Nebraska Public Power District
Postemployment Medical and Life Benefits Plan

(A Component Unit of Nebraska Public Power District)

Independent Auditor's Report and Financial Statements
as of and for the Years Ended December 31, 2019 and 2018

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Postemployment Medical and Life Benefits Plan
(A Component Unit of Nebraska Public Power District)

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Independent Auditor's Report

Board of Directors
Nebraska Public Power District
Columbus, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the Nebraska Public Power District Postemployment Medical and Life Benefits Plan (the Plan), a component unit of Nebraska Public Power District, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Plan'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 an opinion 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Nebraska Public Power District Postemployment Medical and Life Benefits Plan, as of December 31, 2019 and 2018, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 information 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 it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The statements of fiduciary net position by trust and statements of changes in fiduciary net position by trust 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.

The statements of fiduciary net position by trust and statements of changes in fiduciary net position by trust have 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 also have issued our report dated March 23, 2020, on our consideration of the Plan'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 Plan'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 Plan's internal control over financial reporting and compliance.

BKD, LLP

Lincoln, Nebraska
March 23, 2020

Management's Discussion and Analysis (Unaudited)

The financial report for the Nebraska Public Power District ("District") Postemployment Medical and Life Benefits ("OPEB") Plan ("Plan") includes Management's Discussion and Analysis, Financial Statements, Notes to Financial Statements, Required Supplementary Information and Other Supplementary Information.

The following Management's Discussion and Analysis ("MD&A") provides unaudited information and analyses of activities and events related to the OPEB Plan's fiduciary net position and changes in fiduciary net position. The MD&A should be read in conjunction with the audited Financial Statements and Notes to Financial Statements.

The Statements of Fiduciary Net Position present assets, liabilities and net position as of December 31, 2019 and 2018. The Statements of Changes in Fiduciary Net Position present the Plan activity for the years 2019 and 2018. The Notes to Financial Statements are an integral part of the basic financial statements and contain information for a more complete understanding of the fiduciary net position as of December 31, 2019 and 2018, and the Plan activity for the years 2019 and 2018. The Required Supplementary Information includes information on annual changes in the net OPEB liability, contributions and investment returns. The Other Supplementary Information provides separate financial statement information for each Trust in the Plan.

Overview

The Plan is a single-employer, defined benefit plan. The Plan provides postemployment hospital-medical and life insurance benefits to qualifying retirees, surviving spouses, and employees on long-term disability and their dependents. Benefits and related eligibility, funding and other Plan provisions, are authorized by the District's Board of Directors ("Board"). The Plan is administered by the District. The Board annually approves the funding for the Plan, which has a minimum funding requirement of the actuarially-determined annual required contribution to achieve full funding status on or before December 31, 2033.

Condensed Statements of Fiduciary Net Position
As of December 31, (in 000's)

	2019	2018	2017	Change from 2018 to 2019	Change from 2017 to 2018
Total Assets	$ 282,797	$ 212,733	$ 177,046	$ 70,064	$ 35,687
Total Liabilities	537	295	232	242	63
Net Position - Restricted for Other Postemployment Benefits	$ 282,260	$ 212,438	$ 176,814	$ 69,822	$ 35,624

Condensed Statements of Changes in Fiduciary Net Position
For the Years Ended December 31, (in 000's)

	2019	2018	2017	Change from 2018 to 2019	Change from 2017 to 2018
Total Additions	$ 82,817	$ 49,814	$ 49,789	$ 33,003	$ 25
Total Deductions	12,995	14,190	15,484	(1,195)	(1,294)
Increase in Net Position	69,822	35,624	34,305	34,198	1,319
Net Position - Beginning	212,438	176,814	142,509	35,624	34,305
Net Position - Ending	$ 282,260	$ 212,438	$ 176,814	$ 69,822	$ 35,624

Comparison of 2019 with 2018

The Fiduciary Net Position was $282.3 million at December 31, 2019, an increase of $69.9 million from the Fiduciary Net Position of $212.4 million as of December 31, 2018. The increase was due to employer contributions of $41.1 million and net investment income of $41.7 million, which was partially offset by Plan benefits and expenses of $12.9 million. There was a $12.8 million receivable for contributions at December 31, 2019. This receivable was related to Board authorization in January 2020 for additional OPEB funding for 2019 for liabilities related to prior employee service for the transmission and retail levels of service as a result of favorable financial performance in 2019. These contributions were received by the Plan in January 2020.

Contributions were $15.6 million lower in 2019 than 2018 due primarily to additional funding in 2018 for liabilities related to prior employee service. There were additional contributions for prior employee service of $12.8 million in 2019 for the transmission and retail levels of service and of $28.5 million in 2018 for the production level of service. Investment income was $48.6 million higher in 2019 than 2018 due primarily to favorable market conditions and higher investment balances. Benefits paid were $1.3 million lower for 2019 than 2018.

Comparison of 2018 with 2017

The Fiduciary Net Position was $212.4 million at December 31, 2018, an increase of $35.6 million from the Fiduciary Net Position of $176.8 million as of December 31, 2017. The increase was due to employer contributions of $56.7 million, which was partially offset by a net investment loss of $6.9 million and Plan benefits and expenses of $14.2 million.

Contributions were $28.3 million higher in 2018 than 2017 due primarily to additional funding in 2018 for liabilities related to prior employee service for the production level of service. Investment income was $28.2 million lower in 2018 than 2017 due primarily to unfavorable market conditions. Benefits paid were $1.4 million lower for 2018 than 2017.

Changes in Investment Managers

There were changes made in investment managers in 2019. The changes were made to increase diversification, lower risk, increase returns and lower fees. A transition manager was used to minimize market risk during the transition.

Changes in Benefits

On January 9, 2020, the Board approved OPEB benefits for District employees who were ineligible for healthcare benefits at retirement. The benefits consist of an annual financial stipend, based on age, to be applied toward qualifying medical expenses of the retired employee. Plan provisions, including eligibility requirements, need to be finalized and incorporated in the OPEB Plan documents prior to January 1, 2021, the effective date of the new benefits.

Nebraska Public Power District
Postemployment Medical and Life Benefits Plan
(A Component Unit of Nebraska Public Power District)
Statements of Fiduciary Net Position

As of December 31, (in 000's)		**2019**		**2018**
Assets:				
Cash and cash equivalents	$	2,061	$	3,194
Receivables:				
Contributions		12,800		-
Investment income		493		544
Investments		267,443		208,995
Total Assets		282,797		212,733
Liabilities:				
Payables:				
Benefits - healthcare		400		157
Benefits - life insurance		16		32
Investment expense		92		106
Professional, administrative and other expenses		29		-
Total liabilities		537		295
Net Position - Restricted for Other Postemployment Benefits	$	282,260	$	212,438

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
Postemployment Medical and Life Benefits Plan
(A Component Unit of Nebraska Public Power District)
Statements of Changes in Fiduciary Net Position

For the Years Ended December 31, (in 000's)	**2019**	**2018**
Additions:		
Contributions		
Employer	$ 41,084	$ 56,706
Investment Income:		
Net appreciation (depreciation) in fair value of investments	38,025	(9,437)
Interest and dividends	4,380	3,284
Total investment income (loss)	42,405	(6,153)
Less: Investment expenses	(672)	(739)
Net investment income (loss)	41,733	(6,892)
Total additions	82,817	49,814
Deductions:		
Health care benefits	12,606	13,873
Life insurance benefits	201	187
Professional, administrative and other expenses	188	130
Total deductions	12,995	14,190
Increase in Net Position	69,822	35,624
Net Position - Restricted for Other Postemployment Benefits		
Beginning balance	212,438	176,814
Ending balance	$ 282,260	$ 212,438

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting -

The financial statements of the Nebraska Public Power District ("District") Postemployment Medical and Life Benefits ("OPEB") Plan ("Plan") are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") for accounting guidance provided by the Governmental Accounting Standards Board ("GASB"). The Plan is a governmental plan and therefore not subject to the Employee Retirement Income Security Act ("ERISA") of 1974. Plan assets are in the Nebraska Public Power District Retired Employee Life Benefit Plan, established under Internal Revenue Code (IRC) 501(c)(9); the Nebraska Public Power District Hospital-Medical and Employee Life Insurance Benefit Trust for Employees in Disability Status, established under IRC 115; and the Nebraska Public Power District Medical and Life Benefits Trust for Employees in Retirement Status, established under IRC 115. The Plan is a component unit of Nebraska Public Power District.

B. Cash and Cash Equivalents –

The Plan considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

C. Method Used to Value Investments and Income Recognition –

Investments in money market mutual funds are carried at cost, which approximates fair value. Certain investments in real estate and international equity are carried at net asset value. All other investments are reported at fair value. Investments in securities traded on a national securities exchange are valued at the last reported trade price on the last business day of the year. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses on sales of investments and unrealized appreciation and depreciation in fair value of investments are based upon beginning of year market values or cost, if acquired during the year. Dividend income is recorded on the ex-dividend date.

D. Contributions –

Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. There are no active members contributing to the Plan. Contributions from inactive members for their share of the premium payments are reported as a reduction of benefit expenses.

E. Benefits –

Benefit expenses are recognized when due and are paid in accordance with the terms of the Plan.

F. Investment Expenses of the Plan –

Investment expenses are recognized when incurred and are paid in accordance with the terms of the Plan. These expenses, such as investment management fees, are deducted from investment income.

G. Professional, Administrative and Other Expenses of the Plan –

These expenses are recognized when incurred and are paid in accordance with the terms of the Plan. Administrative expenses include actuarial, legal, investment advisory and/or other fees.

H. Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits and changes therein at the date of the financial statements. Actual results could differ from those estimates.

I. Risks and Uncertainties –

The Plan may utilize various investment instruments, including U.S. Treasury and government agency issues, foreign issues, municipal issues, domestic common stocks, foreign stocks and mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

2. PLAN DESCRIPTION

A. Plan Administration –

The Plan provides postemployment hospital-medical and life insurance benefits to qualifying retirees, surviving spouses, and employees on long-term disability and their dependents. Benefits and related eligibility, funding and other Plan provisions, for this single-employer, defined benefit Plan, are authorized by the Board of Directors ("Board") for the District.

The Plan has been amended over the years and provides different benefits based on hire date and/or the age of the employee. The District pays all or part of the cost (determined by age) of certain hospital-medical premiums for employees hired on or prior to December 31, 1992. Employees hired on or after January 1, 1993, are subject to a contribution cap that limits the District's portion of the cost of such coverage to the full premium the year the employee reaches age 65, or the year in which the employee retires if older than age 65. Employees hired on or after January 1, 1999, are not eligible for other postemployment hospital-medical benefits once they reach age 65. Employees hired on or after January 1, 2004, are not eligible for other postemployment hospital-medical benefits once they retire. The District amended the Plan effective July 1, 2007, to provide that any former employee who is rehired will receive credit for prior years of service. The District further amended the Plan effective September 1, 2007, to provide that employees hired or rehired on or after that date must work five consecutive years immediately prior to retirement to be eligible for other postemployment hospital-medical benefits once they retire. In May 2015, the Board approved a change for Medicare-eligible retirees for prescription drugs from the District's self-insured employee prescription plan to a group insured Medicare Part D supplement effective January 1, 2016. The District also provides a postemployment death benefit of $5,000 for qualifying employees.

<u>Employees Covered by Benefit Terms</u>

The following table shows the employees covered by the hospital-medical benefit terms as of January 1:

	2019	**2018**
Active employees	934	971
Inactive employees or beneficiaries in retirement status	1,370	1,361
Inactive employees or beneficiaries in long-term disability status	56	61
Total employees covered by benefit terms	2,360	2,393

The following table shows the employees covered by the life insurance benefit terms as of January 1:

	2019	**2018**
Active employees	1,902	1,838
Inactive employees in retirement status	1,213	1,185
Inactive employees in long-term disability status	65	70
Total employees covered by benefit terms	3,180	3,093

<u>Contributions</u>

The Board annually approves the funding for the Plan, which has a minimum funding requirement of the actuarially-determined annual required contribution ("ARC") to achieve full funding status on or before December 31, 2033. The District OPEB contributions were $41.1 million and $56.7 million in 2019 and 2018, respectively. These contributions included additional contributions for prior employee service of $12.8 million in 2019 for the transmission and retail levels of service and of $28.5 million in 2018 for the production level of service. Certain wholesale customers under the 2002 Contracts objected to the inclusion in rates of additional collections of previously incurred OPEB costs. An arbitration panel ruled in favor of the District in April 2017. This case was appealed and argued before the Nebraska Supreme Court in March 2018. The Court upheld the 2017 arbitration decision in June 2018.

Contributions from Plan members are the required premium share for inactive members, which is based on hire date and/or age. Contributions from Plan members were $0.7 million for 2019 and 2018. As these contributions were from inactive members, they were reported as a reduction of benefit expenses. Members do not contribute to the cost of the life insurance benefits.

B. Net OPEB Liability -

The District's net OPEB liability was measured as of December 31, 2019, and December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of these dates.

Actuarial Methods and Assumptions

The actuarial assumptions used in the December 31, 2019 actuarial valuation were based on the results of an actuarial experience study for the period January 1, 2019 through December 31, 2019. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Discount rate	6.25%
Healthcare cost trend rates	Pre-Medicare: 7.4% initial, ultimate 4.5%
	Post-Medicare: 8.2% initial, ultimate 4.5%
	Excluded impact of the excise tax repealed 12/19
Administrative cost trend	3.0%
Salary increases	4.0%
Inflation	2.2%
Mortality	Pub-2010 "General" table with generational projection using Scale MP-2019
Retirement and withdrawal rates	Varies by age
Spousal benefits	80% of males and 60% of females are assumed to have spouses who will elect coverage. Males are assumed to be two years older than their spouses. Females are assumed to be two years younger.
Participation rate	95.0%

The actuarial assumptions used in the December 31, 2018 actuarial valuation were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Discount rate	6.25%
Healthcare cost trend rates	Pre-Medicare: 7.4% initial, ultimate 4.5%
	Post-Medicare: 8.2% initial, ultimate 4.5%
	Included impact of the excise tax (not repealed until 12/2019)
Administrative cost trend	3.0%
Salary increases	4.0%
Inflation	2.3%
Mortality	Pub-2010 "General" table with generational projection using Scale MP-2018
Retirement and withdrawal rates	Varies by age
Spousal benefits	80% of males and 60% of females are assumed to have spouses who will elect coverage. Males are assumed to be two years older than their spouses. Females are assumed to be two years younger.
Participation rate	95.0%

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for the valuation measurement date of December 31:

Asset Class	Target Allocation	**2019**	**2018**
Equity and Real Estate	70%	7.2%	7.4%
Fixed Income	30%	3.0%	3.6%
	100%	6.2%	6.5%

The discount rate used to measure the total OPEB liability was 6.25% for the actuarial valuations as of December 31, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially-determined contribution rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability –

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position and Net OPEB Liability as of December 31, 2019, and the changes during this period, based on the valuation measurement date of December 31, 2019 (in 000's):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at 12/31/2018	$ 317,672	$ 212,438	$ 105,234
Changes for the year:			
Service cost	2,299	-	2,299
Interest	19,604	-	19,604
Differences between expected and actual experience .	(3,854)	-	(3,854)
Changes of assumptions	(1,700)	-	(1,700)
Contributions - employer	-	41,084	(41,084)
Net investment income	-	41,733	(41,733)
Benefit payments	(12,807)	(12,807)	-
Administrative expense	-	(188)	188
Net changes	3,542	69,822	(66,280)
Balances at 12/31/2019	$ 321,214	$ 282,260	$ 38,954
Net position as a % of Total OPEB Liability	87.9%		

There were changes made in certain assumptions for the valuation measurement date of December 31, 2019. The mortality assumptions were updated to the Pub-2010 "General" table with generational projection using Scale MP-2019. The healthcare trend rates were also updated. Projected future impacts of the excise tax were excluded, consistent with the Federal spending package signed into law on December 20, 2019.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table shows the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the discount rate (6.25%) at the measurement date of December 31, 2019 (in 000's):

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	$ 77,764	$ 38,954	$ 6,454

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

The following table shows the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (Pre- Medicare ranging from 6.4% initial to 3.5% ultimate, Post-Medicare ranging from 7.2% initial to 3.5% ultimate) or 1-percentage-point higher (Pre-Medicare ranging from 8.4% initial to 5.5% ultimate, Post-Medicare ranging from 9.2% initial to 5.5% ultimate) than the healthcare cost trend rates (Pre-Medicare ranging from 7.4% initial to 4.5% ultimate, Post-Medicare ranging from 8.2% initial to 4.5% ultimate) at the measurement date of December 31, 2019 (in 000's):

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	$ 5,154	$ 38,954	$ 79,239

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position and Net OPEB Liability as of December 31, 2018, and the changes during this period, based on the valuation measurement date of December 31, 2018 (in 000's):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at 12/31/2017	$ 318,737	$ 176,814	$ 141,923
Changes for the year:			
Service cost	2,771	-	2,771
Interest	19,661	-	19,661
Differences between expected and actual experience	(8,686)	-	(8,686)
Changes of assumptions	(751)	-	(751)
Contributions - employer	-	56,706	(56,706)
Net investment loss	-	(6,892)	6,892
Benefit payments	(14,060)	(14,060)	-
Administrative expense	-	(130)	130
Net changes	(1,065)	35,624	(36,689)
Balances at 12/31/2018	$ 317,672	$ 212,438	$ 105,234
Net position as a % of Total OPEB Liability	66.9%		

There were changes made in certain assumptions for the valuation measurement date of December 31, 2018. The mortality assumptions were updated to the Pub-2010 "General" table with generational projection using Scale MP-2018. The healthcare trend rates were also updated. Demographic assumptions updated as a result of an assumption study performed in 2018 included: retirement rates, withdrawal rates, retiree healthcare participation rate, spouse coverage election percentage, and spouse age differential.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table shows the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1- percentage-point higher (7.25%) than the discount rate (6.25%) at the measurement date of December 31, 2018 (in 000's):

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	$ 144,753	$ 105,234	$ 72,256

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

The following table shows the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (Pre-Medicare ranging from 6.4% initial to 3.5% ultimate, Post-Medicare ranging from 7.2% initial to 3.5% ultimate) or 1-percentage-point higher (Pre-Medicare ranging from 8.4% initial to 5.5% ultimate, Post-Medicare ranging from 9.2% initial to 5.5% ultimate) than the healthcare cost trend rates (Pre-Medicare ranging from 7.4% initial to 4.5% ultimate, Post-Medicare ranging from 8.2% initial to 4.5% ultimate) at the measurement date of December 31, 2018 (in 000's):

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	$ 73,323	$ 105,234	$ 143,313

Additional information is available in the unaudited Required Supplementary Information section following the Notes to Financial Statements.

3. INVESTMENTS

A fair value hierarchy is used to prioritize the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities and the lowest priority to unobservable inputs. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels of fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical assets as of the reporting date.

Level 2 – Pricing inputs are other than quoted market prices in the active markets included in Level 1, which are either directly or indirectly observable for the asset as of the reporting date. Level 2 assets primarily include U.S. Treasury and government agency securities, corporate issues, foreign issues and municipal issues.

Level 3 – Pricing inputs include significant inputs that are unobservable and cannot be corroborated by market data. These values are based on internally developed models and assumptions or methodologies using significant unobservable inputs. There were no Level 3 investments in the Plan at December 31, 2019 or 2018.

The following table shows the OPEB assets that are accounted for and reported at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2019 (in 000's):

	Level 1	Level 2	Level 3	Total
U.S. Treasury and government agency securities	$ -	$ 39,275	$ -	$ 39,275
Corporate issues	-	31,334	-	31,334
Foreign issues	-	6,561	-	6,561
Municipal issues	-	1,071	-	1,071
Mutual funds	114,398	-	-	114,398
	$114,398	$ 78,241	$ -	$192,639
Other investments measured at net asset value (A)				74,804
				$267,443

(A) Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

Investments Measured at NAV as of December 31, 2019 (in 000's):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International equity fund (1)	$ 34,446	-	Daily	30 days
Real estate fund (2)	22,189	-	Quarterly	90 days
U.S. equity fund (3)	18,169	-	Monthly	30 days
	$ 74,804			

(1) The international equity fund is a commingled fund invested primarily in common stocks traded on equity markets of international issuers, excluding the U.S., in both large and small-cap as well as emerging markets. The sector/industry allocations include communication services, consumer discretionary, consumer staples, energy, financials, healthcare, industrials, information technology, materials, real estate, and utilities.

(2) The real estate fund is a U.S. core equity real estate portfolio fund. The types of real estate investments are primarily apartments, industrial, office, retail and storage.

(3) The US small/mid cap value equity fund is a commingled fund invested in US common stocks traded on equity markets, in both small and mid-cap. The sector/industry allocations include consumer discretionary, financials, healthcare, industrials, information technology, materials, and real estate.

The following tables show the OPEB assets that are accounted for and reported at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2018 (in 000's):

	Level 1	Level 2	Level 3	Total
U.S. Treasury and government agency securities	$ -	$ 26,581	$ -	$ 26,581
Corporate issues	-	32,840	-	32,840
Foreign issues	-	6,152	-	6,152
Municipal issues	-	776	-	776
Domestic common stocks	34,154	-	-	34,154
Foreign stocks	2,938	-	-	2,938
Mutual funds	58,843	-	-	58,843
	$ 95,935	$ 66,349	$ -	$162,284
Other investments measured at net asset value (A)				46,711
				$208,995

(A) Certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

Investments Measured at NAV as of December 31, 2018 (in 000's):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International equity fund (1) …………	$ 25,605	-	Daily	30 days
Real estate fund (2) ……………………	21,106	-	Quarterly	90 days
	$ 46,711			

(1) The international equity fund is a commingled fund invested primarily in common stocks traded on equity markets of international issuers, excluding the U.S., in both large and small-cap as well as emerging markets. The sector/industry allocations include communication services, consumer discretionary, consumer staples, energy, financials, healthcare, industrials, information technology, materials, real estate, and utilities.

(2) The real estate fund is a U.S. core equity real estate portfolio fund. The types of real estate investments are primarily apartments, industrial, office, retail and storage.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan's investment policy requires that all investment securities be held in the name of the Plan.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the Plan's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Plan's investment policy is controlled by the Prudent Investor Rule under Nebraska law. Nebraska law is silent regarding interest rate risk. The investment policy employs certain investment strategies to control investment risk such as using multiple asset classes to allow for prudent diversification and overall lowering of the risk exposure, including exposure to interest rate risk.

The following table shows fair values by maturity dates for U.S. Treasury, government agency securities, corporate issues, foreign issues and municipal issues as of December 31, 2019 (in 000's):

	Less than 1 year	1-5 Years	6-10 Years	More than 10 Years	Total
U.S. Treasury and government agency securities	$ 554	$ 7,340	$ 2,439	$ 28,942	$ 39,275
Corporate Issues	1,063	11,247	14,866	4,158	31,334
Foreign Issues	-	3,615	2,946	-	6,561
Municipal Issues	100	-	682	289	1,071
	$ 1,717	$ 22,202	$ 20,933	$ 33,389	$ 78,241

The following table shows fair values by maturity dates for U.S. Treasury, government agency securities, corporate issues, foreign issues and municipal issues as of December 31, 2018 (in 000's):

	Less than 1 year	1-5 Years	6-10 Years	More than 10 Years	Total
U.S. Treasury and government agency securities	$ 2,987	$ 8,481	$ 1,406	$ 13,707	$ 26,581
Corporate Issues	1,349	14,766	13,367	3,358	32,840
Foreign Issues	-	4,592	1,542	18	6,152
Municipal Issues	100	100	576	-	776
	$ 4,436	$ 27,939	$ 16,891	$ 17,083	$ 66,349

Credit Risk

State law limits investment options to certain types of investments; however, there is no statutory requirement for investments to meet a certain quality rating. The Plan's investment policy requires bonds to have quality ratings at the time of purchase ranging from "AAA" to "BBB", as determined by the lowest rating of the Nationally Recognized Statistical Rating Organization. Fair values by ratings from Moody's Investors Service for U.S. Treasury and government agency securities, corporate issues, foreign issues and municipal issues were as follows as of December 31, 2019 and 2018 (in 000's):

	December 31, 2019	
Rating	Market Value	Percentage
Aaa	$ 40,302	51.5%
Aa1	181	0.2%
Aa2	3,137	4.0%
Aa3	1,478	1.9%
A1	5,291	6.8%
A2	5,292	6.8%
A3	10,007	12.8%
Baa1	5,513	7.0%
Baa2	3,377	4.3%
Baa3	3,547	4.5%
Ba1	116	0.2%
Total	$ 78,241	100.0%

December 31, 2018		
Rating	Market Value	Percentage
Aaa	$ 27,873	42.0%
Aa1	1,133	1.7%
Aa2	3,186	4.8%
Aa3	1,887	2.9%
A1	7,581	11.4%
A2	5,165	7.8%
A3	10,228	15.4%
Baa1	4,669	7.0%
Baa2	2,138	3.2%
Baa3	2,311	3.5%
Ba1	29	0.1%
Not Rated	149	0.2%
Total	$ 66,349	100.0%

Concentration of Credit Risk

State law does not restrict the concentration of investment in any issuer. The Plan's investment policy limits investments to no more than 3% of the total portfolio value in any one corporate issue (excluding the U.S. Government and its agencies), 5% in any one corporate issuer, 35% in any one type of investment sector and 25% in any one federal agency.

Investment Policy

The Plan has a formal investment policy with specific financial objectives approved by the Board of Directors. The investment policy maintains diversification with the intent to minimize the risk of large losses to the Plan. Certain asset allocations are established for equities and fixed income investments. The types of investments approved for purchase are specified in the policy and all investments are made according to the laws of the State of Nebraska. Plan performance is reviewed periodically with the investment managers. The investment managers are required to meet certain performance standards measured against benchmarks. Investment managers that fail to meet these minimum standards are subject to termination.

On January 12, 2017, the Board revised the asset allocation policy for the Trust for Employees in Retirement Status as follows:

Asset Class	Target	Range
Cash and Cash Equivalents	-	0 - 10%
Fixed Income	30.0%	25 - 40%
Equity Domestic	47.5%	40 - 55%
Equity International	12.5%	5 - 20%
Real Estate	10.0%	5 - 15%

Rate of Return

The annual money-weighted rate of return on investments, net of investment expenses, was 18.9% and (3.6%), for the years ended December 31, 2019 and 2018, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. SUBSEQUENT EVENT

On January 9, 2020, the Board approved OPEB benefits for District employees who were ineligible for healthcare benefits at retirement. The benefits consist of an annual financial stipend, based on age, to be applied toward qualifying medical expenses of the retired employee. Plan provisions, including eligibility requirements, need to be finalized and incorporated in the OPEB Plan documents prior to January 1, 2021, the effective date of the new benefits.

Economic uncertainties have arisen which may negatively affect the financial position of the Plan. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Schedule of Changes in the Net OPEB Liability and Related Ratios using a December 31 Measurement Date (in 000's)

Total OPEB Liability	2019	2018	2017	2016	2015
Service Cost	$ 2,299	$ 2,771	$ 2,760	$ 3,322	$ 3,229
Interest	19,604	19,661	20,032	20,658	19,876
Differences between Expected and Actual Experience	(3,854)	(8,686)	(19,570)	(203)	13,657
Changes of Assumptions	(1,700)	(751)	5,585	(18,807)	(9,149)
Benefit Payments, net of employee contributions	(12,807)	(14,060)	(15,414)	(13,459)	(16,902)
Net Change in Total OPEB Liability	3,542	(1,065)	(6,607)	(8,489)	10,711
Total OPEB Liability (Beginning)	317,672	318,737	325,344	333,833	323,122
Total OPEB Liability (Ending) (a)	$ 321,214	$ 317,672	$ 318,737	$ 325,344	$ 333,833
Plan Fiduciary Net Position					
Contributions	$ 41,084	$ 56,706	$ 28,439	$ 74,712	$ 28,242
Net Investment Income (Loss)	41,733	(6,892)	21,350	6,101	(453)
Benefit Payments, net of employee contributions	(12,807)	(14,060)	(15,414)	(13,459)	(16,902)
Administrative Expense	(188)	(130)	(70)	(69)	(150)
Net Change in Plan Fiduciary Net Position	69,822	35,624	34,305	67,285	10,737
Plan Fiduciary Net Position (Beginning)	212,438	176,814	142,509	75,224	64,487
Plan Fiduciary Net Position (Ending) (b)	$ 282,260	$ 212,438	$ 176,814	$ 142,509	$ 75,224
Net OPEB Liability (Ending) (a) - (b)	$ 38,954	$ 105,234	$ 141,923	$ 182,835	$ 258,609
Net Position as a % of Total OPEB Liability	87.9%	66.9%	55.5%	43.8%	22.5%

Notes to Schedule:
Changes in Actuarial Methods and Assumptions

December 31, 2019
- The mortality assumptions were updated to the Pub-2010 "General" table with generational projection using Scale MP-2019.
- The healthcare cost trend rates were updated.
- Projected future impacts of the excise tax were excluded, consistent with the Federal spending package signed into law on December 20, 2019.

December 31, 2018
- The mortality assumptions were updated to the Pub-2010 "General" table with generational projection using Scale MP-2018.
- The healthcare cost trend rates were updated.

December 31, 2017
- The mortality assumptions were updated to the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection.
- The healthcare cost trend rates were updated.

December 31, 2016

- The mortality assumption was updated to the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2016 with generational projection.
- The healthcare cost trend rates were updated.

December 31, 2015

- The cost method was changed to Entry Age Normal.
- The asset valuation method was changed to 5-year smoothed market
- The mortality assumption was updated to the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2015 with generational projection.

Number of Years in Schedule

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was implemented by the Plan in 2016. The provisions of this Statement were not applied to prior periods, as it was not practical to do so as the information was not readily available. This schedule is intended to show information for 10 years. Additional years will be displayed when available.

Schedule of Contributions (in 000's) (Unaudited)

	2019	2018	2017	2016
Actuarially Determined Contribution	$ 12,967	$ 18,572	$ 21,006	$ 28,283
Contributions Made in Relation to the Actuarially ..... Determined Contribution	41,084	56,706	28,439	74,712
Contribution Deficiency (Excess)	$ (28,117)	$ (38,134)	$ (7,433)	$ (46,429)

Valuation Date

Actuarially-determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Actuarial Methods and Assumptions Used for 2019

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	14-year closed period
Asset valuation method	5-year smoothed market
Discount rate	6.25%
Healthcare cost trend rates	Pre-Medicare: 7.4% initial, ultimate 4.5%
	Post-Medicare: 8.2% initial, ultimate 4.5%
Inflation	2.3%
Salary increase	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Mortality	Pub-2010 "General" table with generational projection using Scale MP-2018
Retirement Age	Varies by age

Actuarial Methods and Assumptions Used for 2018

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	15-year closed period
Asset valuation method	5-year smoothed market
Discount rate	6.25%
Healthcare cost trend rates	Pre-Medicare: 7.7% initial, ultimate 4.5%
	Post-Medicare: 8.7% initial, ultimate 4.5%
Inflation	2.3%
Salary increase	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Mortality	RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection
Retirement Age	Varies by age

Actuarial Methods and Assumptions Used for 2017

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	16-year closed period
Asset valuation method	5-year smoothed market
Discount rate	6.25%
Healthcare cost trend rates	Pre-Medicare: 7.3% initial, ultimate 4.5% Post-Medicare: 9.1% initial, ultimate 4.5%
Inflation	2.1%
Salary increase	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Mortality	RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2016 with generational projection
Retirement Age	Varies by age

Actuarial Methods and Assumptions Used for 2016

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	17-year closed period
Asset valuation method	5-year smoothed market
Discount rate	6.25%
Healthcare cost trend rates	Pre-Medicare: 8% initial, ultimate 5% Post-Medicare: 6.75% initial, ultimate 5%
Inflation	2.1%
Investment rate of return	6.25%, net of investment expense, including inflation
Mortality	RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2015 with generational projection
Retirement age	Varies by age

Number of Years in Schedule

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was implemented by the Plan in 2016. The provisions of this Statement were not applied to prior periods, as it was not practical to do so as the information was not readily available. This schedule is intended to show information for 10 years. Additional years will be displayed when available.

Schedule of Investment Returns (Unaudited)

	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	18.9%	(3.6%)	14.2%	5.8%

Note to Schedule:

Number of Years in Schedule

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was implemented by the Plan in 2016. The provisions of this Statement were not applied to prior periods, as it was not practical to do so as the information was not readily available. This schedule is intended to show information for 10 years. Additional years will be displayed when available.

OTHER SUPPLEMENTARY INFORMATION (Unaudited)

Nebraska Public Power District
Postemployment Medical and Life Benefits Plan
Statement of Fiduciary Net Position by Trust
(A Component Unit of Nebraska Public Power District)
As of December 31, 2019 (in 000's) (Unaudited)

	Life	LTD	Retiree	Total 2019
Assets:				
Cash and cash equivalents	$ 196	$ 183	$ 1,682	$ 2,061
Receivables:				
Contributions	-	-	12,800	12,800
Investment income	1	-	492	493
Investments, at fair value	302	-	267,141	267,443
Total Assets	499	183	282,115	282,797
Liabilities:				
Payables:				
Benefits - healthcare	-	16	384	400
Benefits - life insurance	5	11	-	16
Investment expense	-	-	92	92
Professional, administrative and other expenses	1	-	28	29
Total liabilities	6	27	504	537
Net Position - Restricted for Other Postemployment Benefits	$ 493	$ 156	$ 281,611	$ 282,260

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
Postemployment Medical and Life Benefits Plan
(A Component Unit of Nebraska Public Power District)
Statement of Changes in Fiduciary Net Position by Trust

For the Year Ended December 31, 2019 (in 000's) (Unaudited)	Life	LTD	Retiree	Total 2019
Additions:				
Contributions				
Employer	$ -	$ 1,250	$ 39,834	$ 41,084
Investment Income:				
Net appreciation (depreciation) in fair value of investments	12	-	38,013	38,025
Interest and dividends	10	4	4,366	4,380
Total investment income	22	4	42,379	42,405
Less: Investment expenses	-	-	(672)	(672)
Net investment income	22	4	41,707	41,733
Total additions	22	1,254	81,541	82,817
Deductions:				
Healthcare benefits	-	1,230	11,376	12,606
Life insurance benefits	190	11	-	201
Professional, administrative and other expenses	3	2	183	188
Total deductions	193	1,243	11,559	12,995
Increase (Decrease) in Net Position	(171)	11	69,982	69,822
Net Position - Restricted for Other Postemployment Benefits				
Beginning balance	664	145	211,629	212,438
Ending balance	$ 493	$ 156	$ 281,611	$ 282,260

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
Postemployment Medical and Life Benefits Plan
(A Component Unit of Nebraska Public Power District)
Statement of Fiduciary Net Position by Trust
As of December 31, 2018 (in 000's) (Unaudited)

	Life	LTD	Retiree	Total 2018
Assets:				
Cash and cash equivalents	$ 144	$ 180	$ 2,870	$ 3,194
Receivables:				
Investment income	1	-	543	544
Investments, at fair value	540	-	208,455	208,995
Total Assets	685	180	211,868	212,733
Liabilities:				
Payables:				
Benefits - healthcare	-	22	135	157
Benefits - life insurance	20	12	-	32
Investment expense	1	1	104	106
Total liabilities	21	35	239	295
Net Position - Restricted for Other Postemployment Benefits	$ 664	$ 145	$ 211,629	$ 212,438

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
Postemployment Medical and Life Benefits Plan
(A Component Unit of Nebraska Public Power District)
Statement of Changes in Fiduciary Net Position by Trust

For the Year Ended December 31, 2018 (in 000's) (Unaudited)	Life	LTD	Retiree	Total 2018
Additions:				
Contributions				
Employer	$ -	$ 1,495	$ 55,211	$ 56,706
Investment Income:				
Net appreciation (depreciation) in fair value of investments	(5)	-	(9,432)	(9,437)
Interest and dividends	13	3	3,268	3,284
Total investment income (loss)	8	3	(6,164)	(6,153)
Less: Investment expenses	(1)	(3)	(735)	(739)
Net investment income (loss)	7	-	(6,899)	(6,892)
Total additions	7	1,495	48,312	49,814
Deductions:				
Healthcare benefits	-	1,338	12,535	13,873
Life insurance benefits	175	12	-	187
Professional, administrative and other expenses	2	-	128	130
Total deductions	177	1,350	12,663	14,190
Increase (Decrease) in Net Position	(170)	145	35,649	35,624
Net Position - Restricted for Other Postemployment Benefits				
Beginning balance	834	-	175,980	176,814
Ending balance	$ 664	$ 145	$ 211,629	$ 212,438

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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
Nebraska Public Power District
Columbus, Nebraska

We have audited, 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, the financial statements of the Nebraska Public Power District Postemployment Medical and Life Benefits Plan (the Plan), which comprise the statement of fiduciary net position as of December 31, 2019, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan'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 determination of financial statement amounts. 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 Plan'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Lincoln, Nebraska
March 23, 2020