarial Liability (AL), and plan assets for the current and prior valuation.

	As of January 1	
	2021	2020
Present Value of Future Benefits (PVFB)	$625,772,998	$605,016,424
Actuarial Liability (AL)	$501,663,185	$484,575,088
Assets at Actuarial Value	$471,538,702	$432,489,879
Funded Ratio (Actuarial Value)	94.0%	89.3%
Assets at Market Value	$513,638,775	$452,080,699
Funded Ratio (Market Value)	102.4%	93.3%

The calculation of the unfunded actuarial liability for the Plan as of January 1, 2021 is shown below:

Actuarial Liability	$501,663,185
Actuarial Value of Assets	471,538,702
Unfunded Actuarial Liability	$ 30,124,483

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumption or benefit provision changes. The Plan experience, in total, was favorable (a lower unfunded actuarial liability than expected). There was an actuarial gain of $6.4 million on liabilities and an actuarial gain of $14.0 million on the actuarial value of assets, resulting in an aggregate gain of $20.5 million.

The change in the unfunded actuarial liability between January 1, 2020 and 2021 is shown below (in millions):

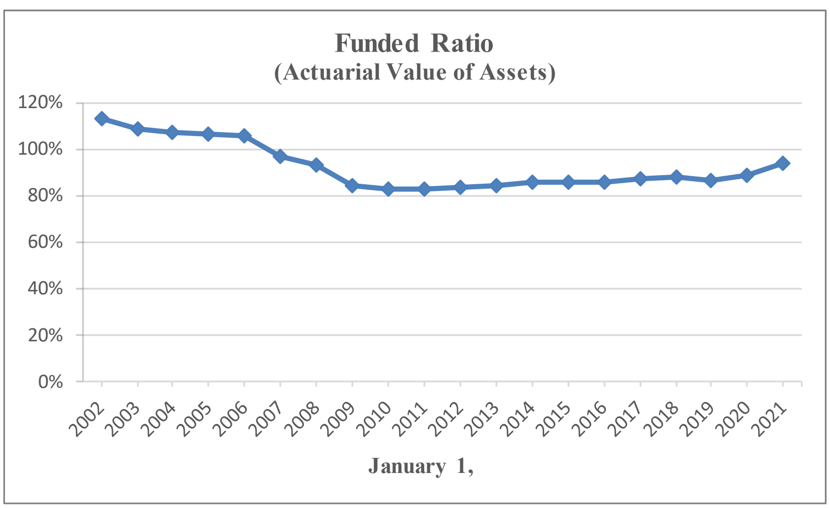
Unfunded Actuarial Liability, January 1, 2020	$	52.1
· Expected change in UAL	+	0.3
· Contributions in excess of the actuarial amount	-	1.3
· Investment experience	-	14.0
· Demographic experience	-	6.4
· Other experience	-	0.6
Unfunded Actuarial Liability, January 1, 2021	$	30.1

A number of factors impact the funded ratio from year to year. The major drivers of the increase in the funded ratio from the January 1, 2020 to the January 1, 2021 valuation are shown in the following table.

	Actuarial Value of Assets	Market Value of Assets
January 1, 2020 Funded Ratio	89.25%	93.29%
· Expected change	0.54%	0.62%
· Excess contributions	0.25%	0.26%
· Investment experience	2.77%	6.92%
· Demographic experience	1.19%	1.30%
· Total Change	4.75%	9.10%
January 1, 2021 Funded Ratio	94.00%	102.39%

Note that the funded ratio, as a standalone measurement, does not indicate whether or not the Plan has sufficient funds to settle all current obligations, nor is it necessarily indicative of the need or amount of future funding.

An evaluation of the unfunded actuarial liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both large numbers) is reflected. Another way to evaluate the progress made in funding the Plan is to track the funded ratio, the ratio of actuarial assets to actuarial liability. The historical funded ratio of the Plan since 2002 is shown in the following graph:



The large reduction in the funded ratio from 2006 to 2011 is attributable to the benefit improvement granted in 2007 (change in the benefit formula) and the impact of the Great Recession in 2008. The funded ratio has increased over the last ten years. Given the Plan's funding policy, which includes amortizing the legacy unfunded actuarial liability over 30 years beginning in 2014, we would not expect the funded ratio to reach 100% until 2044 if all assumptions are met. If contributions above the actuarial contribution are made in the future and/or actual experience, especially investment return, is better than anticipated by the assumptions, the Plan may reach a funded ratio at or above 100% more rapidly.

Contribution Levels

The Plan is funded by contributions from both the District and employees who contribute a fixed percentage of their payroll. The District is responsible for contributing the remaining amount required to fund the Plan on an actuarial basis. For calendar year 2021, members will contribute 8.0% of pensionable earnings. There are additional scheduled increases to the employee pension contribution rate, i.e., 8.5% in 2022 and 9.0% in 2023.

The scheduled increase in the employee contribution rate from 7.5% to 8.0%, effective January 1, 2021, reduced the District's 2021 actuarial contribution by about $350,000. As the scheduled increases occur in the future, they will reduce the amount of the District's contribution.

The actuarial contribution to the Plan is composed of three parts:

(1) Normal cost (which is the allocation of benefit costs to the current year of service),
(2) Administrative expense, and
(3) Amortization payment on the Unfunded Actuarial Liability.

The normal cost rate is independent of the Plan's funded status and represents the cost, as a percent of payroll, of the benefits provided by the Plan which is allocated to the current year of service. The total normal cost for the Plan is 19.14% of pay. When offset by the employee contribution rate of 8.00% during 2021, the employer portion of the normal cost is 11.14% of pay. The normal cost represents the long-term cost of the benefit structure in the Plan, based on the current actuarial assumptions. The Plan's administrative expenses are funded using an explicit assumption that is based on the actual administrative expenses in the prior year. The administrative expense component for the 2021 plan year is 0.14% of expected payroll.

Currently, the actuarial value of assets is less than the actuarial liability, so there is an unfunded actuarial liability of $30.1 million. Under the current amortization method, the unfunded actuarial liability as of January 1, 2014 is treated as a separate amortization base that is amortized, on a level-percent of payroll basis, over a closed 30-year period beginning January 1, 2014 (23 payments remaining in this valuation). Additionally, every year a new amortization base is calculated reflecting the actual plan experience in the immediately preceding plan year, as well as any change in the unfunded actuarial liability due to assumption changes or plan amendments. Each new base is amortized, with payments developed as a level-percent of payroll, over a closed 20-year period that begins on the valuation date when the new base is established. Using this methodology, referred to as "layered amortization", the resulting UAL amortization payment for 2021 is 2.63% of pay.

The total actuarial contribution rate for 2021 is:

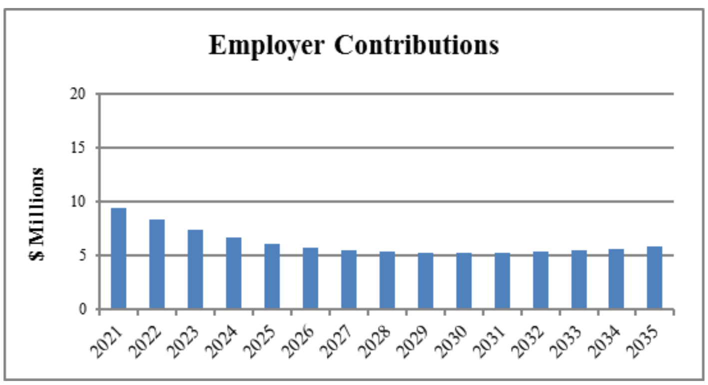
19.14%	(normal cost)
0.14%	(administrative expense)
2.63%	(UAL amortization payment).
21.91%	

Given the employee contribution rate of 8.00% for calendar year 2021, the District's share of the total contribution rate is 13.91% of expected payroll, or $9.5 million.

The primary components of the change in the actuarial required contribution rate are shown in the following table:

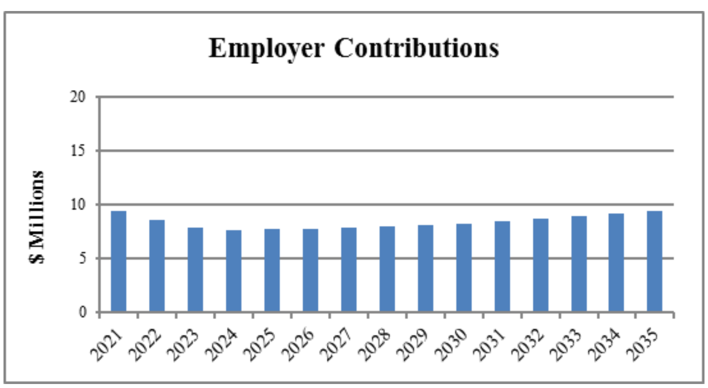
Total Actuarial Required Contribution Rate, January 1, 2020	24.07%
· Change in normal cost rate and administrative expense	0.04%
· Contributions in excess of the actuarial amount	(0.13%)
· Investment experience	(1.42%)
· Demographic experience	(0.65%)
· Payroll increase lower than expected	0.03%
· Other experience	(0.03%)
Total Actuarial Required Contribution Rate, January 1, 2021	21.91%

To illustrate the importance of investment returns on the contribution level, we have included graphs of the estimated employer contributions based on three different scenarios for the rate of return on the market value of assets in 2021, 2022, and 2023. The projections reflect the scheduled increases in the employee contribution rate over the next two years and assume that all other actuarial assumptions are met (including a 6.90% assumed rate of return on the market value of assets in 2024 and later) and that the full actuarial contribution will be made each year in the future:



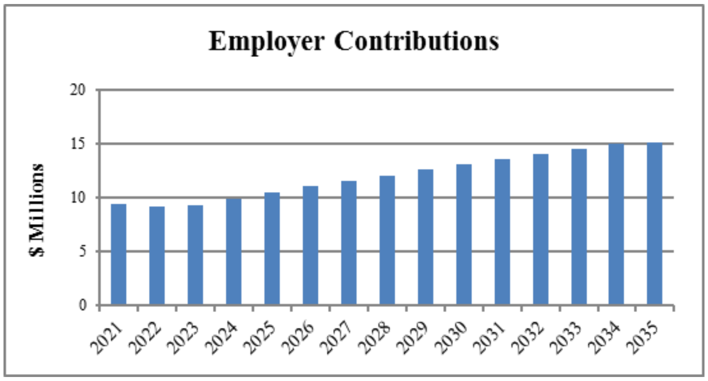
OPTIMISTIC
(10% return on market value for 2021-2023)

Under this scenario, the current deferred investment gain is recognized so actuarial gains occur in the future.. The overall impact is an initial decline in the contribution amount and then a stable contribution amount over most of the time period.



INTERMEDIATE
(6.90% return on market value for 2021-2023)

If the assumed rate of return is earned on the market value of assets, the deferred investment gain will be recognized in the smoothing method. However, contribution amounts still increase over time due to increases in the amount of covered payroll.



PESSIMISTIC
(0% return for 2021, 4% for 2022-2023)

Under this scenario, investment losses occur and initially offset the current deferred gain. Despite the scheduled increases in the employee contribution rate in the next three years, the investment losses, coupled with increases in payroll, will cause the District's contributions to increase significantly in the future.

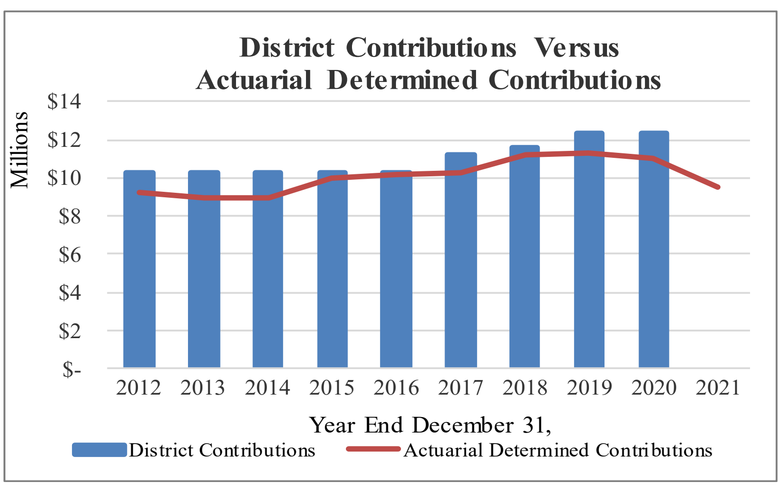
Under the funding methodology adopted by the Board, contributions by the District (exclusive of employee contributions) in the following amount will satisfy the actuarially determined contribution for the 2021 plan year:

Actuarially Determined Contribution:	
Normal Cost	$13,049,344
Administrative Expenses	92,241
Amortization of UAL	1,792,707
Expected Employee Contributions	(5,452,959)
Total	$9,481,333

The resulting contribution for the District (net of expected employee contributions) is $9,481,333, which is 13.91% of expected covered payroll for 2021.

In recent years we have recommended the District contribute an amount at least equal to the amount of the contribution made in the prior year, if greater than the current actuarially determined contribution. The District has followed this recommendation in setting the budgeted contributions. This contribution policy was implemented to reflect several goals:

(1) to pay off the UAL more rapidly,
(2) to improve the Plan's funded status more quickly, and
(3) to stabilize the volatility in the District's contribution level.



As provided by staff, the budgeted District contribution amount for 2021 is $11.6 million which is $2.1 million higher than the actuarially determined contribution of $9.5 million for the 2021 plan year. The additional contribution will serve to reduce the unfunded actuarial liability in future years.

Given the asset allocation of the Plan assets, there is considerable volatility in the actual returns on the market value of assets. Therefore, future contribution levels will depend heavily on investment returns in future years, as illustrated in the graphs on the prior pages. However, it should be noted that even if the actuarial contribution rate were to hold steady, the dollar amount of total contributions is expected to increase as covered payroll increases over time. Overall, the scheduled increases in the employee contribution rate (ultimately reaching 9.0% in 2023) will tend to reduce the District's contributions compared to the amount that would otherwise be due.

A typical retirement plan faces many different risks. The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. Actuarial Standard of Practice Number 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions. Risk evaluation is an important part of managing a defined benefit plan. Please see Section III of this report for an in-depth discussion of the specific risks facing the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha.

We note that as we prepare this report, the world is in the midst of a pandemic. We have considered available information, but do not believe there is sufficient data yet to warrant the modification of any of our assumptions at this time. We will continue to monitor the situation and advise the Board in the future of any adjustments we believe would be appropriate.

METROPOLITAN UTILITIES DISTRICT OF OMAHA
RETIREMENT PLAN FOR EMPLOYEES

PRINCIPAL VALUATION RESULTS

	January 1, 2021	January 1, 2020	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	808	808	0.0
- Projected Payroll for Upcoming Fiscal Year	$68,161,988	$66,604,146	2.3
- Average Projected Salary	$84,359	$82,431	2.3
- Average Attained Age	47.9	48.0	(0.2)
- Average Entry Age	33.7	33.7	0.0
2. Inactive Membership			
- LTD and Inactive Vesteds	75	72	4.2
- Inactive Non-vested	2	1	100.0
- Number of Retirees / Beneficiaries	661	655	0.9
- Average Retiree/Beneficiary Annual Benefit	$33,472	$32,522	2.9
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	$513,638,775	$452,080,699	13.6
- Actuarial Value	$471,538,702	$432,489,879	9.0
2. Projected Liabilities			
- Retirees and Beneficiaries	$257,862,392	$247,490,777	4.2
- Inactive Members	14,463,515	13,272,185	9.0
- Active Members	353,447,091	344,253,462	2.7
- Total Liability	$625,772,998	$605,016,424	3.4
3. Actuarial Liability	$501,663,185	$484,575,088	3.5
4. Unfunded Actuarial Liability (UAL)	$30,124,483	$52,085,209	(42.2)
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	94.00%	89.25%	5.3
Market Value Assets / Actuarial Liability	102.39%	93.29%	9.8
CONTRIBUTIONS			
1. Normal Cost Rate	19.14%	19.13%	0.1
2. Administrative Expense	0.14%	0.11%	27.3
3. UAL Contribution Rate	2.63%	4.83%	(45.5)
4. Total Contribution Rate (1) + (2) + (3)	21.91%	24.07%	(9.0)
5. Less Employee Contribution Rate	(8.00%)	(7.50%)	6.7
6. District Contribution Rate (4) + (5)	13.91%	16.57%	(16.1)
7. District Annual Contribution	$9,481,333	$11,036,307	(14.1)

Note: numbers may not add due to rounding.

EXHIBIT 1

SUMMARY OF FUND ACTIVITY
(Market Value Basis)

For Year Ended December 31, 2020

1. Market Value of Assets as of January 1, 2020		$	452,080,699
2.	a. Contributions - District	$	12,300,000
	b. Contributions - Employees		5,021,423
	c. Total		17,321,423
3. Benefit payments and refunds		$	(21,897,160)
4. Administrative expenses		$	(92,241)
5. Investment income, net of investment expenses		$	66,226,054
6. Market Value of Assets as of December 31, 2020		$	513,638,775
7. Rate of Return on Market Value of Assets*			14.7%

*Annual money-weighted rate of return, net of investment expenses, as reported by Vanguard

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is used to minimize the impact of annual fluctuations in the market value of investments on the contribution rate. The current asset valuation method is called the "Expected Value + 25% Method" and has been used since 1998.

The "expected value" of assets is determined by applying the investment return assumption to last year's actuarial value of assets and the net difference of receipts and disbursements for the year. The actual market value is compared to the expected value and 25% of the difference (positive or negative) is added to the expected value to arrive at the actuarial value of assets for the current year.

1. Actuarial Value of Assets as of January 1, 2020	$432,489,879
2. a. Contributions during 2020	17,321,423
b. Benefit payments and refunds during 2020	21,897,160
c. Administrative expenses during 2020	92,241
3. Expected Value of Assets as of December 31, 2020	457,505,344
(1) x 1.069 + [(2a) - (2b) - (2c)] x 1.069 $^{1/2}$	
4. Market Value of Assets as of December 31, 2020	513,638,775
5. Excess of Market Value over Expected Value as of December 31, 2020	56,133,431
6. Actuarial Value of Assets as of December 31, 2020	471,538,702
(3) + 0.25 x (5)	
7. Corridor for Actuarial Value of Assets	
a. 80% of (4)	410,911,020
b. 120% of (4)	616,366,530
8. Final Actuarial Value of Assets as of December 31, 2020	$471,538,702
(6) but not < (7a) nor > (7b)	
9. Estimated Rate of Return on Actuarial Value of Assets*	10.2%

*Net of investment expenses.

EXHIBIT 2 (continued)

A historical comparison of the market and actuarial value of assets is shown below:

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2003	$182,802,988	$201,266,877	110.10%
1/1/2004	208,097,692	208,282,032	100.09%
1/1/2005	219,605,615	216,654,583	98.66%
1/1/2006	225,161,798	224,761,515	99.82%
1/1/2007	237,959,892	234,707,113	98.63%
1/1/2008	249,095,495	245,760,175	98.66%
1/1/2009	196,124,538	235,349,446	120.00%
1/1/2010	218,042,907	241,024,751	110.54%
1/1/2011	238,265,999	252,420,193	105.94%
1/1/2012	244,777,760	263,114,155	107.49%
1/1/2013	268,895,003	277,702,452	103.28%
1/1/2014	314,630,091	300,065,992	95.37%
1/1/2015	333,135,690	322,199,383	96.72%
1/1/2016	329,261,948	339,057,547	102.98%
1/1/2017	352,513,865	358,959,262	101.83%
1/1/2018	402,738,799	387,412,491	96.19%
1/1/2019	378,210,890	402,503,121	106.42%
1/1/2020	452,080,699	432,489,879	95.67%
1/1/2021	513,638,775	471,538,702	91.80%

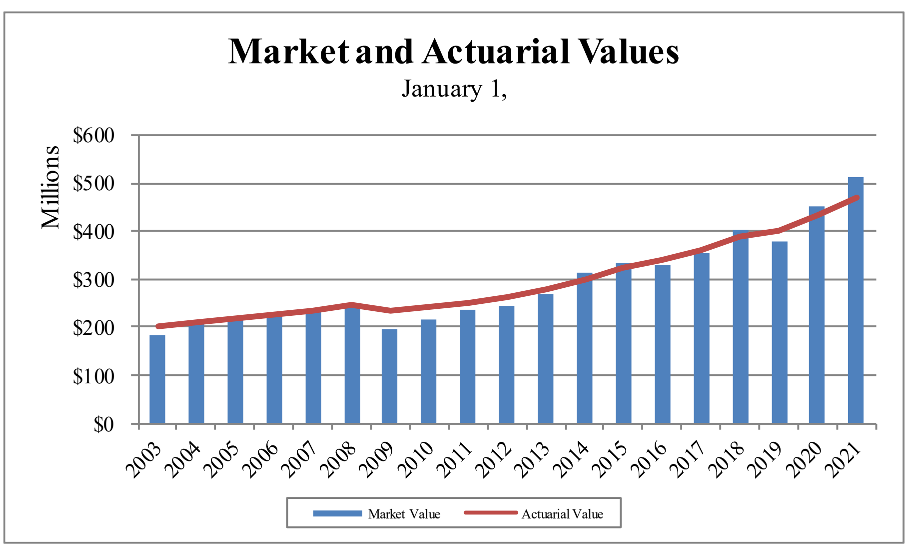


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2021 is as follows:

Assets

Current assets (actuarial value)		$ 471,538,702
Present value of future normal costs		124,109,813
Present value of future employer contributions to fund unfunded actuarial liability		30,124,483
Total Assets		$ 625,772,998

Liabilities

Present value of future retirement benefits for:		
Active employees	$ 340,324,200	
Retired employees, contingent annuitants and spouses receiving benefits	257,862,392	
Deferred vested employees	7,169,432	
Inactive employees – disabled	7,286,471	
Total		$ 612,642,495
Inactive non-vested employees – refund due		7,612
Present value of future death benefits payable upon death of active members		6,598,026
Present value of future benefits payable upon termination of active members		6,524,865
Total Liabilities		$ 625,772,998

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2021

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1.	Present Value of Future Benefits	$	625,772,998
2.	Present Value of Future Normal Costs		124,109,813
3.	Actuarial Liability (1) – (2)		501,663,185
4.	Actuarial Value of Assets		471,538,702
5.	Unfunded Actuarial Liability (3) – (4)	$	30,124,483
6.	Funded Ratio (4) / (3)		94.00%

EXHIBIT 5

CALCULATION OF ACTUARIAL (GAIN)/LOSS
For Plan Year Ending December 31, 2020

Liabilities		
1. Actuarial liability as of January 1, 2020	$	484,575,088
2. Normal cost as of January 1, 2020		11,897,490
3. Interest at 6.90% on (1) and (2) to December 31, 2020		34,256,608
4. Benefit payments during 2020		(21,897,160)
5. Interest on benefit payments		(742,852)
6. Expected actuarial liability as of December 31, 2020	$	508,089,174
7. Actuarial liability as of December 31, 2020	$	501,663,185
Assets		
8. Actuarial value of assets as of January 1, 2020	$	432,489,879
9. Contributions during 2020		17,321,423
10. Benefit payments and administrative expenses during 2020		(21,989,401)
11. Interest on items (8), (9) and (10)		29,683,443
12. Expected actuarial value of assets as of December 31, 2020	$	457,505,344
13. Actual actuarial value of assets as of December 31, 2020	$	471,538,702
(Gain) / Loss		
14. Expected unfunded actuarial liability (6) – (12)	$	50,583,830
15. Actual unfunded actuarial liability (7) – (13)	$	30,124,483
16. Actuarial (Gain) / Loss (15) – (14)	$	(20,459,347)
17. Actuarial (Gain) / Loss on Actuarial Assets (12) – (13)	$	(14,033,358)
18. Actuarial (Gain) / Loss on Actuarial Liability (7) – (6)	$	(6,425,989)

EXHIBIT 6

ANALYSIS OF EXPERIENCE

The purpose of conducting an actuarial valuation of a retirement plan is to estimate the costs and liabilities for the benefits expected to be paid from the plan, to determine the annual level of contribution for the current plan year that should be made to support these benefits and, finally, to analyze the plan's experience. The costs and liabilities of this retirement plan depend not only upon the benefit formula and plan provisions but also upon factors such as the investment return on plan assets, mortality rates among active and retired members, withdrawal and retirement rates among active members, rates at which salaries increase and the rate at which the cost of living increases.

The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix B of this report.

Since the overall results of the valuation will reflect the choice of assumptions made, periodic studies of the various components comprising the plan's experience are conducted in which the experience for each component is analyzed in relation to the assumption used for that component (experience study). This summary is not intended to be an actual "experience study", but rather an analysis of sources of gain and loss in the past plan year.

(Gain)/Loss By Source

The Plan experienced a net actuarial gain on liabilities of $6,426,000 during the plan year ended December 31, 2020, as well as an actuarial gain on assets of $14,033,000. The overall actuarial gain was $20,459,000. The major components of this net actuarial experience (gain)/loss are shown below:

Liability Sources		**(Gain)/Loss**
Salary Increases	$	(3,099,000)
Mortality		(670,000)
Terminations		(110,000)
Retirements		523,000
Disability		(677,000)
New Entrants/Rehires		370,000
COLA		(2,931,000)
Miscellaneous		168,000
Total Liability (Gain)/Loss	$	(6,426,000)
Asset (Gain)/Loss	$	(14,033,000)
Net Actuarial (Gain)/Loss*	$	(20,459,000)

*May not add due to rounding.

EXHIBIT 7

AMORTIZATION SCHEDULE OF THE UNFUNDED ACTUARIAL LIABILITY BASES

Amortization Bases	Original Amount	January 1, 2021 Remaining Payments	Date of Last Payment	Outstanding Balance as of January 1, 2021	Annual Contribution*
2014 UAL Base	$ 49,110,413	23	1/1/2044	$ 53,737,134	$ 3,369,072
2015 Assumption Change Base	$ 9,846,943	14	1/1/2035	$ 9,378,119	$ 847,304
2015 Experience Base	$ (7,281,065)	14	1/1/2035	$ (6,934,406)	$ (626,517)
2016 Experience Base	$ 1,395,779	15	1/1/2036	$ 1,350,080	$ 115,556
2017 Experience Base	$ (3,897,186)	16	1/1/2037	$ (3,811,728)	$ (310,428)
2018 Assumption Change Base	$ 9,057,593	17	1/1/2038	$ 8,923,714	$ 694,150
2018 Experience Base	$ (8,192,496)	17	1/1/2038	$ (8,071,404)	$ (627,851)
2019 Experience Base	$ 8,980,430	18	1/1/2039	$ 8,916,414	$ 664,714
2020 Assumption Change Base	$ 5,133,619	19	1/1/2040	$ 5,121,225	$ 366,996
2020 Experience Base	$ (16,294,094)	19	1/1/2040	$ (16,254,754)	$ (1,164,843)
2021 Experience Base	$ (22,229,911)	20	1/1/2041	$ (22,229,911)	$ (1,535,446)
Total				**$ 30,124,483**	**$ 1,792,707**

* Contribution amount reflects mid-year timing.

1. Total UAL Amortization Payments	$ 1,792,707
2. Projected Payroll for FY 2021	$ 68,161,988
3. UAL Amortization Payment Rate	2.63%

EXHIBIT 8

DEVELOPMENT OF
2021 ACTUARIAL DETERMINED CONTRIBUTION

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate, the administrative expense and the unfunded actuarial liability (UAL) payment. The Plan is financed by contributions from the employees and the District.

1.	(a) Normal Cost	$	12,168,165
	(b) Expected Payroll in 2021 for Current Actives	$	63,563,167
	(c) Normal Cost Rate (a) / (b)		19.14%
2.	Administrative Expense		0.14%
3.	Unfunded Actuarial Liability Payment as Percent of Pay		2.63%
4.	Total Actuarial Contribution Rate (1c) + (2) + (3)		21.91%
5.	Employee Contribution Rate*		8.00%
6.	District Actuarial Contribution Rate (4) – (5)		13.91%
7.	Expected Payroll for 2021	$	68,161,988
8.	Total Annual District Actuarial Contribution (6) x (7)	$	9,481,333
9.	Monthly District Actuarial Contribution	$	790,111

* Reflects increase to 8.00% effective January 1, 2021.

SECTION II

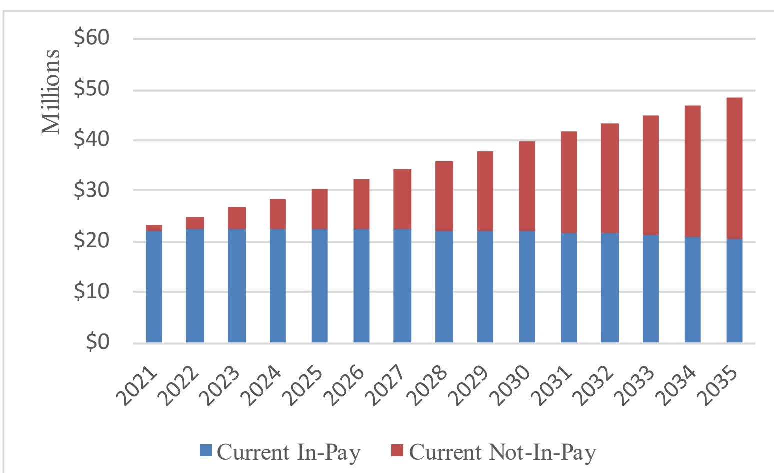
OTHER INFORMATION

In this section, we provide some historical information regarding the funding progress of the Plan. These exhibits retain some of the information that used to be required for accounting purposes and are included because they provide relevant information on the Plan's historical funding. An exhibit showing the expected future benefit payments for the Plan is also included.

EXHIBIT 9

ESTIMATED BENEFIT PAYMENTS*

Year End	Current In-Pay	Current Not-In-Pay	Total
2021	$22,221,000	$ 1,025,000	$23,246,000
2022	22,257,000	2,558,000	24,815,000
2023	22,370,000	4,239,000	26,609,000
2024	22,423,000	6,014,000	28,437,000
2025	22,424,000	7,833,000	30,257,000
2026	22,360,000	9,750,000	32,110,000
2027	22,335,000	11,743,000	34,078,000
2028	22,229,000	13,759,000	35,988,000
2029	22,143,000	15,819,000	37,962,000
2030	21,988,000	17,859,000	39,847,000
2031	21,784,000	19,879,000	41,663,000
2032	21,494,000	21,883,000	43,377,000
2033	21,187,000	23,878,000	45,065,000
2034	20,796,000	25,947,000	46,743,000
2035	20,407,000	28,080,000	48,487,000



*Amounts shown are the cash flows for current members only, based on the current benefit structure and assuming that all actuarial assumptions are met in each year. To the extent that actual experience deviates from that expected, results will vary. Amounts are shown in future nominal dollars and have not been discounted to the valuation date.

EXHIBIT 10

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Determined Contribution (ADC) (a)	Total Employer Contribution (b)	Percentage of ADC Contributed (b / a)
1/1/2002	12/31/2002	$ 873,502	$ 873,502	100.00%
1/1/2003	12/31/2003	1,012,910	1,012,910	100.00%
1/1/2004	12/31/2004	543,249	1,251,442	230.36%
1/1/2005	12/31/2005	1,454,070	1,905,277	131.03%
1/1/2006	12/31/2006	1,723,353	2,144,188	124.42%
1/1/2007	12/31/2007	2,602,505	2,885,080	110.73%
1/1/2008	12/31/2008	5,965,250	3,200,004	53.64%
1/1/2009	12/31/2009	7,688,825	6,200,004	80.64%
1/1/2010	12/31/2010	8,587,857	8,637,518	100.58%
1/1/2011	12/31/2011	9,235,199	9,300,000	100.70%
1/1/2012	12/31/2012	9,231,058	10,311,552	111.70%
1/1/2013	12/31/2013	8,995,793	10,299,996	114.50%
1/1/2014	12/31/2014	8,987,679	10,299,996	114.60%
1/1/2015	12/31/2015	9,956,157	10,301,268	103.47%
1/1/2016	12/31/2016	10,214,549	10,300,000	100.84%
1/1/2017	12/31/2017	10,273,167	11,193,821	108.96%
1/1/2018	12/31/2018	11,198,244	11,606,179	103.64%
1/1/2019	12/31/2019	11,269,603	12,300,000	109.14%
1/1/2020	12/31/2020	11,036,307	12,300,000	111.45%
1/1/2021	12/31/2021	9,481,333		

EXHIBIT 11

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R) (c)	UAL as a Percentage of Covered P / R [(b-a) / c]
1/1/2002	$200,022,238	$176,355,329	($23,666,909)	113.4%	$33,641,638	(70.4%)
1/1/2003	201,266,877	184,584,823	(16,682,054)	109.0%	35,393,305	(47.1%)
1/1/2004	208,282,032	194,491,079	(13,790,953)	107.1%	36,756,986	(37.5%)
1/1/2005	216,654,583	203,355,807	(13,298,776)	106.5%	38,256,948	(34.8%)
1/1/2006	224,761,515	212,358,261	(12,403,254)	105.8%	38,706,810	(32.0%)
1/1/2007	234,707,113	241,171,731	6,464,618	97.3%	40,945,335	15.8%
1/1/2008	245,760,175	262,626,673	16,866,498	93.6%	43,105,294	39.1%
1/1/2009	235,349,446	277,523,938	42,174,492	84.8%	46,428,438	90.8%
1/1/2010	241,024,751	291,186,530	50,161,779	82.8%	50,781,583	98.8%
1/1/2011	252,420,193	304,163,301	51,743,108	83.0%	51,484,227	100.5%
1/1/2012	263,114,155	315,121,772	52,007,617	83.5%	51,868,957	100.3%
1/1/2013	277,702,452	328,044,761	50,342,309	84.7%	51,031,067	98.7%
1/1/2014	300,065,992	349,176,405	49,110,413	85.9%	55,847,203	87.9%
1/1/2015	322,199,383	374,788,099	52,588,716	86.0%	59,332,362	88.6%
1/1/2016	339,057,547	393,919,275	54,861,728	86.1%	63,384,548	86.6%
1/1/2017	358,959,262	410,749,711	51,790,449	87.4%	61,064,398	84.8%
1/1/2018	387,412,491	440,820,801	53,408,310	87.9%	62,624,066	85.3%
1/1/2019	402,503,121	465,369,852	62,866,731	86.5%	62,865,829	100.0%
1/1/2020	432,489,879	484,575,088	52,085,209	89.3%	63,272,421	82.3%
1/1/2021	471,538,702	501,663,185	30,124,483	94.0%	66,588,665	45.2%

SECTION III

RISK CONSIDERATIONS

Actuarial Standards of Practice are issued by the Actuarial Standards Board and are binding on credentialed actuaries practicing in the United States. These standards generally identify what the actuary should consider, document and disclose when performing an actuarial assignment. In November 2018, Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk in Measuring Pension Obligations*, (ASOP 51) was issued as final with application to measurement dates on or after November 1, 2018. This ASOP, which applies to funding valuations, actuarial projections, and actuarial cost studies of proposed plan changes, was first applicable for the January 1, 2019 actuarial valuation for MUD's Retirement Plan.

A typical retirement plan faces many different risks, but the greatest risk is the inability to make benefit payments when due. If plan assets are depleted, benefits may not be paid which could create legal and litigation risk or the plan could become "pay as you go". The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world, risk is translated into uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. ASOP 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions.

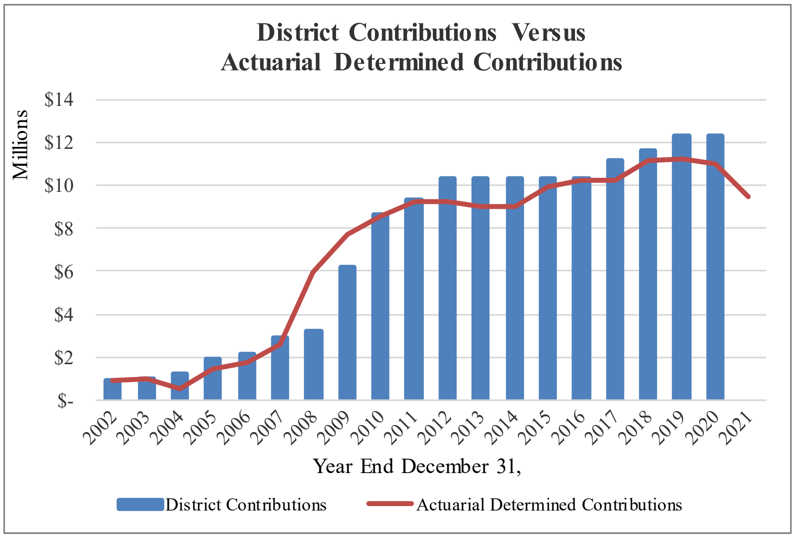
The various risk factors for a given plan can have a significant impact – good or bad – on the actuarial projection of liability and contribution rates.

There are a number of risks inherent in the funding of a defined benefit plan. These include:

- economic risks, such as investment return and inflation;
- demographic risks such as mortality, payroll growth, aging population including impact of baby boomers, and retirement ages;
- contribution risk, i.e., the potential for contributions to become too high for the plan sponsor/employer to pay and
- external risks such as the regulatory and political environment.

Note that the last two items are not risks that the actuary must address under ASOP 51.

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full actuarial contribution each year. As the following graph shows, the District has contributed an amount equal to or greater than the actuarial contribution in all but two of the last 19 years, including every year for the past 11 years.



One of the strongest factors regarding the funding of the MUD Retirement Plan is the District's commitment to make contributions that are at least equal to the actuarially determined contribution. In more recent years, the District's practice has been to contribute an amount that is at least equal to the contribution in the prior year, if larger than the actuarial contribution. The higher contribution amount serves to reduce the UAL more quickly while producing greater stability in the contribution amounts.

The most significant risk factor is investment return because of the volatility of returns and the size of plan assets compared to payroll (see Exhibit 12). A perusal of historical returns over 10-20 years reveals that the actual return each year is rarely close to the average return for the same period. This is an expected result given the underlying capital market assumptions and the plan's asset allocation. Please see the three investment return scenarios that were illustrated on pages 7 and 8 in the executive summary as another indication of the investment risk and its impact on the actuarial contribution amount.

A key demographic risk for all retirement systems, including MUD, is improvements in mortality (longevity) greater than anticipated. While the actuarial assumptions reflect small, continuous improvements in mortality experience and these assumptions are refined every experience study, the risk arises because there is a possibility of some sudden shift, perhaps from a significant medical breakthrough that could quickly increase liabilities. Likewise, there is some possibility of a significant public health crisis that could result in a significant number of additional deaths in a short time period, which would also be significant, although more easily absorbed. While these events could happen, it represents a small probability and thus represents much less risk than the volatility associated with investment returns.

Finally, the unfunded actuarial liability is amortized as a level percentage of payroll. The underlying assumption used in developing the payment schedule assumes an increasing payroll over time which is dependent on a stable employment level, i.e., active member count remains the same. When payroll does not grow as expected, the UAL contribution rate will be higher than expected even if the dollar amount of the payment is as scheduled. The growth in the covered payroll is a lower risk for the MUD Plan because the District contributes a dollar amount, not a rate of pay.

The following exhibits summarize some historical information that helps indicate how certain key risk metrics have changed over time.

EXHIBIT 12

HISTORICAL ASSET VOLATILITY RATIOS

As a retirement system matures, the size of the market value of assets increases relative to the covered payroll of active members, on which the System is funded. The size of the plan assets relative to covered payroll, sometimes referred to as the asset volatility ratio, is an important indicator of the contribution risk for the System. The higher this ratio, the more sensitive a plan's contribution rate is to investment return volatility. In other words, it will be harder to recover from investment losses with increased contributions.

Actuarial Valuation Date	Market Value of Assets	Covered Payroll	Asset Volatility Ratio	Increase in ACR with a Return 10% Lower than Assumed*
1/1/2002	$196,917,301	$33,641,638	5.85	4.04%
1/1/2003	182,802,988	35,393,305	5.16	3.56%
1/1/2004	208,097,692	36,756,986	5.66	3.91%
1/1/2005	219,605,615	38,256,948	5.74	3.96%
1/1/2006	225,161,798	38,706,810	5.82	4.02%
1/1/2007	237,959,892	40,945,335	5.81	4.01%
1/1/2008	249,095,495	43,105,294	5.78	3.99%
1/1/2009	196,124,538	46,428,438	4.22	2.91%
1/1/2010	218,042,907	50,781,583	4.29	2.96%
1/1/2011	238,265,999	51,484,227	4.63	3.20%
1/1/2012	244,777,760	51,868,957	4.72	3.26%
1/1/2013	268,895,003	51,031,067	5.27	3.64%
1/1/2014	314,630,091	55,847,203	5.63	3.89%
1/1/2015	333,135,690	59,332,362	5.61	3.87%
1/1/2016	329,261,948	63,384,548	5.19	3.58%
1/1/2017	352,513,865	61,064,398	5.77	3.99%
1/1/2018	402,738,799	62,624,066	6.43	4.44%
1/1/2019	378,210,890	62,865,829	6.02	4.16%
1/1/2020	452,080,699	63,272,421	7.14	4.93%
1/1/2021	513,638,775	66,588,665	7.71	5.33%

*The impact of asset smoothing is not reflected in the impact on the Actuarial Contribution Rate (ACR). Current year assumptions are used for all years shown.

The assets at January 1, 2021 are 771% of payroll so underperforming the investment return assumption by 10% (i.e., earn -3.1% for one year) is equivalent to 77.1% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAL, this illustrates the risk associated with volatile investment returns.

EXHIBIT 13

HISTORICAL CASH FLOWS

Plans with negative cash flows will experience increased sensitivity to investment return volatility. Cash flows, for this purpose, are measured as contributions less benefit payments. If the System has negative cash flows and then experiences returns below the assumed rate, there are fewer assets to be reinvested to earn the higher returns that typically follow. While any negative cash flow will produce such a result, it is typically a negative cash flow greater than expected dividends and interest that cause greater concerns. While this is not a concern for MUD at this time, it is important to monitor this metric so that any trends can be identified.

Year End	Market Value of Assets (MVA)	Contributions	Benefit Payments	Net Cash Flow	Net Cash Flow as a Percent of MVA
12/31/2010	$238,265,999	$10,512,622	$11,826,611	($1,313,989)	(0.55%)
12/31/2011	244,777,760	11,186,401	12,629,378	(1,442,977)	(0.59%)
12/31/2012	268,895,003	12,214,990	13,713,290	(1,498,300)	(0.56%)
12/31/2013	314,630,091	12,197,069	14,731,395	(2,534,326)	(0.81%)
12/31/2014	333,135,690	12,412,137	15,566,617	(3,154,480)	(0.95%)
12/31/2015	329,261,948	13,121,864	16,154,414	(3,032,550)	(0.92%)
12/31/2016	352,513,865	14,195,899	16,555,144	(2,359,245)	(0.67%)
12/31/2017	402,738,799	14,951,265	17,445,020	(2,493,755)	(0.62%)
12/31/2018	378,210,890	15,411,552	19,116,693	(3,705,141)	(0.98%)
12/31/2019	452,080,699	16,713,137	21,204,786	(4,491,649)	(0.99%)
12/31/2020	513,638,775	17,321,423	21,897,160	(4,575,737)	(0.89%)

EXHIBIT 14

LIABILITY MATURITY MEASUREMENTS

Most public sector retirement systems have been in operation for many years. As a result, they have aging plan populations indicated by an increasing ratio of retirees to active members and a growing percentage of retiree liability. The retirement of the remaining baby boomers over the next decade is expected to further exacerbate the aging of the retirement system population. With more of the total liability residing with retirees, investment volatility has a greater impact on the funding of the system since it is more difficult to restore the system financially after losses occur when there is comparatively less payroll over which to spread costs.

Projections provide the most effective way of analyzing the impact of these changes on future funding measures, but studying several key metrics from the valuation can also provide some valuable insight.

Valuation Date	Retiree Liability (a)	Total Actuarial Liability (b)	Retiree Percentage (a / b)
1/1/2011	$124,451,572	$304,163,301	40.9%
1/1/2012	132,413,950	315,121,772	42.0%
1/1/2013	149,277,461	328,044,761	45.5%
1/1/2014	164,136,287	349,176,405	47.0%
1/1/2015	170,780,555	374,788,099	45.6%
1/1/2016	177,342,511	393,919,275	45.0%
1/1/2017	181,213,617	410,749,711	44.1%
1/1/2018	196,060,508	440,820,801	44.5%
1/1/2019	238,188,848	465,369,852	51.2%
1/1/2020	247,490,777	484,575,088	51.1%
1/1/2021	257,862,392	501,663,185	51.4%

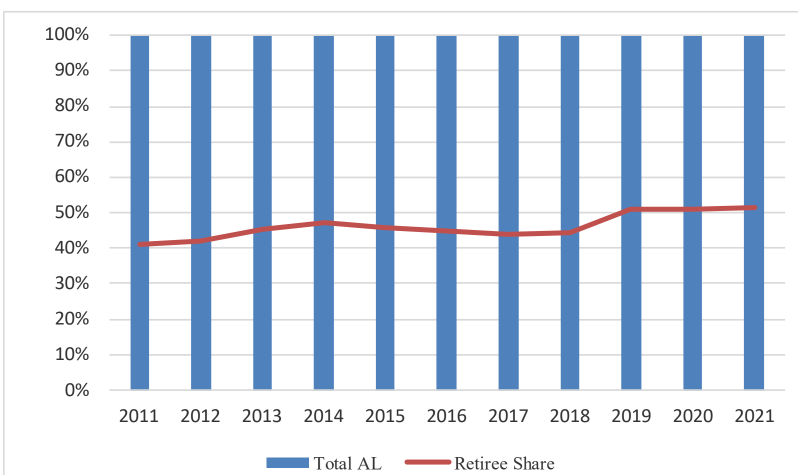


EXHIBIT 15

COMPARISON OF VALUATION RESULTS UNDER ALTERNATE INVESTMENT RETURN ASSUMPTIONS

This exhibit compares the key January 1, 2021 valuation results under five (5) different investment return assumptions to illustrate the impact of different assumptions on the funding of the System. Note that only the investment return assumption is changed, as identified in the heading below. All other assumptions are unchanged for purposes of this analysis.

Investment Return Assumption	**6.50%**	**6.75%**	**6.90%**	**7.25%**	**7.50%**
Contributions					
Normal Cost Rate	21.08%	19.84%	19.14%	17.62%	16.61%
Administrative Expense	0.14%	0.14%	0.14%	0.14%	0.14%
UAL Contribution Rate	4.94%	3.49%	2.63%	0.62%	(0.30%)
Total Contribution Rate	26.16%	23.47%	21.91%	18.38%	16.45%
Employee Contribution Rate	(8.00%)	(8.00%)	(8.00%)	(8.00%)	(8.00%)
District Contribution Rate	18.16%	15.47%	13.91%	10.38%	8.45%
District Contribution Amount ($ in thousands)	$12,378	$10,545	$9,481	$7,075	$5,760
Actuarial Liability	$526,281	$510,685	$501,663	$481,538	$467,913
Actuarial Value of Assets	471,539	471,539	471,539	471,539	471,539
Unfunded Actuarial Liability*	$54,742	$39,146	$30,124	$9,999	($3,626)
Funded Ratio	89.6%	92.3%	94.0%	97.9%	100.8%

Note: All other assumptions are unchanged for purposes of this sensitivity analysis.

*Numbers may not add due to rounding.

APPENDIX A

SUMMARY OF PLAN PROVISIONS

The Retirement Plan for Employees of the Metropolitan Utilities District was established on October 1, 1944, using a conventional group annuity contract with Metropolitan Life Insurance Company (MLI) as the vehicle for funding the retirement benefits under the plan. Effective December 31, 1967, the plan was amended which brought about changes in the benefit and contribution formulas and added a spouse's benefit.

As of December 31, 1967, the MLI Group Annuity Contract was amended to discontinue further purchases of annuities. However, under contractual rights, annuities purchased prior to December 31, 1967 continue to be guaranteed under the provisions of such contract. Further amendments modified the pre-existing contract from a conventional group annuity contract to an Immediate Participation Guaranteed (IPG) group annuity contract (effective December 31, 1967). Investments are being managed by Vanguard Institutional Advisory Services pursuant to the provisions of the Investment Policy Statement.

The following summary of plan provisions reflects the plan as in effect on the date of the valuation.

Effective Date:	December 31, 1967
Participation:	(a) Each Employee on the Effective Date, provided he was employed before his 60th birthday, became a participant on the Effective Date (b) Each person who becomes an employee after the Effective Date becomes a participant on his employment date.
Final Average Salary:	The average of the salaries for the highest paid 24 consecutive months out of the last 120 months before retirement (high 36 months prior to 3/1/06).
Age and Service Requirements for Benefits:	
Normal Retirement	First day of the month next following the 60th birthday
Early Retirement	Age 55 with at least five years of service.
Deferred Vested Benefit	Separate service before age 55 with at least five years of service.
Spouse's Benefit	Upon death of employee in active service with at least five years of service and married at least one year prior to the date of death. Payable based on employee's age according to early or normal retirement provisions.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Retirement Benefits:

Normal & Late Retirement	A monthly amount which equals (a) percentage of Final Average Salary based on years of continuous service, beginning at 2.15% for each of the first 25 years of service (2.00% prior to 3/1/06) plus 1.00% for the next 10 years, plus 0.50% for each year of service after 35 years. (b) any monthly normal retirement annuity purchased under the MLI contract up to December 31, 1967.
Minimal Normal	A monthly amount which, together with the annuity under the MLI contract, if any, equals $6 for each year of service, beginning with $30 for five years of service and grading up to $120 for 20 or more years of service.
Early Retirement	A monthly amount which equals (1) times (2) (1) An amount determined in the same manner as the normal retirement benefit, based on: (a) Years of continuous service and Final Average Salary on the early retirement date, and (b) Any monthly annuity, payable at age 65, to which the employee may be entitled under the MLI contract, (2) A percentage factor equal to 100% at age 60 and above, with reductions of 0.25% a month for each month of early retirement (from age 60 to age 55)

Form of Annuity:

Normal	Monthly payments for life with refund at death of excess, if any, of the employee's contributions over payments received.
Optional	Contingent annuitant options are provided in the plan (a "pop-up" feature applies to any Contingent Annuitant Option if the employee's spouse is the Contingent Annuitant and the spouse predeceases the employee). Prior to 3/1/06, the pop up provision applied only to the Joint and 50% Contingent Annuitant option.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Termination Benefits:

Less than 5 years of service	A refund of the employee's contributions under the plan with interest to date of termination.
Before age 55 with 5 or more years of service	At the employee's election either: (1) refund of the employee's contributions under the plan with interest to date of termination, or (2) a deferred retirement income based on years of service and Final Average Salary at termination date.

Spouse's Benefit:

Effective 3/1/06:

(1) if death occurs before age 55, the spouse is eligible for a survivor benefit at the member's earliest retirement age. The amount received is the member's accrued benefit adjusted for early commencement, if applicable, and conversion to a joint 100% survivor form of payment.

(2) if death occurs after age 55, the spouse is eligible for a survivor benefit immediately. The amount is adjusted for early commencement, if applicable, and conversion to a joint and 100% survivor form of payment.

Single Sum Death Benefits:

Before Retirement (if no spouse eligible for spouse's benefit)	To designated beneficiary or estate of employee – the employee's contributions under the plan with interest to date of death
Vested Terminated Employee (before retirement income payments commence)	Same as above.
After Retirement (if normal form benefit)	To designated beneficiary or estate of employee – the excess, if any, of the lump sum death benefit that would have been payable at date of retirement over the retirement income payments to date of death.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Surviving Spouse (receiving spouse's benefit)	To designated beneficiary or estate of the spouse, the excess, if any, of the employee's contributions under the plan with interest to the date of the employee's death over the payments made to the date of the spouse's death.
Contingent Annuitant (if retirement income payments have commenced)	To designated beneficiary or estate of the last survivor as between the retired employee and the contingent annuitant – the excess, if any, of the lump sum death benefit that would have been payable at date of retirement over the retirement income payments to the retired employee and the contingent annuitant to the date of death of the last survivor.
Employee Under MLI Contract	Contributions under MLI contract payable subject to provisions of MLI contract.

<u>Cost of Living Adjustments:</u> To retired employees, spouses and contingent annuitants – the supplemental pension payments based on the change in the Consumer Price Index, not less than 0% and not more than 3% a year. Adjustments are made twice a year on January 1 and July 1.

<u>Disability Benefits:</u> If a participant becomes totally and permanently disabled, he/she is deemed to remain active for plan purposes, at his/her salary at the time of disability, until recovery or retirement. No employee contributions are required during the period of disability.

<u>Source of Funds:</u>

Employee Contributions

Year	Contribution Rate
2021	8.00%
2022	8.50%
2023 +	9.00%

District Contributions: The remaining amount required to fund the benefit on an actuarially sound basis.

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

Liability Method

Valuations of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

The expected pension benefit at normal retirement is determined for each participant.

A normal cost expressed as a level-percent of pay is determined for each participant assuming that such a level percent is paid from the employee's entry age into employment to his normal retirement age. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

The sum of the present value of future payments of normal cost for all participants determines the present value of future normal costs.

The value of future costs attributable to past employment of participants, which is called the accrued liability, is equal to the present value of benefits less the present value of future normal costs.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded accrued liability as of the valuation date.

Asset Valuation Method

The actuarial value of assets is determined based on a method that smoothes the effects of short-term volatility in the market value investments. The actuarial value is equal to the expected value, based on the assumed rate of return, plus 25% of the difference between market and expected values. A corridor of 80% to 120% of market value is also applied.

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods
(continued)

UAL Amortization Method

Under the current amortization method, the unfunded actuarial liability as of January 1, 2014 is treated as a separate base that will be amortized on a level-percent of pay basis over a closed 30-year period beginning January 1, 2014. Additionally, each year a new base will be calculated reflecting the Plan experience in the immediately preceding Plan year, changes in plan provisions or actuarial assumptions. Each new base will be amortized on a level-percent of pay basis over a closed 20-year period that begins on the valuation date when the new base is calculated. Changes in plan provisions or actuarial assumptions may be amortized over a longer period if the Retirement Committee elects to do so.

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

In addition to depending upon the actuarial methods used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees and rates of termination from employment. In the current valuation, the actuarial assumptions made in the calculation of costs and liabilities are as follows:

Investment Return: (revised 2020)	6.90% per annum, compounded annually
Payroll Growth: (revised 2018)	3.50% per year
Inflation: (revised 2018)	2.60% per year
Mortality Rates: (revised 2018)	
Active	RP-2014 Adjusted to 2006 Total Dataset Mortality Table with Female Rates Set Forward One Year – Generational with Projected Improvements under Scale MP-2016
Retired	RP-2014 Adjusted to 2006 Total Dataset Mortality Table with Female Rates Set Forward One Year – Generational with Projected Improvements under Scale MP-2016
On Long Term Disability	RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with Female Rates Set Forward One Year – Generational with Improvements under Scale MP-2016

Withdrawal Rates: (revised 2018)

	Annual Rate	
Years of Service	Male	Female
1	10.00%	8.00%
5	2.00%	4.00%
10	1.05%	3.00%
15	1.05%	2.50%
20	1.05%	2.50%
25	0.00%	1.50%
30	0.00%	0.00%

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

Retirement Rates: (revised 2018)

Age	Annual Rate
55 to 58	3%
59	13%
60	30%
61	30%
62	40%
63	20%
64	20%
65	60%
66-69	30%
70	100%

Retirement benefits are assumed to commence at age 58 for vested terminated members and age 62 for disabled members.

Salary Scale: (revised 2018)

Salaries of the employees are assumed to increase according to the following schedule:

Years of Service	Annual Percentage Increase
1	11.00%
5	7.00%
10	5.00%
15	4.50%
20	4.50%
25	4.25%
30	4.25%
35	4.00%

Note: Includes salary inflation at 3.50%

Spouse's Benefit: (revised 2015)

It is assumed that 90% of employees are married, with wives three years younger than husbands.

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

Probability of Refund:

Service	Refund
5	40%
10	40
15	40
20	0

Cost of Living Adjustment: (revised 2018) — Retirement benefits are assumed to increase at 2.60% per year

Administrative Expense: (implemented 2015) — Component of contribution rate, based on the prior year's actual administrative expenses.

Decrement Timing: — Middle of year

Other: — Active liabilities for withdrawal and retirement benefits are loaded 0.50% for those members expected to elect a Joint and Contingent Annuitant form of payment that has a pop-up feature.

The lump sum death benefit (a return of contributions with interest) for vested terminated members is assumed to equal three times the annual benefit amount.

The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.

APPENDIX C

HISTORICAL SUMMARY OF MEMBERSHIP

The following table displays selected historical data as available.

Valuation		Active Members						Number			
			Average								
Date January 1	Total Count	Number	Age	Entry Age	Service	Annual Pay ($)	Pay Increase	Disabled	Vested Inactive	Non-Vested Inactive	Retired/Benef
2002	1,318	794	44.6	30.3	14.3	44,180	3.59%	17	18		489
2003	1,338	803	44.8	30.7	14.1	45,875	3.84%	20	19		496
2004	1,333	793	44.8	30.7	14.1	47,913	4.44%	24	18		498
2005	1,345	786	45.5	31.2	14.3	49,637	3.60%	26	27		506
2006	1,352	782	45.8	31.4	14.4	50,184	1.10%	25	35		510
2007	1,371	793	46.1	31.6	14.5	53,104	5.82%	26	37		515
2008	1,401	814	46.1	31.8	14.3	54,730	3.06%	28	38		521
2009	1,413	831	46.7	31.9	14.8	57,576	5.20%	27	38		517
2010	1,429	851	47.1	32.1	15.0	59,997	4.20%	26	38		514
2011	1,434	852	47.5	32.3	15.2	62,082	3.48%	28	40		514
2012	1,436	846	48.0	32.7	15.3	62,458	0.61%	29	44		517
2013	1,409	815	48.6	32.9	15.6	62,822	0.58%	21	34		539
2014	1,446	821	48.3	33.1	15.2	65,631	4.47%	22	35		568
2015	1,491	856	48.0	33.2	14.8	66,999	2.08%	20	38		577
2016	1,492	851	48.3	33.2	15.1	69,168	3.24%	20	34	1	586
2017	1,484	836	48.8	33.3	15.5	72,200	4.38%	24	34	1	589
2018	1,489	824	49.0	33.4	15.6	75,567	4.66%	21	40	2	602
2019	1,516	792	48.3	33.6	14.7	76,528	1.27%	22	42	4	656
2020	1,536	808	48.0	33.7	14.3	78,026	1.96%	23	49	1	655
2021	1,546	808	47.9	33.7	14.2	79,834	2.32%	26	49	2	661

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2021. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:

(a)	Active employees	808
(b)	Inactive vested employees	
	Terminated*	49
	Disability	26
(c)	Inactive non-vested employees	2
(d)	Retirees and beneficiaries	661
(e)	Total	1,546

Average age of employees in valuation:

(a)	Active employees:	
	Attained age	47.9
	Entry age	33.7
(b)	Inactive vested employees:	
	Termination*	49.3
	Disability	57.5
(c)	Retired employees	71.7
(d)	Beneficiaries	76.1

Active employees eligible for vested benefits as of January 1, 2021

(a)	Employees under age 55 with 5 or more years of service - eligible for deferred vested benefits	367
(b)	Employees age 55 and over with 5 or more years of service - eligible for early or normal retirement benefits	260
(c)	Employees eligible for refund of contributions only	181
(d)	Total	808

*Includes 2 beneficiaries who are not yet receiving benefits.

MEMBERSHIP DATA RECONCILIATION

January 1, 2020 to January 1, 2021

The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the District for eligible employees as of the valuation date.

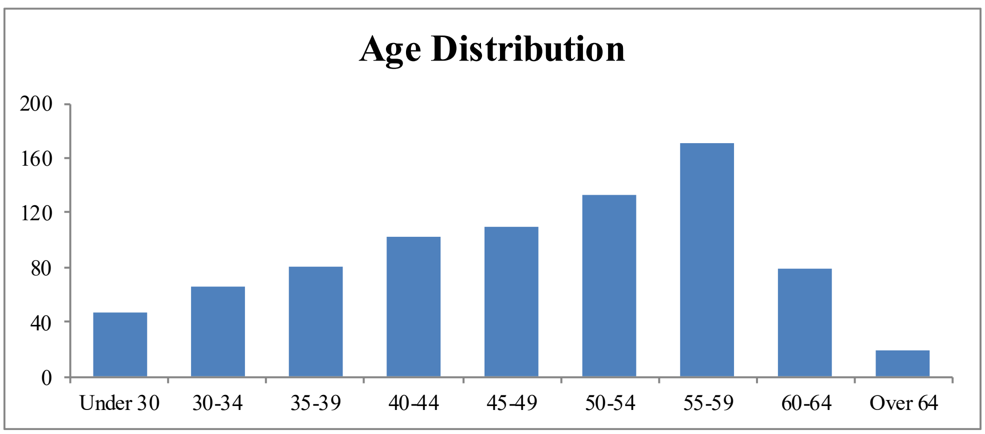
	Active Participants	Long-Term Disability	Retirees	Terminated Vested*	Terminated Non-Vested	Beneficiaries	Total
Participants as of 1/1/2020	808	23	517	49	1	138	1,536
New Participants	47	0	0	0	0	2	49
Moved to Full-Time	0	0	0	0	0	0	0
Moved to Part-Time	0	0	0	0	0	0	0
Terminations							
Refunded	(10)	0	0	0	(1)	0	(11)
Refund-Due	(2)	0	0	0	2	0	0
Deferred Vested	(2)	0	0	2	0	0	0
Disabilities	(8)	8	0	0	0	0	0
Retirements	(24)	(4)	30	(2)	0	0	0
Deaths							
With Beneficiary	(1)	0	(3)	0	0	4	0
Without Beneficiary	0	(1)	(19)	0	0	(8)	(28)
Data Corrections	0	0	0	0	0	0	0
Total Participants 1/1/2021	808	26	525	49	2	136	1,546

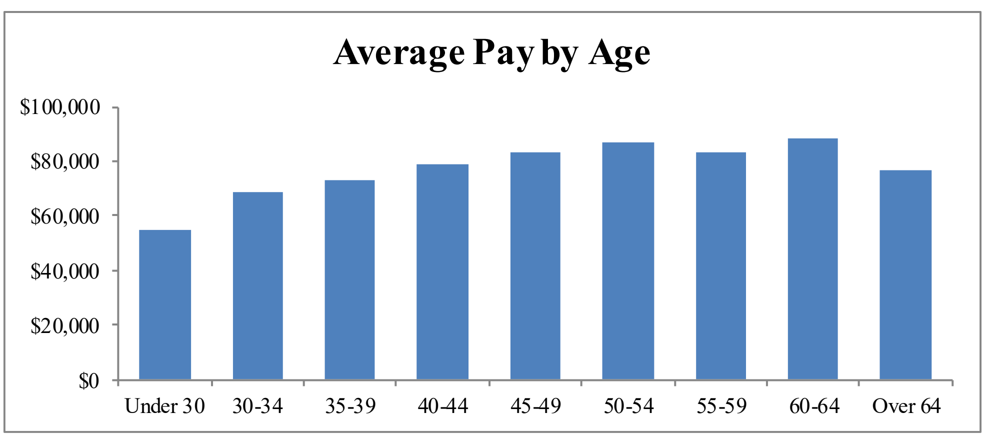
*Includes beneficiaries who are not yet receiving benefits.

SCHEDULE I

ACTIVE EMPLOYEES AS OF JANUARY 1, 2021

	Count of Members			2020 Pensionable Pay of Members		
Age	Males	Females	Total	Males	Females	Total
Under 30	42	5	47	$ 2,299,346	$ 282,568	$ 2,581,914
30-34	58	8	66	3,984,314	547,413	4,531,727
35-39	63	18	81	4,616,929	1,285,907	5,902,836
40-44	74	28	102	6,057,834	2,024,612	8,082,446
45-49	95	15	110	7,913,186	1,217,305	9,130,491
50-54	91	42	133	8,123,342	3,474,858	11,598,200
55-59	128	43	171	11,094,307	3,151,104	14,245,411
60-64	51	28	79	4,792,072	2,185,159	6,977,231
Over 64	9	10	19	820,375	634,924	1,455,299
Total	611	197	808	$49,701,705	$14,803,850	$64,505,555

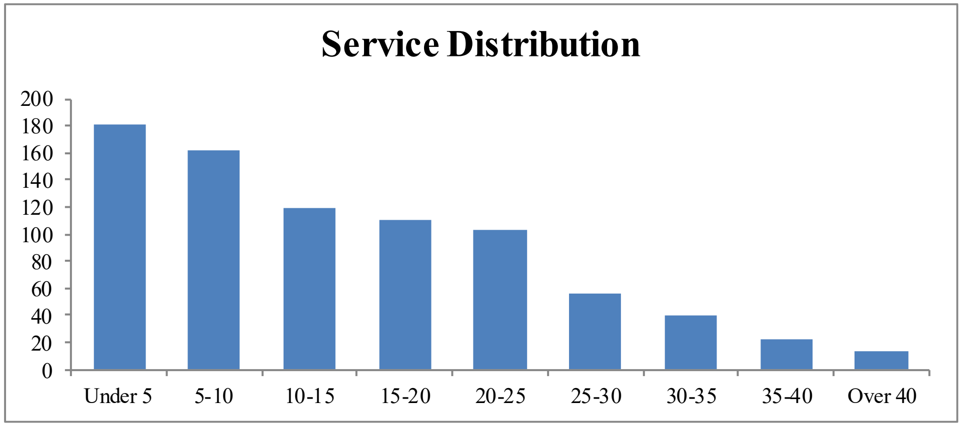




SCHEDULE I (continued)

ACTIVE EMPLOYEES AS OF JANUARY 1, 2021

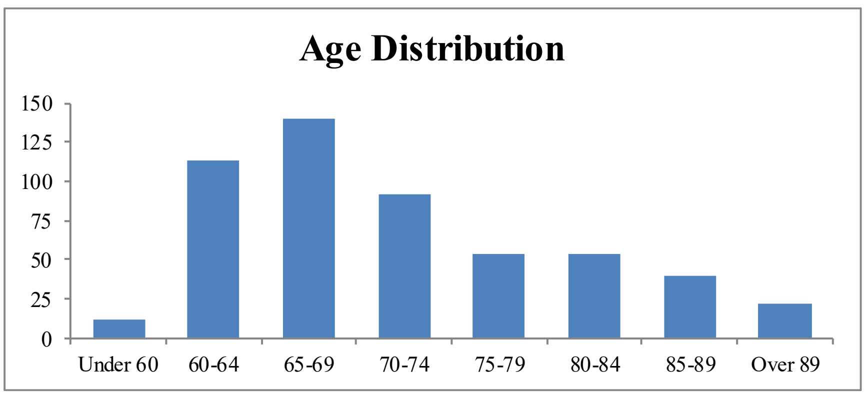
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 30	41	6	0	0	0	0	0	0	0	47
30-34	41	23	2	0	0	0	0	0	0	66
35-39	36	29	14	2	0	0	0	0	0	81
40-44	22	33	31	13	3	0	0	0	0	102
45-49	15	21	21	25	26	2	0	0	0	110
50-54	17	20	17	28	34	10	7	0	0	133
55-59	7	17	22	27	32	27	23	15	1	171
60-64	2	8	10	10	8	15	9	7	10	79
Over 64	0	5	3	5	0	2	1	1	2	19
Total	181	162	120	110	103	56	40	23	13	808

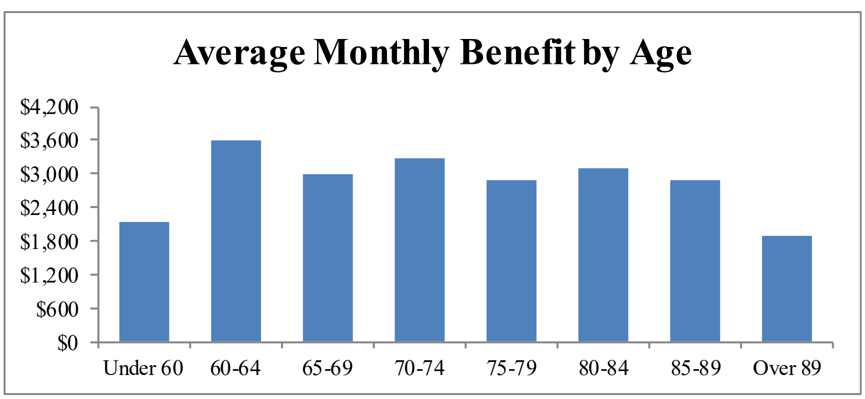


SCHEDULE II

RETIRED PARTICIPANTS AS OF JANUARY 1, 2021

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	10	2	12	$ 20,899	$ 4,923	$ 25,822
60-64	81	32	113	311,410	96,135	407,545
65-69	91	49	140	285,184	136,592	421,776
70-74	63	29	92	230,460	71,350	301,810
75-79	42	12	54	130,333	26,060	156,393
80-84	44	9	53	140,216	23,860	164,076
85-89	33	6	39	103,238	8,822	112,060
Over 89	17	5	22	35,554	6,410	41,964
Total	381	144	525	$1,257,294	$374,152	$1,631,446

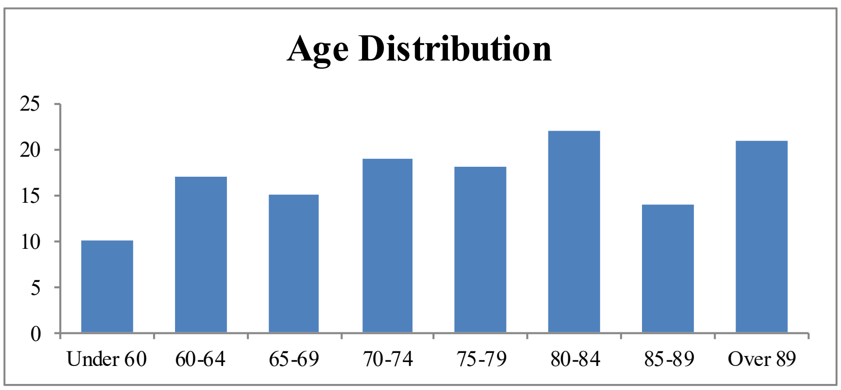


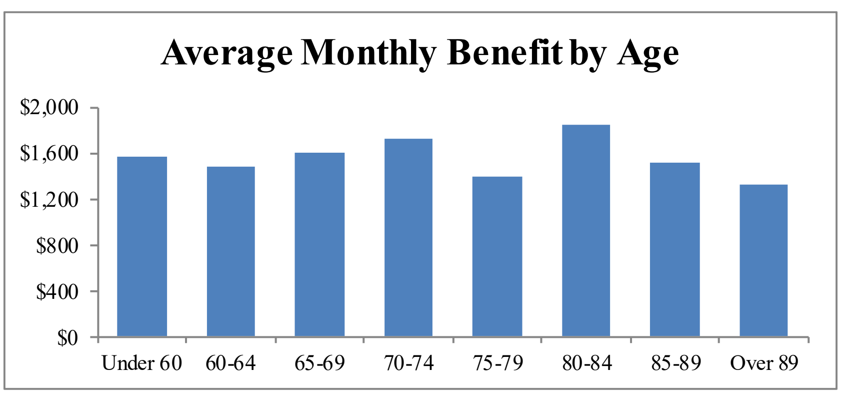


SCHEDULE III

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2021

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	2	8	10	$ 4,287	$ 11,331	$ 15,618
60-64	2	15	17	2,280	22,987	25,267
65-69	1	14	15	563	23,345	23,908
70-74	2	17	19	2,340	30,345	32,685
75-79	0	18	18	0	25,000	25,000
80-84	0	22	22	0	40,717	40,717
85-89	1	13	14	2,039	19,132	21,171
Over 89	0	21	21	0	27,926	27,926
Total	8	128	136	$11,509	$200,783	$212,292





SCHEDULE IV

TERMINATED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2021

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	4	2	6	4,873	2,362	7,235
40-44	6	1	7	6,997	1,643	8,640
45-49	8	3	11	10,001	2,544	12,545
50-54	9	5	14	15,764	11,104	26,868
55-59	4	4	8	2,493	8,430	10,923
Over 59	1	2	3	858	554	1,412
Total	32	17	49	$40,986	$26,637	$67,623

Note: Includes 2 beneficiaries who are not yet receiving benefits.

SCHEDULE V

DISABLED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2021

	Count of Members			Estimated Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	2	0	2	5,547	0	5,547
40-44	0	1	1	0	3,219	3,219
45-49	0	0	0	0	0	0
50-54	4	0	4	12,846	0	12,846
55-59	4	1	5	11,162	1,357	12,519
Over 59	11	3	14	31,240	4,544	35,784
Total	21	5	26	$60,795	$9,120	$69,915

Placed On File
April 7, 2021

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GASB STATEMENTS NO. 67 & 68 REPORT

FOR THE

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

MEASUREMENT DATE: DECEMBER 31, 2020

February 12, 2021

Mr. Joe Schaffart
Chief Financial Officer
Metropolitan Utilities District
7350 World Communications Dr.
Omaha, NE 68122

Dear Mr. Schaffart:

Presented in this report is information to assist the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. GASB Statement No. 67 (GASB 67) is the accounting standard that applies to the financial reports issued by retirement systems. GASB Statement No. 68 (GASB 68) establishes accounting and financial reporting requirements for governmental employers who provide pension benefits to their employees through a trust. The information in this report is presented for the December 31, 2020 Measurement Date. The calculations in this report have been made on a basis that is consistent with our understanding of these accounting standards.

The annual actuarial valuation used as the basis for much of the information presented in this report was performed as of January 1, 2020. The valuation was based upon data, furnished by the District's staff, concerning active, inactive and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency, but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete our results may be different and our calculations may need to be revised. Please see the actuarial valuation report for additional details on the funding requirements for the Plan including actuarial assumptions and methods and the funding policy.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. In order to prepare the results in this report, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. The calculations are based on the current provisions of the Plan, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the Plan. In addition, in our opinion, the calculations meet the requirements of GASB 67 and GASB 68.

These results are only to be used for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 67 and GASB 68 may produce significantly different results. Future results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

We, Patrice A. Beckham, FSA, and Bryan K. Hoge, FSA, are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in this report or to provide explanations or further details as may be appropriate.

Respectfully submitted,

Patrice Beckham

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Bryan K. Hoge, FSA, EA, FCA, MAAA
Consulting Actuary

TABLE OF CONTENTS

ANNUAL GASB STATEMENTS NO. 67 & 68 REPORT

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

SUMMARY OF PRINCIPAL RESULTS

Valuation Date (VD):	January 1, 2020
Prior Measurement Date:	December 31, 2019
Measurement Date (MD):	December 31, 2020
Membership Data:	
Retirees and Beneficiaries	655
Disabled Members	23
Inactive Vested Members	49
Inactive Nonvested Members	1
Active Employees	808
Total	1,536
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	6.90%
Municipal Bond Index Rate at Prior Measurement Date	2.75%
Municipal Bond Index Rate at Measurement Date	2.12%
Fiscal Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	6.90%
Single Equivalent Interest Rate at Measurement Date	6.90%
Net Pension Liability:	
Total Pension Liability (TPL)	$508,089,174
Fiduciary Net Position (FNP)	513,638,775
Net Pension Liability (NPL = TPL – FNP)	($5,549,601)
FNP as a percentage of TPL	101.09%
Collective Pension Expense:	($3,822,470)
Collective Deferred Outflows of Resources:	$28,008,920
Collective Deferred Inflows of Resources:	$76,484,574

INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 67 (GASB 67), *"Financial Reporting for Pension Plans"*, and Statement No. 68 (GASB 68), *"Accounting and Financial Reporting For Pensions"* in June 2012. GASB 67's effective date was the plan year beginning after June 15, 2013, and GASB 68's effective date was the plan year beginning after June 15, 2014, i.e., the plan year ending December 31, 2015 for the Metropolitan Utilities District of Omaha (District or MUD). The Retirement Plan for Employees of the Metropolitan Utilities District of Omaha (Plan) is a single-employer defined benefit pension plan, as defined by GASB 67 and 68.

This report, prepared as of December 31, 2020 (the Measurement Date), presents information to assist the District in meeting the requirements of GASB 67 and GASB 68. Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of the Plan performed as of January 1, 2020 (the Valuation Date). The results of that valuation were detailed in a report dated April 16, 2020.

GASB 67 discloses the Total Pension Liability (TPL) utilizing the Entry Age Normal actuarial cost method. If the valuation date at which the TPL is determined is before the Measurement Date, as is the case here, the TPL must be rolled forward to the Measurement Date using standard actuarial formulae. The Net Pension Liability (NPL) is equal to the TPL minus the Fiduciary Net Position (FNP) (basically the fair (market) value of assets). The benefit provisions recognized in the calculation of the TPL are summarized in Appendix B.

Among the items needed for the liability calculation is the discount rate, or Single Equivalent Interest Rate (SEIR), as described by GASB 67. To determine the SEIR, the FNP must be projected using GASB 67 guidelines into the future for as long as there are anticipated benefits payable under the plan's provisions applicable to the members and beneficiaries of the Plan on the Measurement Date. If the FNP is not projected to be depleted at any point in the future, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, the FNP is projected to be depleted at a future measurement date, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

Our calculations indicated that the FNP is not projected to be depleted, so the Municipal Bond Index Rate is not used in the determination of the SEIR for the December 31, 2020 TPL. The SEIR for both the current Measurement Date and the Prior Measurement Date is 6.90%, the long-term assumed rate of return on investments. Please see Paragraph 31.b.(1) for more explanation of the development of the SEIR.

GASB 68 requires the inclusion of a Net Pension Liability (NPL) on the employer's Statement of Net Position and a determination of a Pension Expense (PE) in the Notes to the Financial Statements that may bear little relationship to the employer's funding requirements. In fact, it is possible in some years for the NPL to be an asset or the PE to be an income item. The NPL is set equal to the Total Pension Liability (TPL) minus the Fiduciary Net Position (FNP).

PE includes amounts for Service Cost (the Normal Cost under Entry Age Normal (EAN) for the year), interest on the TPL, employee contributions, administrative expenses, other cash flows during the year, recognition of increases/decreases in the TPL due to changes in the benefit structure, actual versus expected experience, actuarial assumption changes, and recognition of investment gains/losses. The actual experience and assumption change impacts are recognized over the average expected remaining service life of the Plan membership as of the beginning of the measurement period, while investment gains/losses are recognized equally over five years. The development of the PE is shown in Section III.

The unrecognized portions of each year's experience, assumption changes and investment gains/losses are used to develop Deferred Outflows of Resources and Deferred Inflows of Resources, which also must be included on the employer's Statement of Net Position.

The FNP projections are based upon the Plan's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 67/68. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

The sections that follow provide the results of all the required calculations, presented in the order laid out in GASB 67 and GASB 68 for note disclosure and Required Supplementary Information (RSI). Some of this information was provided by MUD for use in this report. These sections, not prepared by Cavanaugh Macdonald, LLC are: Paragraphs 37, 38, 40(a)-(b), 40(d)-(e), 43 and 45(e)-(f) for GASB 68.

SECTION I – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

The material presented herein will follow the order presented in GASB 67. Paragraph numbers are provided for ease of reference.

Paragraph 30.a. (1): The name of the pension plan is the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha (the Plan). The Plan is a single-employer defined benefit pension plan administered by the District.

Paragraph 30.a. (2): The Plan is not a multi-employer pension plan and there are no non-employer contributing entities.

Paragraph 30.a. (3): The Board of Directors of the District (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 Metropolitan Utilities District employees: the President, the Chief Financial Officer, the General Counsel and the Vice President of Accounting.

Paragraph 30.a. (4): The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2020, the date of the valuation used to determine the December 31, 2020 TPL.

Membership

Number as of January 1, 2020	
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

Paragraph 30.a. (5): The Plan was established and may be amended only by the Board. The Plan provides retirement, disability (in the form of continued credited service), death, and termination benefits for all regular full-time employees of the District. 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 provisions include cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. Adjustments are made each January 1 and July 1, if warranted, 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.

Paragraph 30.a. (6): 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 contribution. For calendar year 2020, each member contributed 7.50% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March of 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. District contributions to the Plan totaled $12,300,000 for the fiscal year ending December 31, 2020.

Paragraph 30.b. (1):

(a) The Insurance and Pension Committee reviews the Investment Policy Statement for The Retirement Plan for Employees of The Metropolitan Utilities District of Omaha (the Policy) at least annually in order to ascertain whether there have been any changes in the needs of the Plan and/or major changes in the structure of the capital markets, which require the Policy to be amended. The Committee recommends changes to the Policy to the Board for approval, whenever it is deemed necessary. The Board approves the Committee's annual review of the Policy and any recommended changes.

(b) See Section 31.b.(1)(f) for the asset allocation guidelines for the Plan. The asset portfolio will be rebalanced to the target asset allocation as follows:

1. Utilizing incoming cash flow (contributions) or outgoing money movements (disbursements) to realign the current weightings closer to the target asset allocation of the Portfolio on an ongoing basis.
2. Reviewing the Portfolio quarterly (March 31, June 30, September 30, and December 31) to identify any deviation(s) from target weightings and acting within a reasonable period of time under the following circumstances:

a. If any asset class (equity, fixed income, alternatives or cash) within the Portfolio is +/- 5 percentage points from its target weighting, the Portfolio will be rebalanced.
b. If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the Portfolio may be rebalanced.
c. Rebalancing the Portfolio at any other time if the Investment Advisor in its discretion deems it appropriate to do so.

(c) There were no significant investment policy changes during the reporting period.

Paragraph 30.b. (2): The fair value of investments is based on quoted market prices.

Paragraph 30.b. (3): As of December 31, 2020, the Plan did not own an investment in any one organization that represented 5 percent or more of the Plan's fiduciary net position.

Paragraph 30.b. (4): Calculation of Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of the time they are available to earn a return during that period. External cash flows are determined on a monthly basis. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses. For the year ended December 31, 2020, the money-weighted rate of return was 14.7%, as calculated by Vanguard.

Paragraph 30.c.: There are not any long-term contracts for contributions to the Plan between (1) an employer or non-employer contributing entity and (2) the Plan.

Paragraph 30.d.: There are no allocated insurance contracts excluded from pension plan assets.

Paragraph 30.e.: There are no reserves setting aside a portion of the Plan's fiduciary net position that otherwise would be available for existing pensions or for pension plan administration.

Paragraph 30.f.: The Plan does not offer a deferred retirement option program (DROP).

Paragraph 31.a. (1)-(4): As stated earlier, the NPL is equal to the TPL minus the FNP. That result, as of December 31, 2020 is presented in the following table.

Fiscal Year Ending December 31, 2020		
Total Pension Liability	$	508,089,174
Fiduciary Net Position		513,638,775
Net Pension Liability	$	(5,549,601)
Ratio of Fiduciary Net Position to Total Pension Liability		101.09%

Paragraph 31.b.: This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TPL. The complete set of actuarial assumptions and other inputs utilized in developing the TPL are outlined in Appendix C. The TPL as of December 31, 2020 was determined based on an actuarial valuation prepared as of January 1, 2020, rolled forward one year to December 31, 2020, using the following key actuarial assumptions and other inputs:

Price Inflation	2.60 percent
Wage Growth Rate	3.50 percent
Salary increases, including price inflation	4.00 to 11.00 percent
Long-term Rate of Return, net of investment expense, including price inflation	6.90 percent
Municipal Bond Index Rate	
Prior Measurement Date	2.75 percent
Measurement Date	2.12 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of investment expense, including price inflation	
Prior Measurement Date	6.90 percent
Measurement Date	6.90 percent
Cost-of-Living Adjustment	2.60 percent
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.

The actuarial assumptions used in the January 1, 2020 valuation are based on the results of the most recent actuarial experience study, which covered the four year period ending December 31, 2016. The experience study report is dated August 2, 2017. The MUD Board adopted a revision to the Investment Policy Statement, including lowering the long-term investment return assumption to 6.90%, at their November 2019 meeting based on the recommendation of the Plan's investment consultant, Vanguard Institutional Advisory Services.

Paragraph 31.b.(1)

(a) Discount rate (SEIR): The discount rate used to measure the TPL at December 31, 2020 was 6.90%. There was no change in the discount rate since the Prior Measurement Date.

(b) Projected cash flows: The projection of cash flows used to determine the discount rate assumed that 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 of 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 FNP 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 TPL.

The FNP projections are based upon the Plan's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 67/68. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

(c) **Long-term rate of return:** 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. The MUD Board adopted a revision to the Investment Policy Statement, including lowering the long-term investment return assumption to 6.90%, at their November 2019 meeting based on the recommendation of the Plan's investment consultant, Vanguard Institutional Advisory Services. 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.

(d) **Municipal bond rate:** A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 2.12% on the Measurement Date.

(e) **Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2119.

(f) **Assumed asset allocation**: The target asset allocation as of October 2019, along with best estimates of geometric real rates of return for each major asset class, were provided by the Plan's investment consultant, Vanguard Institutional Advisory Services. These assumptions were used to develop the long-term assumed rate of return of 6.90%.

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%	

* Geometric mean, net of investment expenses

(g) Sensitivity analysis: This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the Plan, calculated using the discount rate of 6.90 percent, as well as the Plan's NPL calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Total Pension Liability	$573,690,011	$508,089,174	$453,323,635
Fiduciary Net Position	$513,638,775	$513,638,775	$513,638,775
Net Pension Liability	$60,051,236	($5,549,601)	($60,315,140)

Paragraph 31.c.: The TPL at December 31, 2020 is based upon an actuarial valuation prepared as of January 1, 2020. The valuation was used to determine the TPL on the Measurement Date, by rolling the liabilities forward one year to December 31, 2020 using standard actuarial techniques. The roll-forward begins with the actuarial accrued liability (TPL) at January 1, 2020, adds the annual normal cost (also called Service Cost), subtracts the actual benefit payments and refunds for the plan year and then applies interest to December 31, 2020 using the discount rate as of the Prior Measurement Date.

SECTION II – REQUIRED SUPPLEMENTARY INFORMATION FOR GASB 67

There are several tables of Required Supplementary Information (RSI) that need to be included in the Plan's financial statements:

Paragraphs 32.a.-c.: The required tables of schedules are provided in Appendix A.

Paragraph 32.d.:

Fiscal Year Ended 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: This schedule is intended to show a 10-year trend. GASB 67 was adopted in 2015, as such, only six years are presented. Additional years will be reported as they become available.

Paragraph 34: The following information should be noted regarding the RSI, particularly for the *Schedule of Employer Contributions*:

Changes to benefit and funding terms: The following changes to the plan provisions were reflected in the valuation performed as of January 1 listed below:

2020: The member contribution rate increased to 7.50% of total pay, as scheduled.

2019: The member contribution rate increased 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.

2014: The member contribution rate increased from 3.76% to 4.32% of total pay.

Changes in actuarial assumptions and methods:

1/1/2020 valuation (assumptions used for measuring the 12/31/2019 TPL):

- The investment return assumption was decreased from 7.00% to 6.90%.

1/1/2018 valuation (assumptions used for measuring the 12/31/2017 TPL):

- The investment return assumption was decreased from 7.25% to 7.00%.
- The price inflation assumption was lowered from 3.10% to 2.60%.
- The cost of living adjustment assumption was lowered from 3.00% to 2.60%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The covered payroll increase assumption was lowered from 4.00% to 3.50%.
- The mortality assumption was modified by moving to the RP-2014 Mortality Table, adjusted to 2006, with a one-year set forward for females and projected generationally using Scale MP-2016.
- Assumed retirement rates were adjusted to better reflect actual experience.
- Assumed termination rates were adjusted to better reflect actual experience.

1/1/2015 valuation:

- The price inflation assumption was lowered from 3.25% to 3.10%.
- Retirement rates were adjusted to better reflect actual experience.
- The mortality assumption was changed to reflect full generational mortality improvements.
- An explicit assumption for administrative expenses was created and is based on the prior year's reported administrative expenses.
- The marriage assumption was changed to assume 90% of all active members are married. Prior to the change, the marriage assumption was based on the member's age and gender.
- The amortization of the unfunded actuarial liability moved from a single amortization base to a "layered" approach. The UAL as of January 1, 2014 is amortized over a closed 30-year period that began January 1, 2014. Changes to the UAL from actual versus expected experience, assumption changes, or method changes in each subsequent year create a new amortization base with a separate payment, determined as a level percentage of payroll, over a closed 20-year period beginning on that valuation date.

SECTION III – PENSION EXPENSE FOR GASB 68

As noted earlier, the Pension Expense (PE) consists of a number of different items. GASB 68 refers to the first item as Service Cost, which is the Normal Cost using the Entry Age Normal (EAN) actuarial funding method. The second item is interest on the TPL at 6.90%, the discount rate in effect as of the Prior Measurement Date.

The next three items refer to any changes that occurred in the TPL due to:

- benefit changes,
- actual versus expected experience, or
- changes in actuarial assumptions or other inputs.

Benefit changes, which are reflected immediately, will increase PE if there is a benefit improvement for existing Plan members, or decrease PE if there is a benefit reduction. For the year ended December 31, 2020, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TPL due to actual versus expected experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. At the beginning of the measurement period, this number is 12.20 years. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts or 6.42 years.

The last item under changes in TPL is changes in actuarial assumptions or other inputs. There were no changes in the actuarial assumptions or other inputs since the Prior Measurement Date. If there were such a change, the change would be recognized over the average expected remaining service life of the entire Plan membership, using the same approach that applied to experience gains and losses as described earlier.

Employee contributions for the year and projected earnings on the FNP at the long-term rate of return, are subtracted from the amount determined thus far. One-fifth of current-period differences between projected and actual earnings on the FNP is recognized in the PE.

The current year portions of previously determined experience, assumption changes and earnings amounts, recognized as Deferred Outflows of Resources and Deferred Inflows of Resources are included next. Deferred Outflows of Resources are added to the PE while Deferred Inflows of Resources are subtracted from the PE. Finally, administrative expenses and other miscellaneous items are included.

The calculation of the PE for the year ended December 31, 2020 is shown in the following table.

Pension Expense
For the Year Ended

December 31, 2020	
Service Cost at end of year	$12,718,417
Interest on the Total Pension Liability	33,306,797
Benefit term changes	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,481,628)
Expensed portion of current-period assumption changes	0
Employee contributions	(5,021,423)
Projected earnings on plan investments	(31,035,209)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(7,038,169)
Administrative expenses	92,241
Other	0
Recognition of beginning Deferred Outflows of Resources	12,278,278
Recognition of beginning Deferred Inflows of Resources	(17,641,774)
Total Pension Expense	**($3,822,470)**

Note: Average expected remaining service life for all members is 6.42 years.

SECTION IV – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

The material presented herein will follow the order presented in GASB 68. Paragraph numbers are provided for ease of reference. Some of this information is duplicative of information provided earlier in this report under GASB 67. In such cases, the GASB 67 section is referenced rather than including the information a second time.

Paragraph 37: The District only sponsors one pension plan. Total amounts are identifiable from information presented in the financial statements. No additional information is required.

Paragraph 38: The Metropolitan Utilities District of Omaha is the plan sponsor for the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha, a single-employer defined benefit pension plan as defined by GASB 68. Information for paragraphs 39 to 45 can be found on the following pages.

Paragraph 39: Not Applicable.

Paragraph 40(a): The name of the pension plan is the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha and it is administered by the District. The Plan is a single-employer defined benefit pension plan as defined by GASB 68.

Paragraph 40(b):

(1) Classes of employees covered: The membership includes all regular full-time employees of the District.

(2) Types of benefits: The main benefits provided are retirement benefits. However, the Plan also provides ancillary benefits in the event of pre-retirement death, disability, or termination of employment prior to meeting the eligibility requirements to retire.

(3) Key elements of the pension formulas: Normal retirement age is age 60 with 5 years of service. The retirement benefit is 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 percent for the first 25 years of service, 1.00 percent 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. Benefits vest when the member has five or more years of service.

(4) Terms with respect to automatic postemployment benefit changes, including automatic COLAs and ad hoc COLAs: Each January 1 and July 1, a cost of living adjustment is made, if warranted, to each retirement benefit being paid 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 3.0 percent and adjustments cannot be negative.

(5) Authority under which benefit terms are established or may be amended: 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.

Paragraph 40(c): The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2020, the date of the valuation used to determine the December 31, 2020 TPL.

Membership

Number as of January 1, 2020	
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

Paragraph 40(d):

(1) Basis for determining the employer's contributions to the plan: An actuarial valuation is performed each year to determine the actuarial required contribution, based on the funding goals set by the Board of Directors, which is then contributed by the District.

(2) Identification of the authority under which contribution requirements of the employer and employees are established or may be amended: Benefit and contribution provisions are established by and may be amended only by the Board of Directors of the Metropolitan Utilities District of Omaha.

(3) The contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period:

Members: For calendar year 2020, each member contributed 7.50% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March of 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.

Employer: 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.

Amount of contributions recognized by the pension plan from the employer during the reporting period (only the total amounts recognized as additions to the plan's fiduciary net position are reflected here): For the fiscal year ending December 31, 2020 the Plan received $12,300,000 in contributions from the District.

Paragraph 40(e): Whether the pension plan issues a stand-alone financial report (or the pension plan is included in the report of a public employee retirement system or another government) that is available to the public and, if so, how to obtain the report: This information will be supplied by the Plan.

Paragraph 41: This paragraph requires information to be disclosed regarding the significant actuarial assumptions and other inputs used to measure the TPL. The summary of the key actuarial assumptions can be found in **GASB 67, Paragraph 31.b**.

Paragraph 42: Please see GASB 67 Paragraph 31.b.(1)(a)-(g).

Paragraph 43: This information is provided in Appendix A of this report.

Paragraph 44 (a) – (c): This paragraph requires a schedule of changes in NPL. The necessary information is provided in the table below for fiscal year ended December 31:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at December 31, 2019	$493,473,173	$452,080,699	$41,392,474
Changes for the year:			
Service Cost at end of year	12,718,417		12,718,417
Interest on TPL	33,306,797		33,306,797
Benefit term changes	0		0
Differences between expected and actual experience	(9,512,053)		(9,512,053)
Assumption changes	0		0
Employer contributions		12,300,000	(12,300,000)
Employee contributions		5,021,423	(5,021,423)
Net investment income		66,226,054	(66,226,054)
Benefit payments, including member refunds	(21,897,160)	(21,897,160)	0
Administrative expenses		(92,241)	92,241
Other		0	0
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)

Paragraph 44(d): There is no special funding situation.

Paragraph 45:

(a): The Measurement Date of the NPL is December 31, 2020. The TPL as of December 31, 2020 was determined based upon an actuarial valuation prepared as of the Valuation Date, January 1, 2020, rolled forward to December 31, 2020 using standard actuarial formulae.

(b): There is no special funding situation.

(c): There were no changes in the actuarial assumptions or other inputs since the Prior Measurement Date.

(d): There were no changes in the benefit terms since the Prior Measurement Date.

(e): There were no benefit payments in the measurement period attributable to the purchase of allocated insurance contracts.

(f): The measurement date of the NPL and the employer's reporting date, December 31, 2020, are the same, so there are no significant effects on the NPL due to differing dates.

(g): Please see Section III of this report for the development of the PE.

(h): Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce PE they are labeled Deferred Inflows of Resources. If they will increase PE they are labeled Deferred Outflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period. Investment gains and losses are recognized equally over a five-year period.

The following tables provide a summary of the amounts of the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (December 31, 2020). Per GASB 68, reporting of the differences between projected and actual earnings should be on a net basis, with only one Deferred Outflow or Inflow. This information is provided in the following table.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
Differences between expected and actual experience	$1,164,146	$11,594,075	($10,429,929)
Changes of assumptions	7,329,257	0	7,329,257
Differences between projected and actual earnings	19,515,517	64,890,499	(45,374,982)
Total	$28,008,920	$76,484,574	($48,475,654)

The following tables show the Deferred Outflows of Resources and Deferred Inflows of Resources separately to provide additional detail.

Deferred Outflows of Resources								
	December 31, 2019		Additions		Recognition		December 31, 2020	
Differences between expected and actual experience								
FY 2016 Base	$	0	$	0	$	0	$	0
FY 2017 Base		0		0		0		0
FY 2018 Base		0		0		0		0
FY 2019 Base		1,439,358		0		275,212		1,164,146
FY 2020 Base		0		0		0		0
Total	$	1,439,358	$	0	$	275,212	$	1,164,146
Changes of assumptions								
FY 2016 Base	$	0	$	0	$	0	$	0
FY 2017 Base		4,746,659		0		1,322,190		3,424,469
FY 2018 Base		0		0		0		0
FY 2019 Base		4,827,906		0		923,118		3,904,788
FY 2020 Base		0		0		0		0
Total	$	9,574,565	$	0	$	2,245,308	$	7,329,257
Differences between projected and actual earnings								
FY 2016 Base	$	0	$	0	$	0	$	0
FY 2017 Base		0		0		0		0
FY 2018 Base		29,273,275		0		9,757,758		19,515,517
FY 2019 Base		0		0		0		0
FY 2020 Base		0		0		0		0
Total	$	29,273,275	$	0	$	9,757,758	$	19,515,517
Total	$	40,287,198	$	0	$	12,278,278	$	28,008,920

Deferred Inflows of Resources								
	December 31, 2019		Additions		Recognition		December 31, 2020	
Differences between expected and actual experience								
FY 2016 Base	$	656,637	$	0	$	230,400	$	426,237
FY 2017 Base		3,178,937		0		885,498		2,293,439
FY 2018 Base		1,095,156		0		251,182		843,974
FY 2019 Base		0		0		0		0
FY 2020 Base		0		9,512,053		1,481,628		8,030,425
Total	$	4,930,730	$	9,512,053	$	2,848,708	$	11,594,075
Changes of assumptions								
FY 2016 Base	$	0	$	0	$	0	$	0
FY 2017 Base		0		0		0		0
FY 2018 Base		0		0		0		0
FY 2019 Base		0		0		0		0
FY 2020 Base		0		0		0		0
Total	$	0	$	0	$	0	$	0
Differences between projected and actual earnings								
FY 2016 Base	$	382,385	$	0	$	382,385	$	0
FY 2017 Base		10,939,107		0		5,469,553		5,469,554
FY 2018 Base		0		0		0		0
FY 2019 Base		41,691,025		0		10,422,756		31,268,269
FY 2020 Base		0		35,190,845		7,038,169		28,152,676
Total	$	53,012,517	$	35,190,845	$	23,312,863	$	64,890,499
Total	$	57,943,247	$	44,702,898	$	26,161,571	$	76,484,574

(i): Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in PE in future years as follows:

Fiscal Year Ending December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
2021	$12,278,278	$25,779,187	($13,500,909)
2022	12,278,279	20,275,070	(7,996,791)
2023	1,978,419	19,716,179	(17,737,760)
2024	1,198,330	8,610,225	(7,411,895)
2025	275,614	1,481,628	(1,206,014)
Thereafter	0	622,285	(622,285)

(j): Based on information supplied by the District, they receive no revenue from non-employer contributing entities.

SECTION V – REQUIRED SUPPLEMENTARY INFORMATION FOR GASB 68

Under GASB 68, there are several tables of Required Supplementary Information (RSI) that need to be included in the Plan's financial statements. This information can be found in Section II of this report, Required Supplementary Information for GASB 67, and is not repeated here.

APPENDIX A

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit A

GASB 68 Paragraph 43

STATEMENT OF PLAN FIDUCIARY NET POSITION AND CHANGES IN THE FIDUCIARY NET POSITION
Fiscal Year Ended December 31, 2020

Statement of Plan Fiduciary Net Position at December 31, 2020

Assets		
Cash and cash equivalents	$	1,610,995
Investments at fair value		
Fixed income		136,841,701
Domestic stock		242,432,357
International stock		132,753,722
Total investments		512,027,780
Total assets		513,638,775
Liabilities		
Accrued expenses and benefits payable		0
Total liabilities		0
Net position restricted for pensions	$	513,638,775

Statement of Changes in the Fiduciary Net Position
for the Year Ended December 31, 2020

Additions:		
Employer contributions	$	12,300,000
Employee contributions		5,021,423
Total contributions		17,321,423
Net investment income		66,226,054
Total additions		83,547,477
Deductions:		
Service benefits		21,897,160
Administrative expenses		92,241
Total deductions		21,989,401
Net increase/(decrease)		61,558,076
Net position restricted for pensions:		
Beginning of year		452,080,699
End of year	$	513,638,775

Exhibit B

GASB 67 Paragraphs 32(a)-(b)
GASB 68 Paragraphs 46(a)-(b)
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

Fiscal Year 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	33,306,797	31,734,106	30,304,199	29,552,506	28,076,211	26,596,785
Benefit term changes	0	0	0	0	0	0
Differences between expected and actual experience	(9,512,053)	1,714,570	(1,597,520)	(5,835,431)	(1,578,237)	0
Assumption changes	0	5,751,024	0	8,713,229	0	0
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)
Other	0	0	0	0	0	0
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 Liability - ending (a) - (b)	($5,549,601)	$41,392,474	$85,556,560	$39,575,011	$63,676,807	$66,128,877
Plan 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
Employers' Net Pension Liability as a percentage of covered payroll	-8.33%	65.42%	136.09%	63.19%	104.28%	104.33%

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Exhibit C

GASB 67 Paragraph 32(c)
GASB 68 Paragraph 46(c)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
($ in Thousands)

FY Ending December 31,	Actuarially 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	(1,080)	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%

Note: Information prior to 2011 was produced by the prior actuary.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	January 1, 2020
Notes	Actuarially determined contribution is determined in the valuation performed as of January 1 of the year in which contribution are made.
Methods and Assumptions Used to Determine Actuarial 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)
Price Inflation	2.60 percent
Salary Increases, including price inflation	4.00 to 11.00 percent, depending on years of service
Long-Term Rate of Return	6.90 percent
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 Adjustment	2.60 percent per year

APPENDIX B

SUMMARY OF KEY BENEFIT PROVISIONS

The Retirement Plan for Employees of the Metropolitan Utilities District was established on October 1, 1944, using a conventional group annuity contract with Metropolitan Life Insurance Company (MLI) as the vehicle for funding the retirement benefits under the plan. Effective December 31, 1967, the plan was amended which brought about changes in the benefit and contribution formulas and added a spouse's benefit.

As of December 31, 1967, the MLI Group Annuity Contract was amended to discontinue further purchases of annuities. However, under contractual rights, annuities purchased prior to December 31, 1967 continue to be guaranteed under the provisions of such contract. Further amendments modified the pre-existing contract from a conventional group annuity contract to an Immediate Participation Guaranteed (IPG) group annuity contract (effective December 31, 1967). Investments are being managed by Vanguard Institutional Advisory Services pursuant to the provisions of the Investment Policy Statement.

The following summary of plan provisions reflects the plan as in effect on the date of the valuation.

Effective Date:	December 31, 1967
Participation:	(a) Each Employee on the effective date, provided he was employed before his 60th birthday, became a participant on the effective date (b) Each person who becomes an employee after the effective date becomes a participant on his employment date.
Final Average Salary:	The average of the salaries for the highest paid 24 consecutive months out of the last 120 months before retirement (high 36 months prior to 3/1/06).
Age and Service Requirements for Benefits:	
Normal Retirement	First day of the month next following the 60th birthday
Early Retirement	Age 55 with at least five years of service.
Deferred Vested Benefit	Separate service before age 55 with at least five years of service.
Spouse's Benefit	Upon death of employee in active service with at least five years of service and married at least one year prior to the date of death. Payable based on employee's age according to early or normal retirement provisions.

Retirement Benefits:

Normal & Late Retirement	A monthly amount which equals (a) percentage of Final Average Salary based on years of continuous service, beginning at 2.15% for each of the first 25 years of service (2.00% prior to 3/1/06) plus 1.00% for the next 10 years, plus 0.50% for each year of service after 35 years. (b) any monthly normal retirement annuity purchased under the MLI contract up to December 31, 1967.
Minimal Normal	A monthly amount which, together with the annuity under the MLI contract, if any, equals $6 for each year of service, beginning with $30 for five years of service and grading up to $120 for 20 or more years of service.
Early Retirement	A monthly amount which equals (1) times (2) (1) An amount determined in the same manner as the normal retirement benefit, based on: (a) Years of continuous service and Final Average Salary on the early retirement date, and (b) Any monthly annuity, payable at age 65, to which the employee may be entitled under the MLI contract, (2) A percentage factor equal to 100% at age 60 and above, with reductions of 0.25% a month for each month of early retirement (from age 60 to age 55)

Form of Annuity:

Normal	Monthly payments for life with refund at death of excess, if any, of the employee's contributions over payments received.
Optional	Contingent annuitant options are provided in the plan (a "pop-up" feature applies to any Contingent Annuitant Option if the employee's spouse is the Contingent Annuitant and the spouse predeceases the employee). Prior to 3/1/06, the pop-up provision applied only to the Joint and 50% Contingent Annuitant option.

Termination Benefits:

Less than 5 years of service	A refund of the employee's contributions under the plan with interest to date of termination.
Before age 55 with 5 or more years of service	At the employee's election either: (1) refund of the employee's contributions under the plan with interest to date of termination, or (2) a deferred retirement income based on years of service and Final Average Salary at termination date.

Spouse's Benefit:	Effective 3/1/06: (1) if death occurs before age 55, the spouse is eligible for a survivor benefit at the member's earliest retirement age. The amount received is the member's accrued benefit adjusted for early commencement, if applicable, and conversion to a joint 100% survivor form of payment. (2) if death occurs after age 55, the spouse is eligible for a survivor benefit immediately. The amount is adjusted for early commencement, if applicable, and conversion to a joint and 100% survivor form of payment.

Single Sum Death Benefits:

Before Retirement (if no spouse eligible for spouse's benefit)	To designated beneficiary or estate of employee – the employee's contributions under the plan with interest to date of death.
Vested Terminated Employee (before retirement income payments commence)	Same as above.
After Retirement (if normal form benefit)	To designated beneficiary or estate of employee – the excess, if any, of the lump sum death benefit that would have been payable at date of retirement over the retirement income payments to date of death.

Surviving Spouse (receiving spouse's benefit)	To designated beneficiary or estate of the spouse, the excess, if any, of the employee's contributions under the plan with interest to the date of the employee's death over the payments made to the date of the spouse's death.
Contingent Annuitant (if retirement income payments have commenced)	To designated beneficiary or estate of the last survivor as between the retired employee and the contingent annuitant – the excess, if any, of the lump sum death benefit that would have been payable at date of retirement over the retirement income payments to the retired employee and the contingent annuitant to the date of death of the last survivor.
Employee Under MLI Contract	Contributions under MLI contract payable subject to provisions of MLI contract.

<u>Cost of Living Adjustments:</u> To retired employees, spouses and contingent annuitants – the supplemental pension payments based on the change in the Consumer Price Index, not less than 0% and not more than 3% a year. Adjustments are made twice a year on January 1 and July 1.

<u>Disability Benefits:</u> If a participant becomes totally and permanently disabled, he/she is deemed to remain active for plan purposes, at his/her salary at the time of disability, until recovery or retirement. No employee contributions are required during the period of disability.

<u>Source of Funds:</u>

Employee Contributions

Year	Contribution Rate
2020	7.50%
2021	8.00%
2022	8.50%
2023 +	9.00%

District Contributions: The remaining amount required to fund the benefit on an actuarially sound basis.

APPENDIX C

STATEMENT OF ACTUARIAL ASSUMPTIONS

Long-term Expected Rate of Return: (revised 2020)	6.90% per annum, compounded annually
Payroll Growth (revised 2018):	3.50% per year
Inflation: (revised 2018)	2.60% per year
Mortality Rates: (revised 2018)	
Active	RP-2014 Adjusted to 2006 Total Dataset Mortality Table with Female Rates Set Forward One Year – Generational with Projected Improvements under Scale MP-2016
Retired	RP-2014 Adjusted to 2006 Total Dataset Mortality Table with Female Rates Set Forward One Year – Generational with Projected Improvements under Scale MP-2016
On Long Term Disability	RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table with Female Rates Set Forward One Year – Generational with Improvements under Scale MP-2016

Withdrawal Rates: (revised 2018)

	Annual Rate	
Years of Service	Male	Female
1	10.00%	8.00%
5	2.00%	4.00%
10	1.05%	3.00%
15	1.05%	2.50%
20	1.05%	2.50%
25	0.00%	1.50%
30	0.00%	0.00%

Retirement Rates: (revised 2018)

Age	Annual Rate
55 to 58	3%
59	13%
60	30%
61	30%
62	40%
63	20%
64	20%
65	60%
66-69	30%
70	100%

Retirement benefits are assumed to commence at age 58 for vested terminated members and age 62 for disabled members.

Salary Scale: (revised 2018)

Salaries of the employees are assumed to increase according to the following schedule:

Years of Service	Annual Percentage Increase
1	11.00%
5	7.00%
10	5.00%
15	4.50%
20	4.50%
25	4.25%
30	4.25%
35	4.00%

Note: Includes salary inflation at 3.50%

Spouse's Benefit: (revised 2015)

It is assumed that 90% of employees are married, with wives three years younger than husbands.

Probability of Refund:

Service	Refund
5	40%
10	40
15	40
20	0

Cost of Living Adjustment: (revised 2018)	Retirement benefits are assumed to increase at 2.60% per year.
Administrative Expense: (implemented 2015)	Component of contribution rate, based on the prior year's actual administrative expenses.
Decrement Timing	Middle of year
Other:	Active liabilities for withdrawal and retirement benefits are loaded 0.50% for those members expected to elect a Joint and Contingent Annuitant form of payment that has a pop-up feature.

For those who elect a Joint and Contingent Annuitant form of payment that has a pop-up feature, the assumed pop-up factors for retirees are shown below:

Joint Percentage	Pop-up Factor
25%	1.0870
50%	1.1628
75%	1.2195
100%	1.2821

The lump sum death benefit (a return of contributions with interest) for vested terminated members is assumed to equal three times the annual benefit amount.

The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.

Placed On File
April 7, 2021

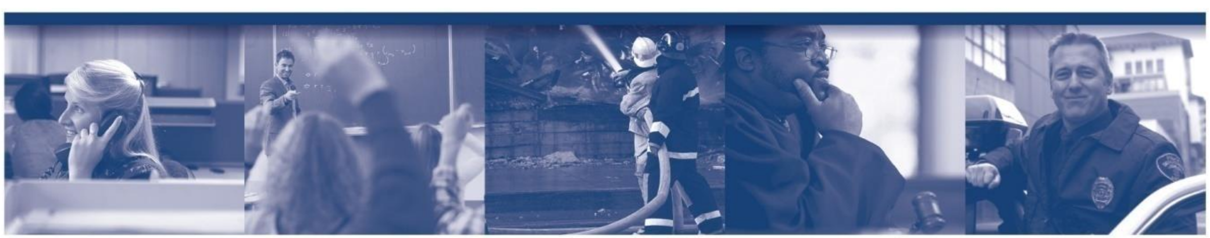
Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

Retirement Plan for Employees of MUD

January 1, 2021 Actuarial Valuation Results

Presented: April 7, 2021



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Funding of Retirement System

- Very long term in nature – the obligations (liabilities) to current members stretch out over 75 years

- Estimated benefit payments are the Plan's liabilities
  - Based on many actuarial assumptions, but actual experience may vary from that expected
  - That variability creates "risk" (uncertainty)
  - Increased focus on assessment and disclosure of such risk

- Prudent to regularly monitor funding progress so adjustments can be made if trends become apparent

- Actuarial valuations are performed annually to evaluate current funded status and determine the actuarial contribution for current year based on the Plan's funding policy

Funding of MUD's Retirement Plan

- The key metric coming out of the actuarial valuation is the actuarial contribution for the current year
- Plan is funded by contributions from the employees and the District
  - Employees contribute a fixed percent of their pay to the Plan
    - In 2021, the employee contribution rate is 8.00%
    - Increases 0.50% each year until 9.00% in 2023
  - District contributes the remainder of the actuarial contribution

Actual vs Expected Experience in 2020

- Overall, favorable experience for the year
  - Investment return was 14% on market value and 10% on actuarial (smoothed) value. Actual return was higher than assumed (6.9%), resulting in an actuarial gain of $14 million.
  - Liabilities were lower than expected (actuarial gain of $6 million) largely due to lower salaries and COLAs than expected, based on actuarial assumptions
  - Total actuarial gain was $20 million
  - Market value of assets is higher than the actuarial value by $42 million (deferred gain)
    - Provides a nice cushion for adverse experience
    - Return on market value in 2021 can be as low as -2% and still meet the assumed return of 6.9% on actuarial assets

Summary of Results
Funded Status

	1/1/21 Valuation	1/1/20 Valuation
Actuarial liability ($M)	$502	$485
Actuarial assets ($M)	(472)	(432)
Unfunded actuarial liability ($M)	$ 30	$ 52
Funded Ratio: Assets/Liability		
Actuarial Value of Assets	94.0%	89.3%
Market Value of Assets	102.4%	93.3%

Note: Actuarial value of assets is a smoothed, market-related value which is used to reduce the volatility inherent in pure market value measurements.

Numbers may not add due to rounding.

District Contribution

	1/1/21 Valuation	1/1/20 Valuation	Change
Total Contribution Rate	21.91%	24.07%	(2.16%)
Employee Rate	(8.00%)	(7.50%)	(0.50%)
Employer Rate	**13.91%**	**16.57%**	**(2.66%)**
Estimated Covered Payroll	$68,161,988	$66,604,146	$1,557,842
Employer Contribution (Actuarially Determined)	**$9,481,333**	**$11,036,307**	**($1,554,974)**
District Contribution	**$11.6 million (Budgeted)**	**$12.3 million (Actual)**	**($0.7 million)**

Sources of Change in Key Valuation Results

	District Contribution Rate	Funded Ratio
January 1, 2020 Valuation	**16.57%**	**89.25%**
Expected year to year change	0.00%	0.54%
Contributions above actuarial rate	(0.13%)	0.25%
Investment experience	(1.42%)	2.77%
Demographic/other experience	(0.64%)	1.19%
Increase in employee contributions	(0.50%)	0.00%
Payroll lower than expected	0.03%	0.00%
Total Net Change	**(2.66%)**	**4.75%**
January 1, 2021 Valuation	**13.91%**	**94.00%**

The main factors that impacted the increase in the funded ratio and decrease in the District's contribution rate was favorable investment and demographic experience.

Employee Contribution Rate Increases

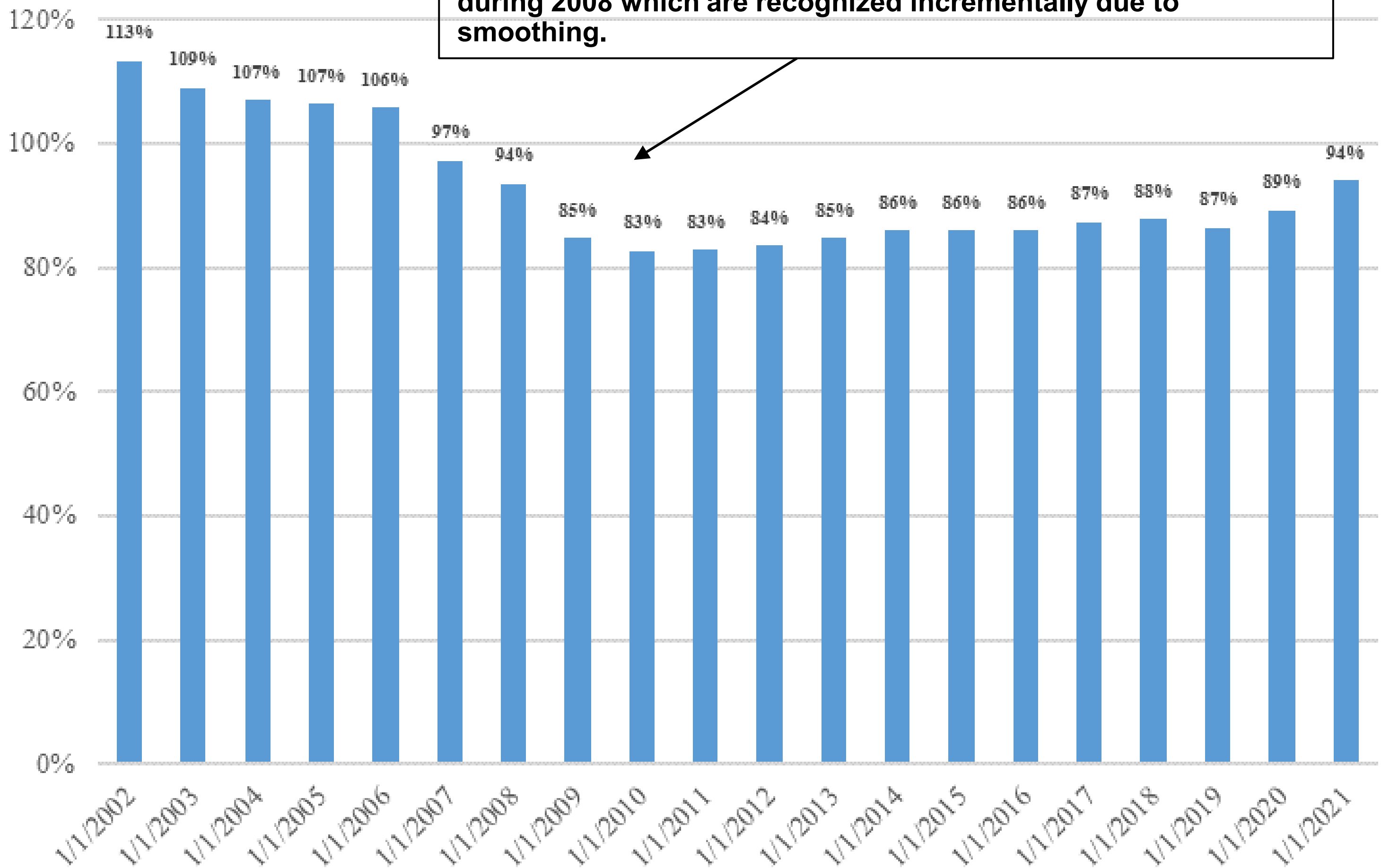
- Future scheduled increases in the employee contribution rate will decrease the District's contributions in future years

Estimated Impact of Increase in Employee Contribution Rate			
Year	Change	Incremental Change	Cumulative Change
2022	8.00% to 8.50%	$353,000	$353,000
2023	8.50% to 9.00%	$365,000	$730,000

Note: cumulative change column is the cumulative change in the employee contribution rate times the expected payroll for that year, not the sum of amounts shown in the incremental change column.

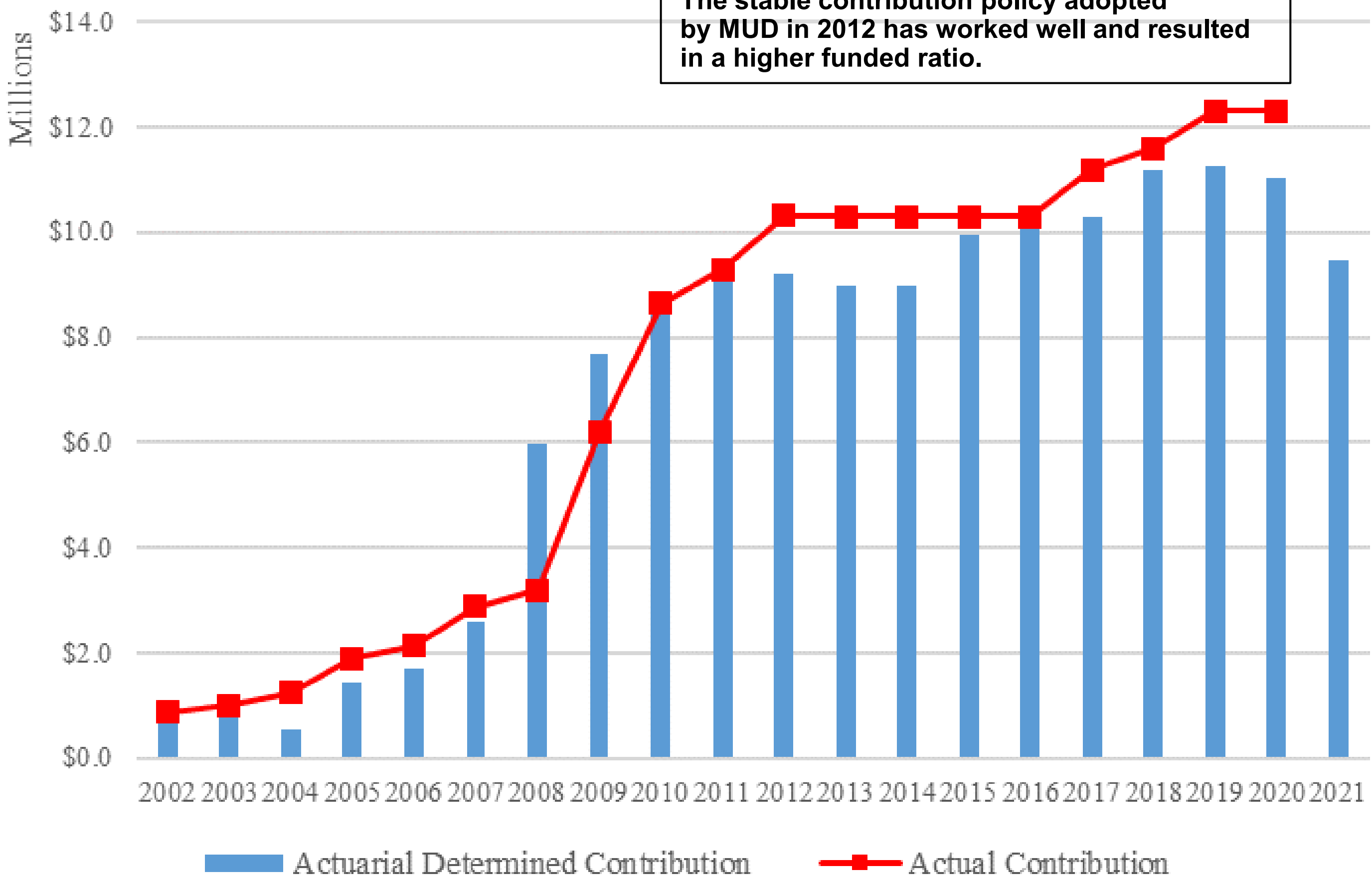
Historical Funded Ratio

The significant decline in the funded ratio between 2006 and 2009 reflects the change in the benefit formula in 2007 (retroactive) and investment returns far below expected during 2008 which are recognized incrementally due to smoothing.



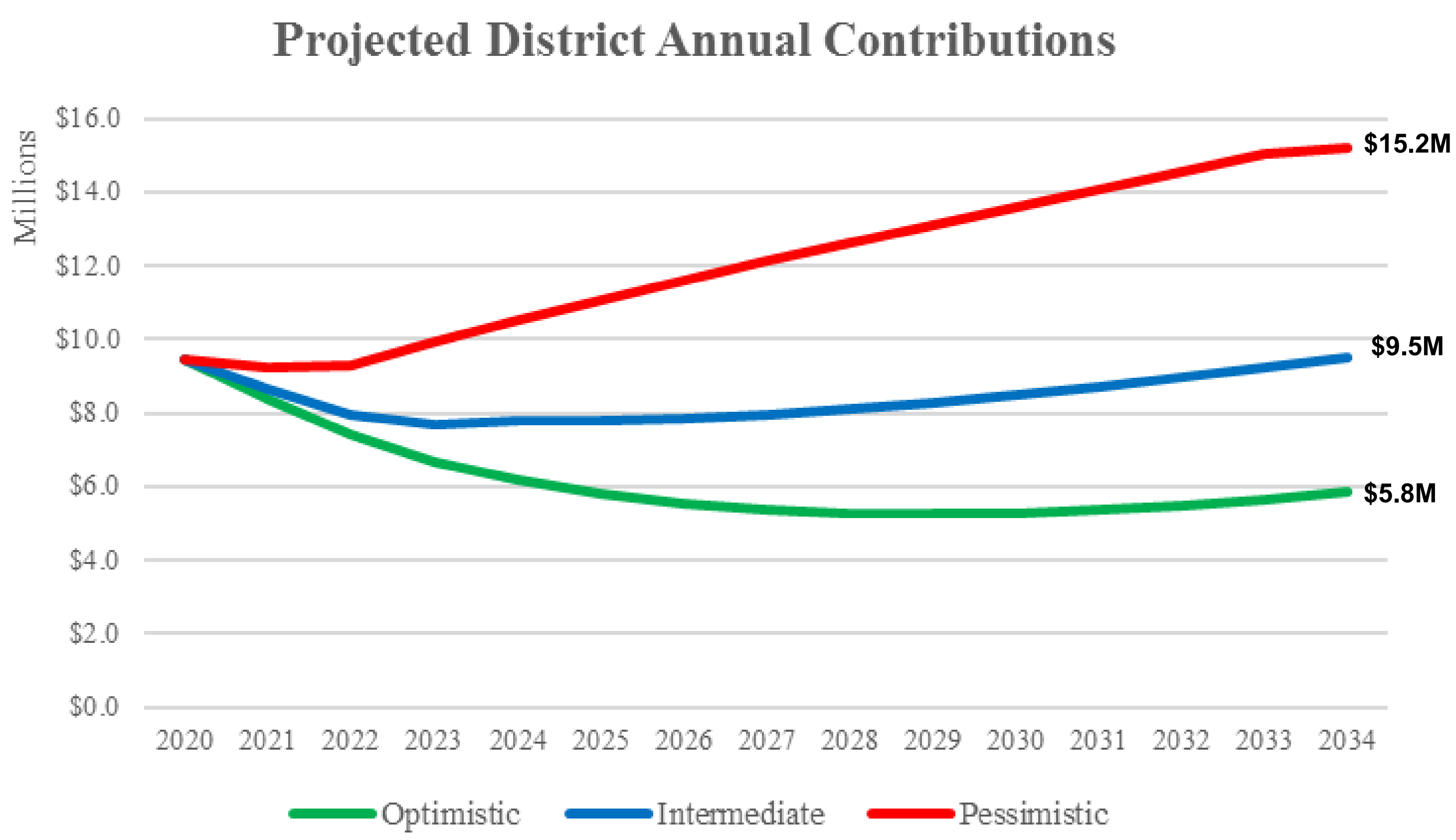
Historical Employer Contributions

The stable contribution policy adopted by MUD in 2012 has worked well and resulted in a higher funded ratio.



Actuarial Determined Contribution (ADC) includes a component to address the funding of the unfunded actuarial liability and move the Plan to a funded ratio of 100%. Actual contributions above the ADC reduce the unfunded actuarial liability and improve the funded ratio.

Investment Return Risk



Optimistic: 10% return for 2021-2023, 6.9% thereafter
Intermediate: 6.9% return in all years (assumed rate)
Pessimistic: 0% for 2021, 4% for 2022-2023, 6.9% thereafter

Comments

- There is direct correlation between well-funded plans and consistent contributions at/above the full actuarial contribution rate
  - MUD’s funding policy has resulted in a very strong funded ratio of 94%
  - Result of consistent funding of the full actuarial contribution (or more) by the District (17 of last 19 years)
- Biggest challenge continues to be managing the volatility in actual returns that is inevitable when investing in the market and the corresponding impact on contributions
- All assumptions, including the investment return assumption, will be reviewed in the quadrennial experience study to be completed later this year

Supplemental Information

Total Membership

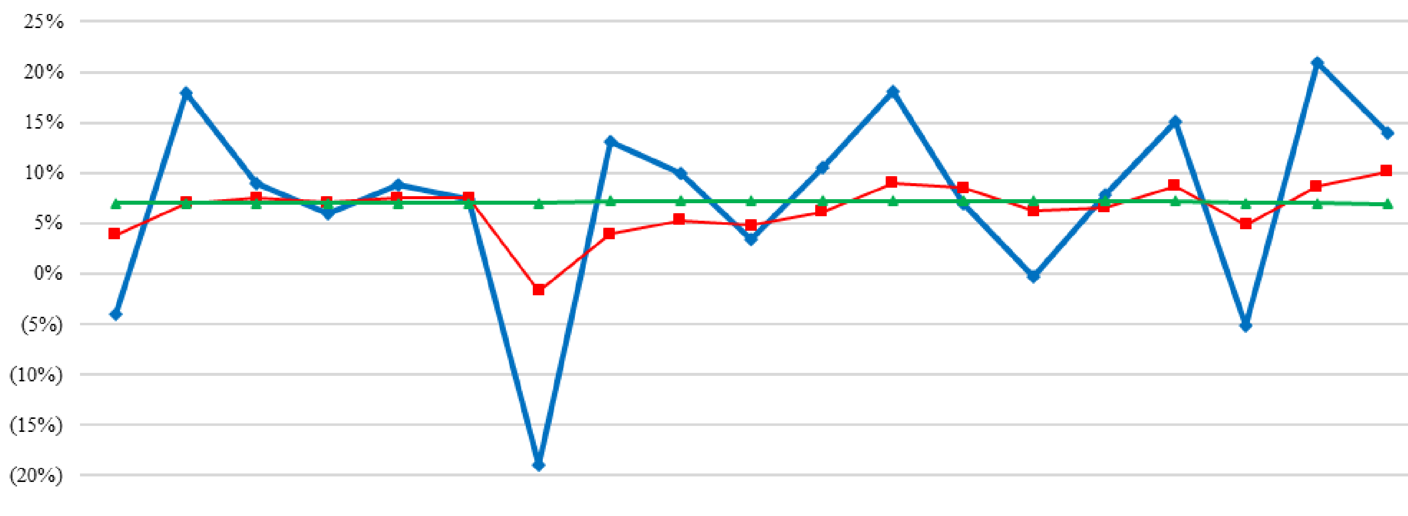
	1/1/21 Valuation	1/1/20 Valuation	Change
Active members	808	808	0.0%
LTD/Inactive vested	75	72	4.2%
Inactive non-vested	2	1	100.0%
Retirees and Beneficiaries	661	655	0.9%
Total	1,546	1,536	0.7%

Details of 2021 Contribution Rate

	1/1/21 Valuation	1/1/20 Valuation	Change
Normal cost rate	19.28%	19.24%	0.04%
UAL contribution*	2.63%	4.83%	(2.20%)
Total Contribution Rate	21.91%	24.07%	(2.16%)
Employee Rate	(8.00%)	(7.50%)	(0.50%)
Employer Rate	**13.91%**	**16.57%**	**(2.66%)**
Estimated Covered Payroll	$68,161,988	$66,604,146	$1,557,842
Total Required Contribution	$14,934,292	$16,031,618	(1,097,326)
Employee Contribution	$ 5,452,959	$ 4,995,311	457,648
Employer Contribution	**$9,481,333**	**$11,036,307**	**$ (1,554,974)**

*** Legacy UAL is amortized over a closed 23 year period (as of 1/1/2021).**

Investment Return Volatility
Returns for MUD's Plan



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
MVA	-3.99%	17.90%	9.02%	5.92%	8.76%	7.41%	-18.98	13.13%	9.91%	3.35%	10.50%	18.04%	6.92%	-0.23%	7.83%	15.04%	-5.17%	21.00%	13.99%
AVA	3.88%	6.97%	7.48%	7.06%	7.49%	7.48%	-1.70%	3.97%	5.29%	4.82%	6.13%	9.01%	8.47%	6.23%	6.61%	8.68%	4.90%	8.63%	10.16%
Assumed	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.00%	7.00%	6.90%

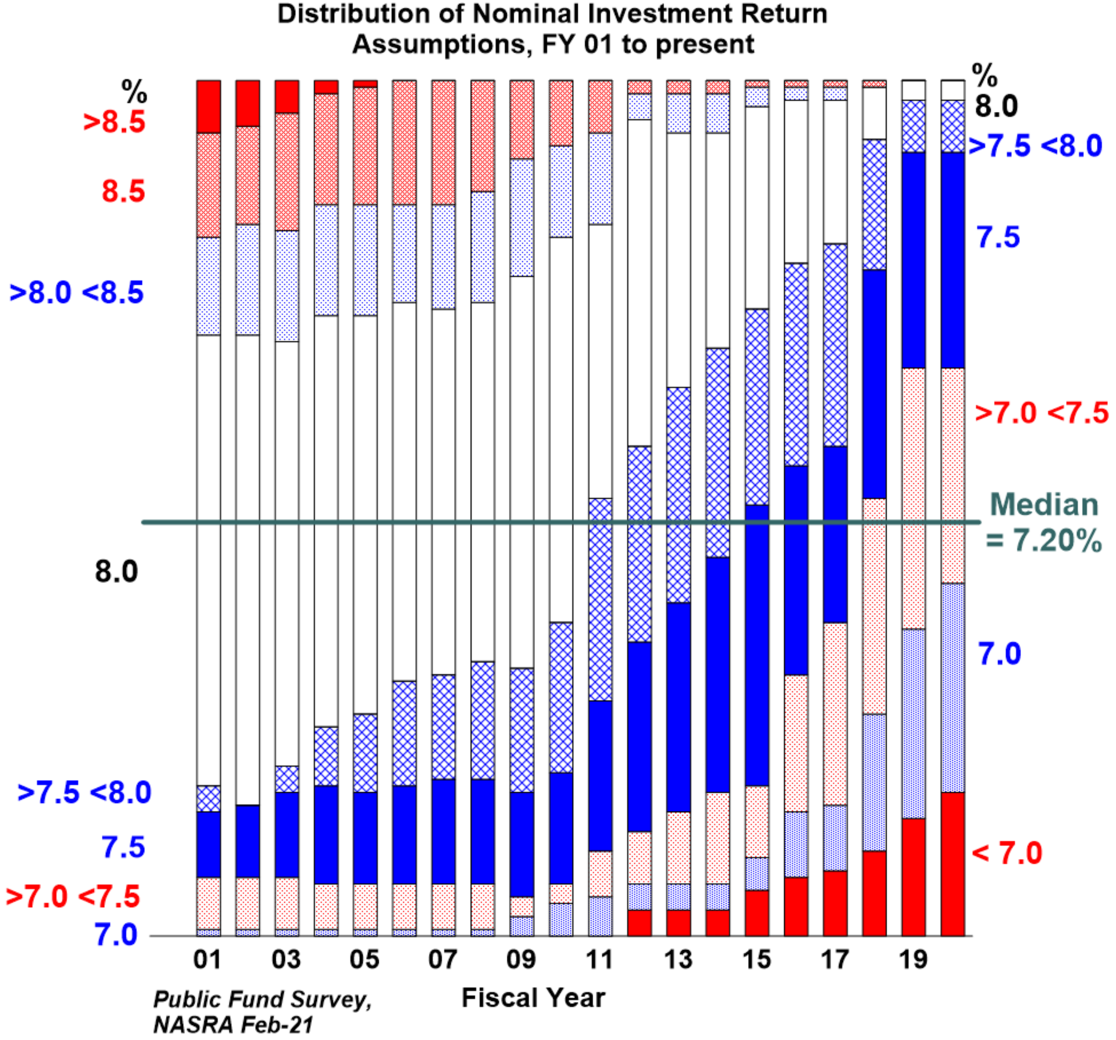
Contribution Rate Volatility

- MUD's Plan is very mature, similar to most plans in the U.S
- The more mature the plan, the more sensitive the contribution rate is to investment volatility

Year	Assets	Payroll	Ratio	Impact on Actuarial Contribution
2021	$513.6M	$66.6M	771%	$3.55M

- Assets are more than seven times payroll
  - Underperforming the investment return assumption by 10% (earn -3.1%) is equivalent to 77% of payroll
  - Even with asset smoothing and amortization of losses, the impact on the contribution is significant
  - This level of volatility is not unexpected given the asset allocation

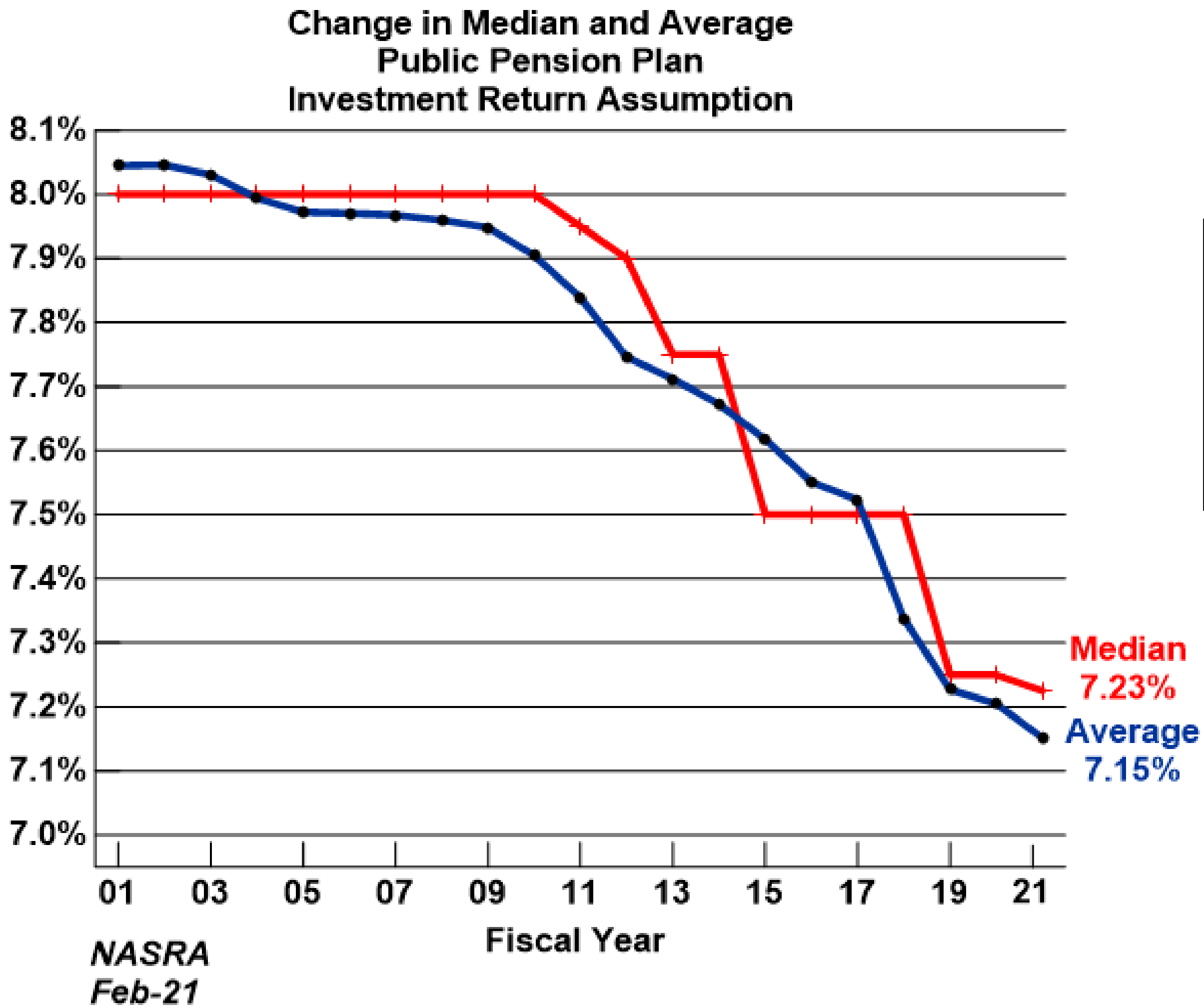
Distribution of Investment Return Assumptions - Large Public Plans



The key takeaway from this chart is the dramatic reduction in the median investment return assumption over the last 10 years. Currently, the median return is 7.20%, but we continue to see many systems reducing their assumptions so a further reduction would not be unexpected.

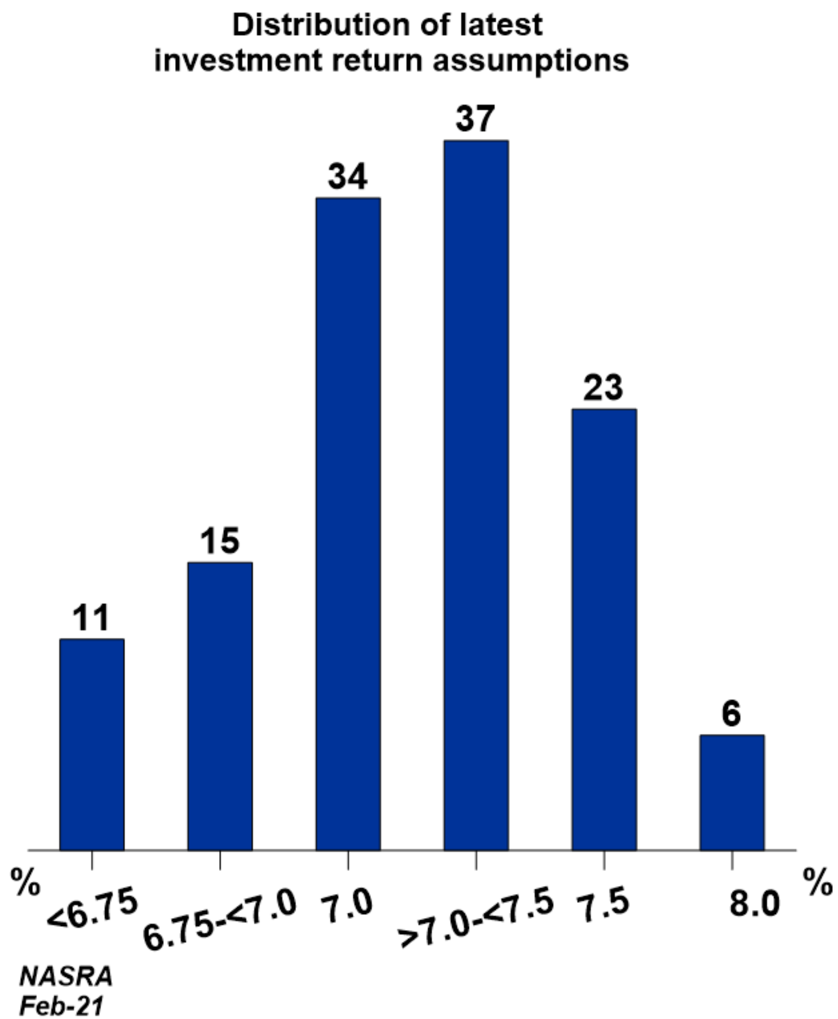
MUD's assumption will be reviewed in the quadrennial experience study later this year.

Assumptions Used by Other Public Plans



The key takeaway from this graph is the downward trend in the assumption, particularly in the last 10 years.

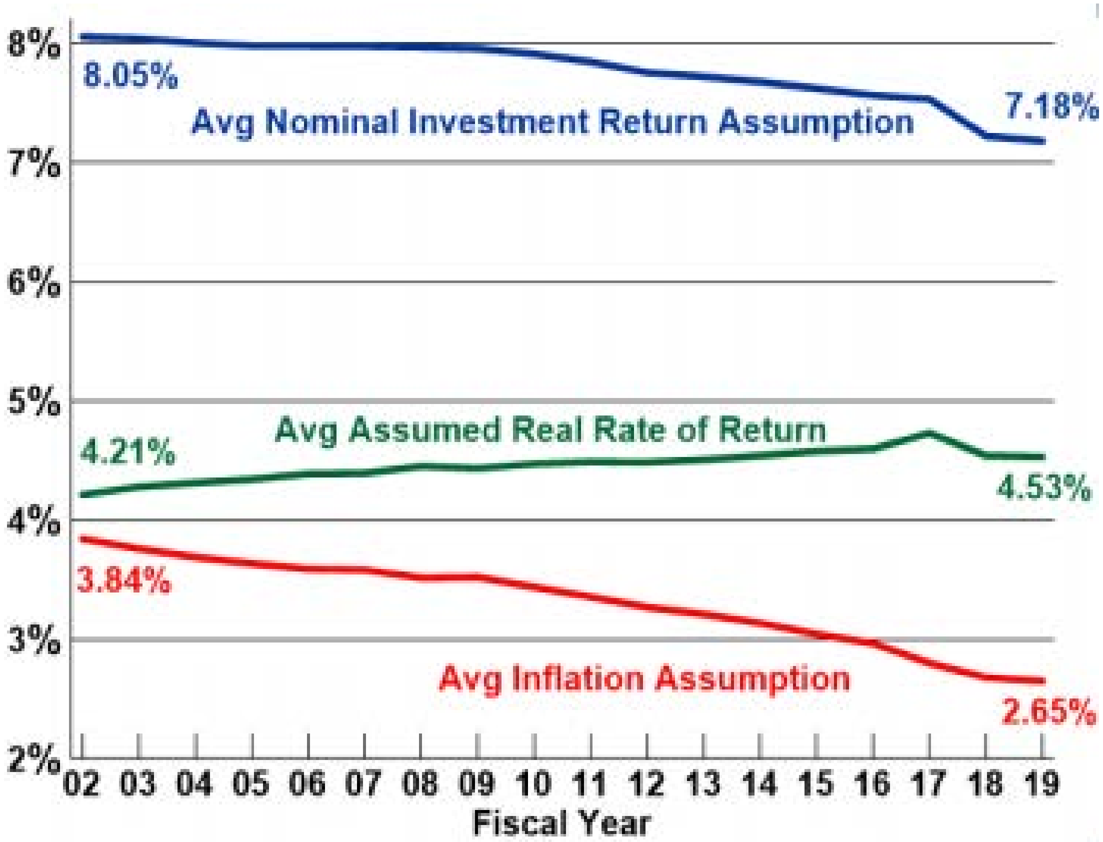
Other Public Plans
Return Assumptions



60 of 126 Plans in the Survey (48%) use an investment return assumption of 7.0% or less.

Note: direct comparability is limited as asset allocations vary among different retirement systems.

Trend to Lower Return Assumptions

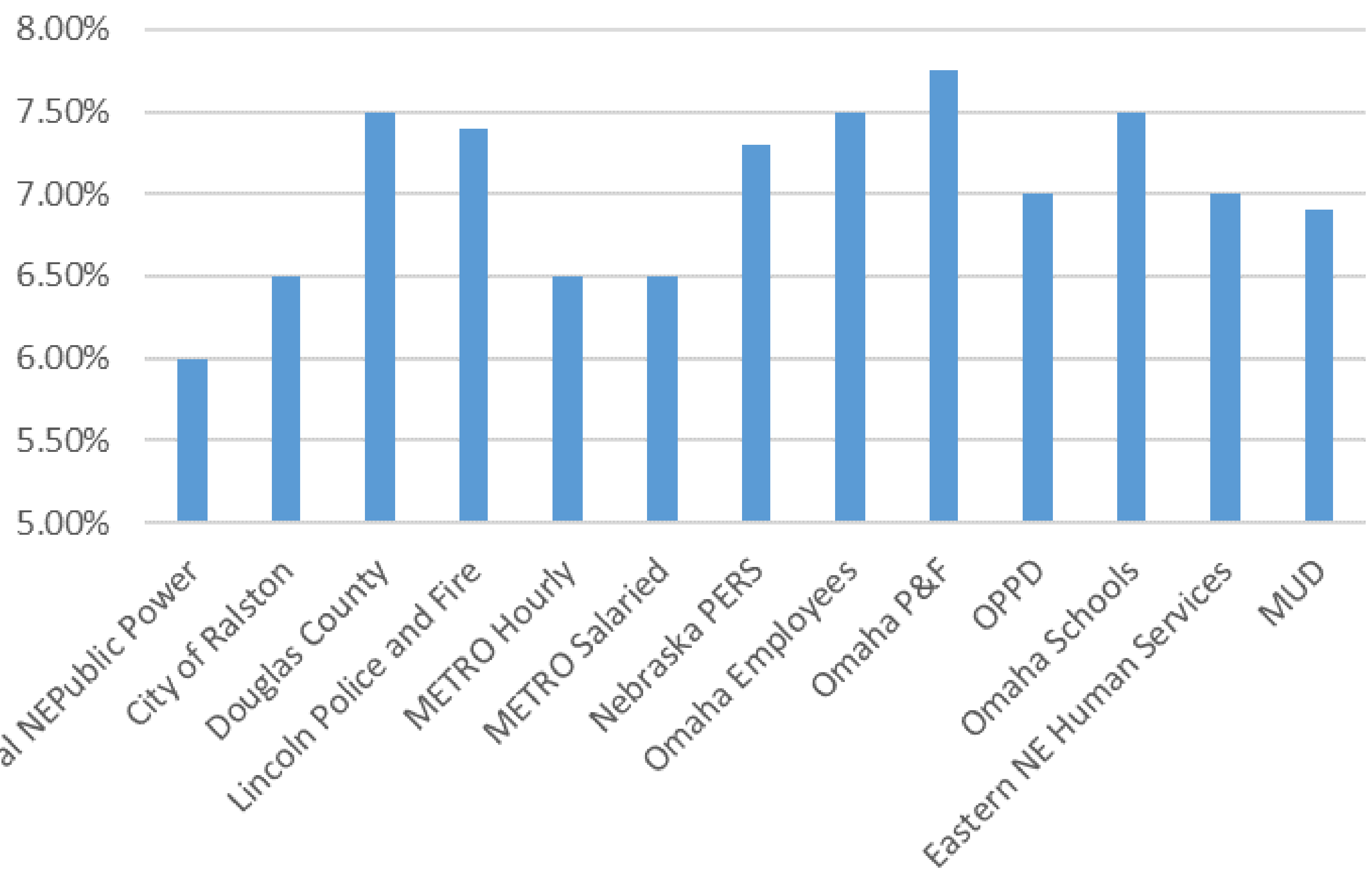


The decline in the investment return assumption for public plans has been heavily impacted by the decrease in the inflation assumption.

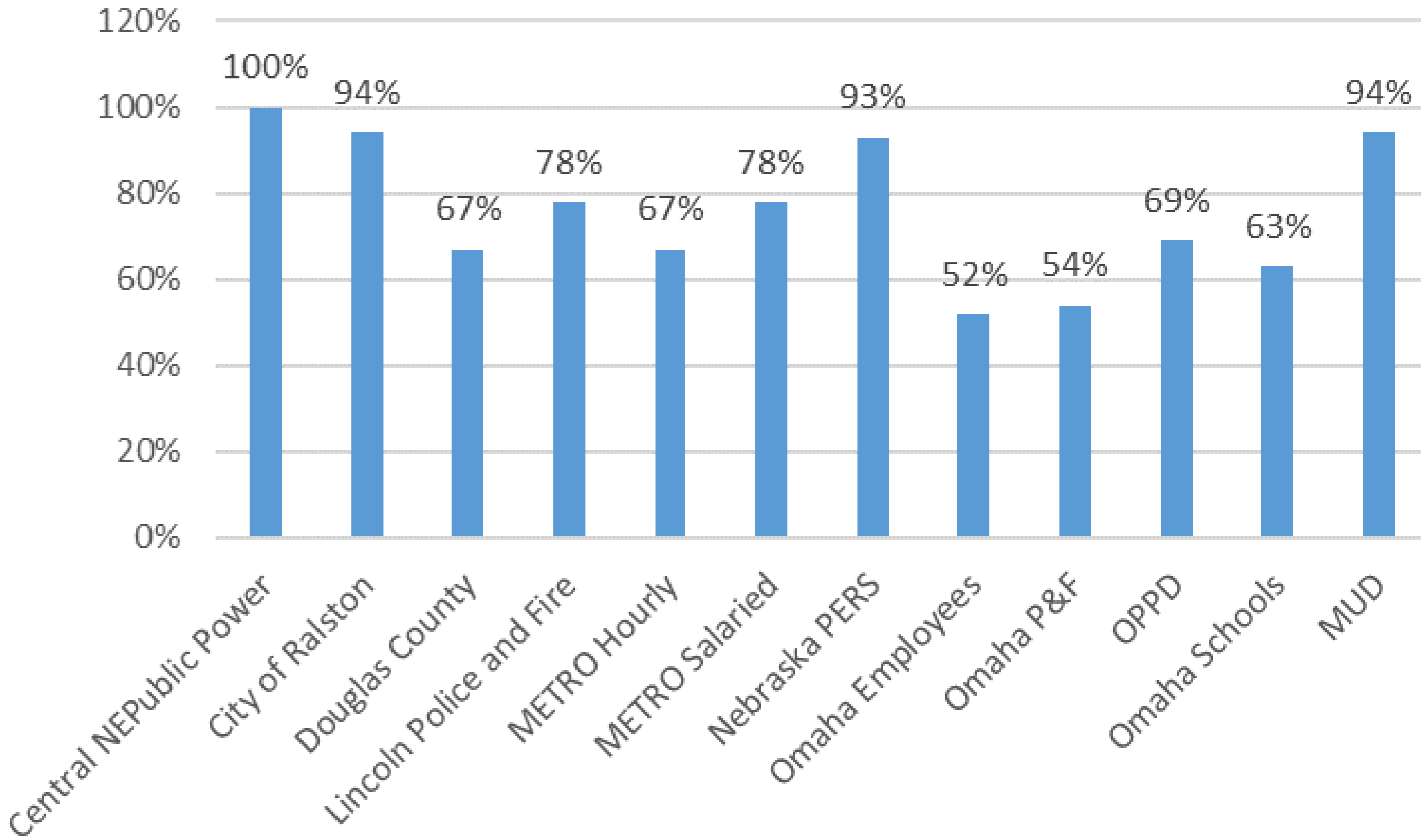
MUD's real return assumption is 4.30% compared to the average survey result of 4.53%.

Note: Public Plan database reflects average returns which reflect different investment mixes among the various funds.

Investment Return Assumption of Other Nebraska Plans



Funded Ratio of Other Nebraska Plans



Based on most recent available data, largely from 2020 valuation results.

Caveats and Limitations

This presentation is based on the data, methods, assumptions and plan provisions described in the actuarial valuation report dated March 18, 2021. The statements of reliance and limitations on the use of this material are reflected in the actuarial report and also apply to this presentation. These statements include reliance on the data provided, the actuarial certification and the purpose of the report.

Please see the January 1, 2021 actuarial valuation report for more detailed information on the data, assumptions, methods and plan provisions that were used to develop the valuation results presented herein. We are happy to provide additional information or respond to questions as needed.

Patrice Beckham, FSA, EA, FCA, MAAA

Cavanaugh Macdonald Consulting, LLC

Placed on File
April 7, 2021

METROPOLITAN UTILITIES DISTRICT
Inter-Departmental Communication

March 30, 2021

Subject: RSM AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

To: Audit Committee
cc: All Board Members; Doyle, Ausdemore, Mendenhall, O'Brien, and all Vice Presidents

From: Joseph J. Schaffart, Senior Vice President, Chief Financial Officer

Attached for your review, please find the "Financial Statements and Supplemental Schedules" for the year ended December 31, 2020 as audited by RSM, our external auditors. I am pleased to inform you that RSM expressed an unmodified, or "clean" audit opinion, which means that the financial statements present fairly, in all material respects, the financial position of both the Gas and Water divisions as of December 31, 2020. It is important to note that the District is responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles, whereas it is RSM's responsibility to issue an opinion on the financial statements based on their audit.

Additionally, please find three documents directed to the Board pursuant to your governance role, as follows:

1) Memo from RSM to the Board explaining the responsibilities of the Auditor and Management as it relates to the performance of the audit as well as significant accounting practices, policies, estimates, disclosures and any recommended or "passed" adjustments;
2) "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters";
3) Management Representation Letter, signed by the President and Chief Financial Officer, whereby we acknowledge, among other things, our responsibility to prepare fair financial statements in accordance with generally accepted accounting principles.

Kevin Smith, Audit Assurance Partner with RSM, will give a summary of the audit and associated required communications at the April Board meeting.

The aforementioned documents will be on the April 7, 2021 Committee and Board Agendas to be placed on file.

Joseph J. Schaffart
Senior Vice President, Chief Financial Officer
(402) 504-7111

Approved:

Mark E. Doyle
President

Attachments

Placed on File
April 7, 2021

METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2020 and 2019

(With Independent Auditor’s Report Thereon)

METROPOLITAN UTILITIES DISTRICT

Table of Contents

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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Omaha, Nebraska
March 23, 2021

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2020 and 2019

"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.

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.

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.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2020 and 2019

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

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.

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

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.

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

	2020				2019			
Assets and Deferred Outflows of Resources	**Gas Department**	**Water Department**	**Eliminations**	**Business-type Activities Total**	**Gas Department**	**Water Department**	**Eliminations**	**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)

METROPOLITAN UTILITIES DISTRICT

Statement of Cash Flows (Continued)

December 31, 2020 and 2019

	2020 Gas Department	2020 Water Department	2020 Business-type Activities Total	2019 Gas Department	2019 Water Department	2019 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.

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 the Metropolitan Utilities District of Omaha. These plans are included in the reporting entity because the District controls the assets of each of these trust funds, as defined by GASB Statement No. 84, *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.

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

(p) Other Postemployment Benefits

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

(q) Use of Estimates

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

(r) Recent Accounting Pronouncements

GASB Statement No. 87, *Leases*, issued in June 2017, 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 District is currently 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
			Less		Hierarchy	Standard &
Investment Type		Fair Value	Than One	1-5	Level	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.

Investment Type		Fair Value			Hierarchy
		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

(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	11,350,715	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	Principal outstanding 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.

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	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	Principal outstanding 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

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).

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.

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 benefits from the trust.

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

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

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

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

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

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

The following presents the net OPEB liability of the District as of December 31, 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 customers of CPEP. CPEP has issued $4.2 billion of gas supply revenue bonds ($2.4 billion of outstanding bonds) to fund these natural gas prepayment transactions, which are secured by gas contracts entered into with each project's members or customers. MUD currently has four Gas Supply Agreements with CPEP as described below.

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

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 payrol		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.

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.

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		—

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

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		—

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

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

Placed On File
April 7, 2021

RSM

RSM US LLP

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March 23, 2021

Board of Directors
Metropolitan Utilities District
Omaha, Nebraska

This letter is to inform the Board of Directors of Metropolitan Utilities District (the District) about significant matters related to the conduct of our audit as of and for the year ended December 31, 2020, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

The Respective Responsibilities of the Auditor and Management
Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated September 10, 2020. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit
We have issued a separate communication dated September 10, 2020 regarding the planned scope and timing of our audit and significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures
In our meeting with you, we will discuss our views about the qualitative aspects of the District's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Depreciable useful life of capital assets
- Unbilled revenue
- Net pension liability (NPL) assumptions
- OPEB liability assumptions
- Fair value of investments

Audit Adjustments and Uncorrected Misstatements
There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Internal Control Matters
We have separately communicated in a report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements dated March 23, 2021 as required by *Government Auditing Standards*.

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Consultation with Other Accountants
We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Management Representations
Attached is a copy of the management representation letter.

Closing
We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Metropolitan Utilities District.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

RSM

RSM US LLP

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the fiduciary fund type of the Metropolitan Utilities District (District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 23, 2021.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Omaha, Nebraska
March 23, 2021

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March 23, 2021

RSM US LLP
1299 Farnam St
Suite 530
Omaha, NE 68102

This representation letter is provided in connection with your audit of the basic financial statements of Metropolitan Utilities District (the District) as of and for the years ended December 31, 2020 and 2019 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 23, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 10, 2020, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. There are no events subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

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8. The following have been properly recorded and/or disclosed in the financial statements:

   a. Arrangements with financial institutions involving restrictions on cash balances.

   b. Net position classifications.

   c. Expenses and revenues have been appropriately classified.

   d. Future changes in accounting pronouncements for GASB Statement Nos. 87 and 92 which have been issued, but which have not yet been adopted. GASB Statement Nos. 90, and 91 are not disclosed in the financial statements since it is not expected to significantly impact the District's financial statements.

9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

Information Provided

11. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

    b. Additional information that you have requested from us for the purpose of the audits;

    c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All transactions have been recorded in the accounting records and are reflected in the financial statements.

13. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of allegations of fraud or suspected fraud affecting the District's financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

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15. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements received in communications from employees, former employees, analysts, regulators or others.

16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.

17. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

18. We have disclosed to you the identity of the District's related parties and all the related-party relationships and transactions of which we are aware.

19. We are not aware of any significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize and report financial data.

20. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21. We have communicated to you that there are no asset retirement obligations identified under GASB Statement No. 83.

22. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

23. With respect to supplementary information presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

    d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

24. With respect to management's discussion and analysis, pension and other postemployment benefit plan information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

    a. We acknowledge our responsibility for the presentation of such required supplementary information.

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b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.

c. The methods of measurement or presentation have not changed from those used in the prior period.

d. The underlying significant assumptions or interpretations regarding the measurement or presentation of such information includes the assumptions used by the actuary for the Pension Plans and OPEB Plans.

Compliance Considerations

25. In connection with our audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

b. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.

c. Is not aware of any instances that have occurred and are likely to have occurred, of fraud and noncompliance with provisions of law and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

d. Is not aware of any instances that have occurred or are likely to have occurred of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.

e. Is not aware of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively material to the financial statements.

f. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

g. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.

h. Has a process to track the status of audit findings and recommendations.

i. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Metropolitan Utilities District

DocuSigned by:
Mark Doyle
C1E4FA06F330426...
Mark Doyle, President

DocuSigned by:
Joseph Schaffart
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Joseph Schaffart, Chief Financial Officer

Informational purposes only
April 7, 2021

CENTRAL PLAINS ENERGY PROJECT (CPEP)

METROPOLITAN UTILITIES DISTRICT

CENTRAL PLAINS ENERGY PROJECT (CPEP)

Formed in 2006 under Nebraska Interlocal Act

Members: M.U.D.; Cedar Falls, IA; Hastings, NE

Mission Statement: CPEP is intended to supply low cost, reliable long-term supplies of natural gas to its members and participants.

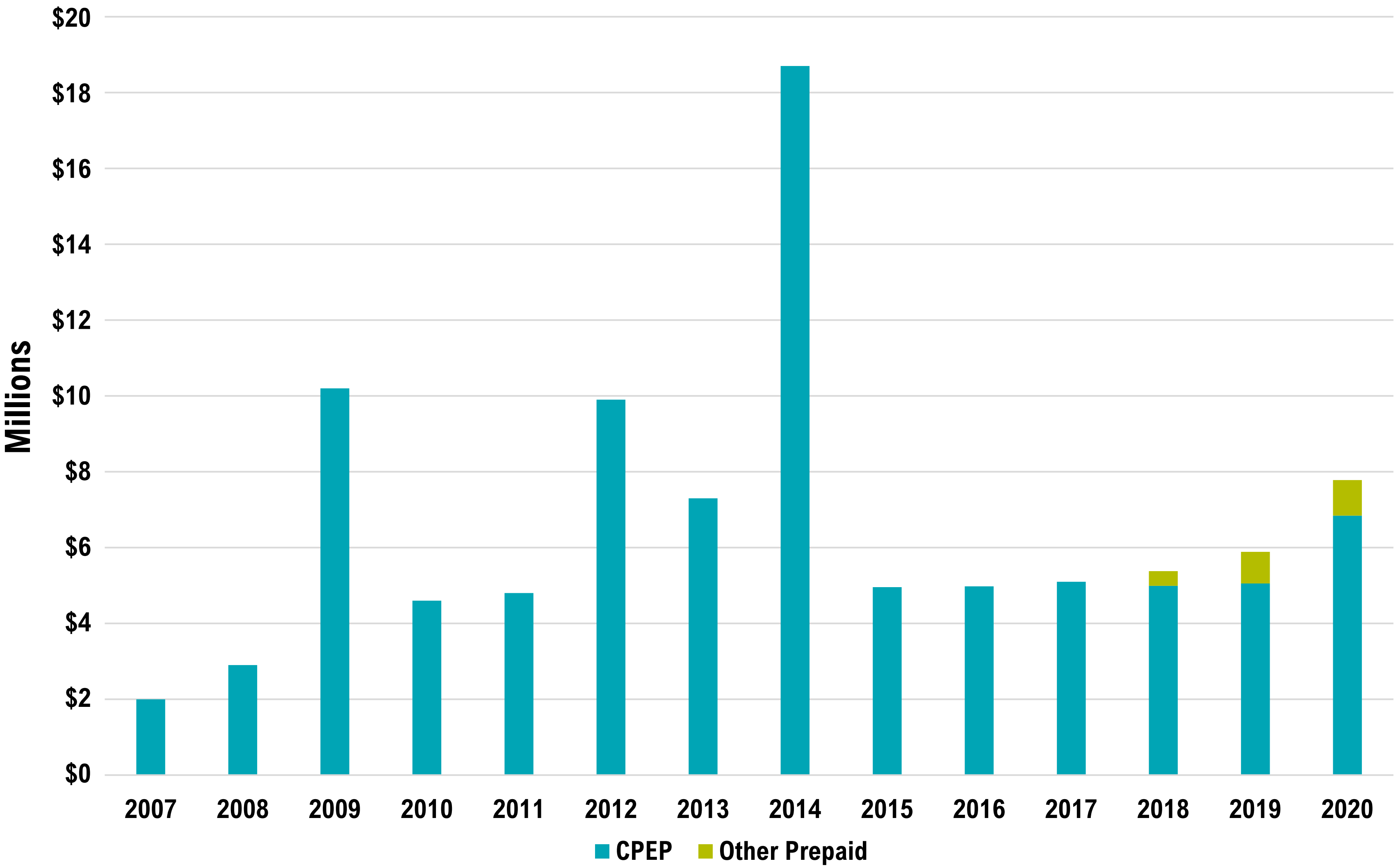
CPEP OPERATIONS

McCarter and English – Gas Counsel
Gilmore Bell – Nebraska Counsel
Orrick – Bond and Tax Counsel
Muni Capital Markets – Financial Advisors
Hayes and Associates – Outside Accounting Services
BKD – External Auditors

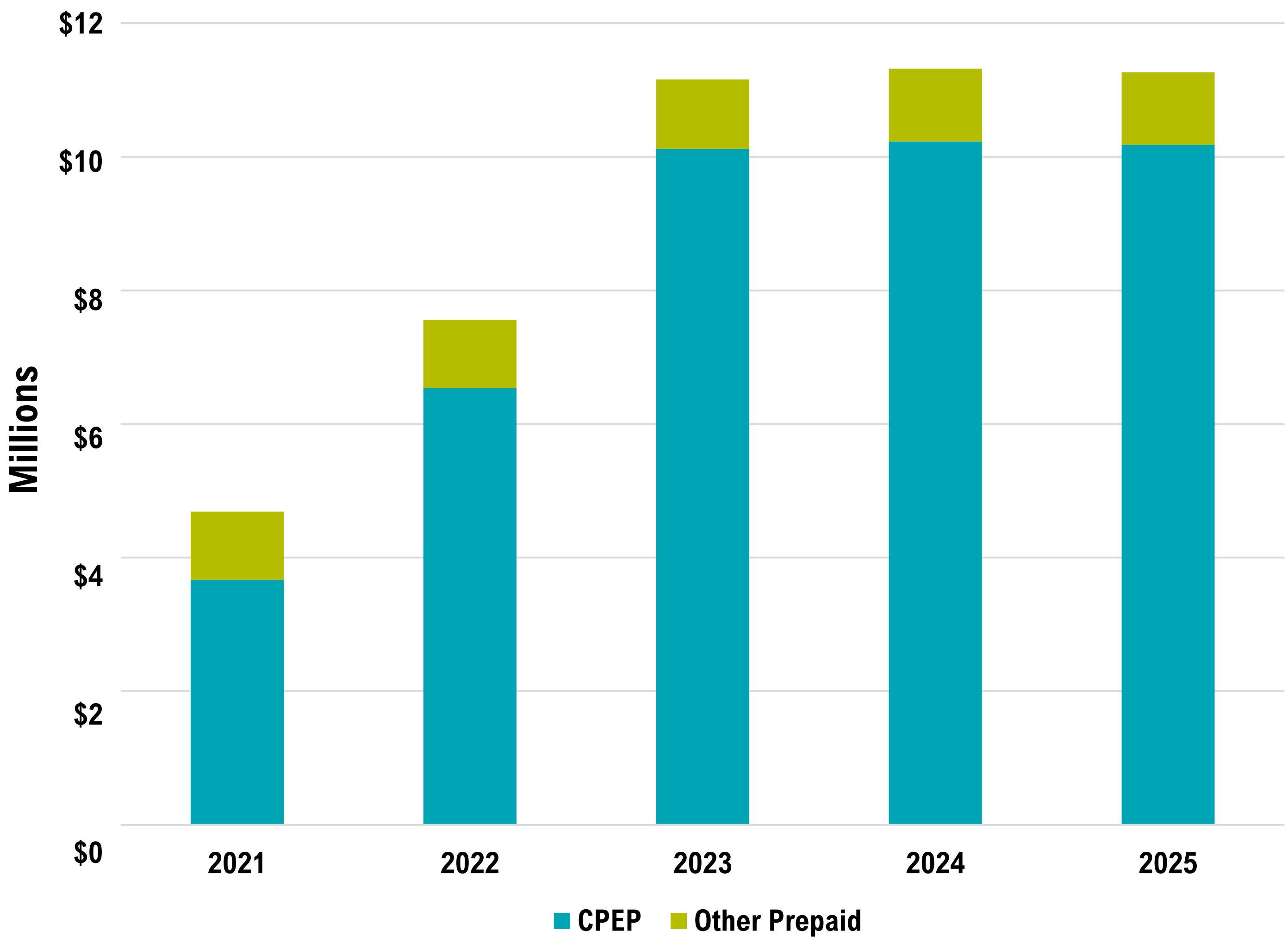
METROPOLITAN UTILITIES DISTRICT

	Year	Counterparty	Bond Size	Volumes	Term
CPEP 1	2007	Goldman Sachs	$529 Million	100 Bcf	20-year
CPEP 2	2009	RBC	$718 Million	167 Bcf	30-year
CPEP 3	2012	Goldman Sachs	$609 Million	193 Bcf	30-year
CPEP 3C	2017	Goldman Sachs	$471 Million		20-year
CPEP 4	2018	Goldman Sachs	$535 Million	227 Bcf	30-year

CPEP ANNUAL DISCOUNTS



PROJECTED DISCOUNT



METROPOLITAN UTILITIES DISTRICT

FUTURE ITEMS

Planning CPEP 5 in next year

M.U.D. Goal – 75-80% of gas supplies in prepaid

Electric Prepays – currently only approved for natural gas. Other members and participants are electric municipals also and have interest in electric.

Will be bringing resolution to MUD board for approval.

METROPOLITAN UTILITIES DISTRICT

QUESTIONS?