2022 ANNUAL REPORT

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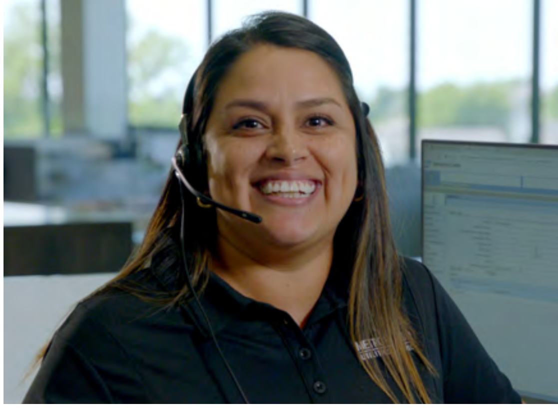
METROPOLITAN
UTILITIES DISTRICT



TO OUR CUSTOMER-OWNERS,

While 2022 posed economic challenges across the country, Metropolitan Utilities District maintained its commitment to financial and operational stability. By responsibly investing in infrastructure, systems and people, the District continued preparing for future generations of customers. The District's financial health was affirmed via the issuance of third-party credit ratings. In May 2022, Standard and Poor's Global Ratings affirmed the AA+ Stable rating of our Gas Department, their second highest rating. In September 2022, Moody's Investors Services affirmed the Aa2 credit rating of our Water Department, their third highest rating.

To ensure our rates are structured to properly recover costs associated with providing service to various rate classes, thorough Water Cost of Service and Impact Fees studies were conducted. Findings from the studies were used to further refine amounts charged across the water rate classes as necessary. We continue working to ensure our rate structures are fair and equitable for all rate classes.

Extreme weather events tested the resiliency of the District's water and natural gas systems during peak-demand periods.

During an August high heat event, customers were asked to voluntarily adjust to an odd-even lawn watering schedule in an effort to reduce stress on pumps and balance demand across the system. Although the District's three water plants had ample supply, near record-level hourly demands were seen during the early morning hours. System-wide, water demand approximated 1 million gallons per four-minute period. Daily consumption reached is highest level since 2017 at 188 million gallons a day (MGD), and peak hour demand of 388 MGD tied an all-time peak hour record previously set in 2012.

A late-December winter storm brought extreme cold temperatures to the Omaha area. Our dedicated employees were on standby 24/7 to respond to gas and water emergencies, including repairs of main breaks. Gas supply and operations staff monitored the gas system and equipment to ensure safe and reliable delivery of gas. The District also purchased additional gas on the market and utilized its onsite gas storage facilities, which saved customers $2 million in purchased gas costs.

Our entire team is proud of our employees who were able to continue providing life-essential services to the community during these weather events.

Work progressed on a $78 million capital improvement plan to expand the District's liquefied natural gas plant, an on-site storage facility. Financed with revenue bonds, the project will substantially improve the reliability of the facility for the next 40 years and positively impact customer-owners for many years to come.

Facility maintenance continues to be of importance to ensure healthy, safe and effective work environments for employees and provide operational reliability, continuity and sustainability. Master planning and design services were procured for improvements and renovations of our existing Construction Center and for the construction of a second Construction Center sited at Blair High Road and State Street.

To meet the needs of our growing community and provide increased efficiency and reliability across our water distribution system, the District installed a 30-inch water transmission main and began construction of a new water pump station. The new West Dodge Pump Station is necessary to help us meet peak demands for water in our growing service area. The project is scheduled to be online by summer 2023.

A Water Master Plan was updated to serve as our roadmap for system improvements, including ongoing projects for the District's three water treatment facilities. These large, long-term capital improvement plans are largely financed with bond issuances to spread costs over time, as the associated benefits will be realized over many years and many generations of our customer-owners.

Also on the water side of the company, the Board of Directors approved a record 48 water main extension projects, totaling a near-record 47.7 miles at an estimated cost of $42.7 million. These projects – which are financed primarily through developer funds – will serve thousands of new customers, further enhancing the reliability of our system for generations to come.

Our work to replace and update critical infrastructure continued to progress throughout 2022. Prioritization of water main replacements is based on a sophisticated risk model and asset management plan that considers a variety of factors, including break history, type of pipe and consequence of failure. District and contracted crews replaced 18.2 miles of gas mains and 15.9 miles of water mains. Condition assessment on an additional 2.1 miles of water main was completed. This allows the District to plan repairs based on pipe deterioration data to

mitigate the risk of future breaks. Supply chain disruptions impacted both water and gas projects. On the gas side, projects saw significant delays of materials for gas services, impacting overall replacement mileage goals.

To expand on its water infrastructure replacement program, the District partnered with a contractor to perform a 1.5-mile-long pilot pipe bursting project using new materials – pre-chlorinated high density polyethylene pipe. This technology and new process provide cost efficiencies and allow for a reduction in project duration, thereby limiting the impact to businesses, residents and the overall community. The success of this and other bursting projects performed by District crews led to the Board of Directors approving the purchase of a pipe bursting machine to continue improving on this important infrastructure work.

Sustainability continues to be an important area of focus as the District prepares for the future. Leadership and key stakeholders attended sustainability workshops focused on a variety of natural gas initiatives, including greenhouse gas emissions, compressed natural gas and renewable natural gas.

The District made tremendous progress on completing most of the top strategies outlined in its Sustainability Master Plan. Strategy development and prioritization continued, with focus on four areas: waste and recycling; active (human-powered) transportation to work; energy and water consumption; and employee engagement in sustainability.

With safety at the forefront of our everyday operations, we were thrilled to be recognized for our work on the American Gas Association's (AGA) task force investigating gas-filled structure incidents across the country over a 10-year period. Data from the investigation generated a research paper designed to give utilities and first responders enhanced data looking at safety zones during an event and how to best protect employees and public safety agencies at each scene with the best information possible. Findings from this research are instrumental in our efforts to keep our employees and customer-owners safe while responding to natural gas emergencies.

The District continued its commitment to providing a diverse work environment reflective of the community we serve and remaining inclusive of employees' individual differences. To that end, two Employee Resource Groups (ERG) were formed – a Women's ERG and a Cultural ERG. The groups are employee-led and aim to foster a diverse, inclusive workplace. They provide support and offer personal and professional development for employees. Both ERGs supported various community initiatives, including the Juneteenth Parade, Cinco de Mayo, National Humane Society Walk for the Animals and Carole's House of Hope.

With the customer experience a main area of focus in 2022, the District launched a public awareness campaign in August with videos featuring District employees talking about water quality, natural gas reliability, infrastructure replacement and the District's overall mission. Spots ran during local and cable news programming for the latter half of the year. Efforts to update the website also were initiated to refresh the look and overall customer experience. Additionally, the District's water hydration station was reintroduced for use at various community events.

At the end of 2022, board member Jack Frost ended his current term and was recognized for 36 years of dedicated service to the District and its customer-owners. In January 2023, the board welcomed new director Bob Sidzyik, who was elected to represent Subdivision 7.

We are proud that our employees prioritize our overall mission of providing safe, reliable and cost-effective natural gas and water services to our community. We are committed to ensuring the decisions we make today will have a positive impact on our community for generations to come.

Mark E. Doyle

Mark E. Doyle
President

Tanya D. Cook

Tanya Cook
M.U.D. Board Chairperson

THEN AND NOW

Prior to 1913, Omaha residents received their water and gas services from private water and gas companies. Fed up with high costs, constant ownership changes and poor service, they voted to take control and ownership of their utilities. And on March 3, 1921, the Nebraska Legislature formed the Metropolitan Utilities District. From that day, we vowed to provide our community with safe, reliable and cost-effective services.

Today, we continue to provide quality services at rates lower than area investor-owned utilities and among the lowest in the Midwest. We proudly serve natural gas to more than 239,000 customers, making us the fifth largest public gas utility in the U.S. We also provide safe drinking water to more than 225,000 customers, meaning we provide life-essential services to nearly 600,000 people in the region.

We own and operate three water treatment facilities and an extensive water distribution system capable of supplying over 300 million gallons of water per day to our customers. The tap water we deliver is tested more than 1,000 times per day by our team of chemists and biologists to ensure it meets every federal and state standard outlined by the U.S. Environmental Protection Agency. We also maintain more than 27,000 hydrants for fire protection.

The natural gas we provide is an economical, safe and environmentally-friendly energy option. Natural gas plays a vital role in local power production as it complements renewable energy sources because of their inherent intermittency. The District owned gas storage facilities and long-term pipeline transportation and storage contracts save our customers approximately $8 million per year in gas supply and pipeline transportation costs. These assets help ensure our customers' homes stay warm even on the coldest days and contribute to increased reliability and cost savings.

We take natural gas safety very seriously. Our experienced personnel routinely inspect and maintain natural gas mains, and crews are available to respond to emergencies 24/7.

OUR MISSION

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

OUR VISION

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

CORE VALUES

Safety, Reliability, Fiscal Responsibility and Organizational Excellence

OUR BOARD OF DIRECTORS

TANYA COOK
Board Chairperson

JAMES BEGLEY
Vice Chairperson

TIM CAVANAUGH
Director

DAVID FRIEND
Director

GWEN HOWARD
Director

MIKE McGOWAN
Director

BOB SIDZYIK
Director

OUR SENIOR MANAGEMENT

MARK DOYLE
President

STEVE AUSDEMORE
SVP, Safety, Security & Field Operations

GINA LANGEL
SVP, Chief Operations Officer

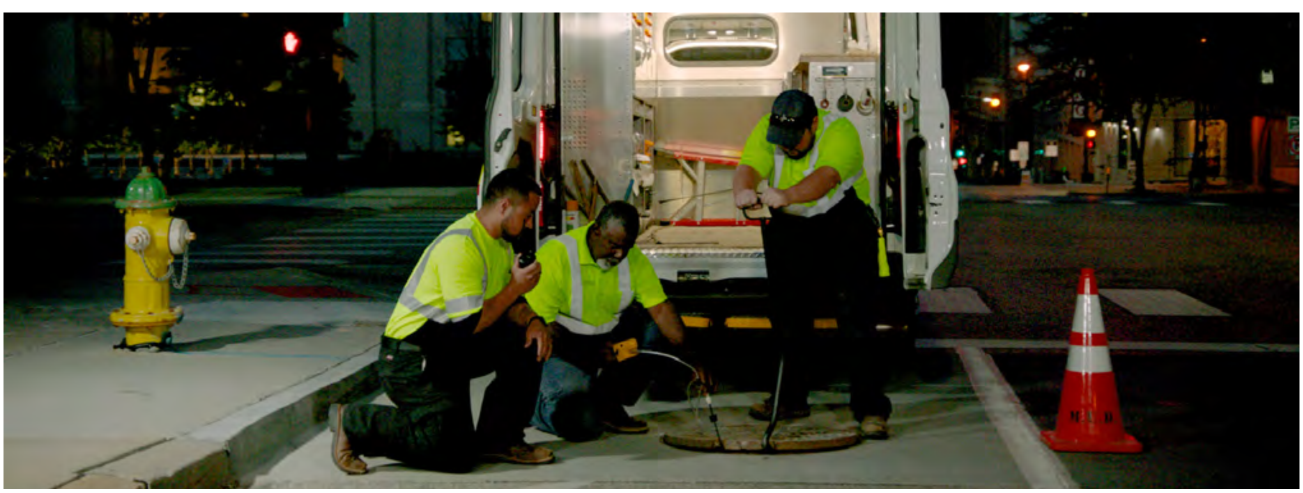
SUE LOBSIGER
SVP, Chief Information Officer

MARK MENDENHALL
SVP, General Counsel

JOE SCHAFFART
SVP, Chief Financial Officer

Water Department	2022	2021	2020
Number of Customers (Dec.)	225,028	222,715	220,625
Sales (1,000 Gallons)	31,666,992	30,811,555	31,021,093
Operating Revenues (net)	$152,647,809	$142,482,048*	$139,949,533
Operating Expenses	$104,065,707	$88,841,532*	$87,663,411
Operating Income	$48,582,102	$53,640,516*	$52,286,122
Plant Additions/Replacements (net)	$75,307,211	$53,156,411	$70,435,790
Plant in Service	$1,336,765,056	$1,285,258,123	$1,202,896,350
Miles of Mains	3,155	3,110	3,027
Average Daily Pumpage (1,000 Gallons)	96,909	93,421	93,124

**Restated due to implementation of GASB Statement 87, Leases.*



Gas Department	2022	2021	2020
Number of Customers (Dec.)	239,487	237,834	235,485
Sales (Dth):			
Firm	31,411,793	26,773,756	28,139,754
Interruptible	4,080,279	4,919,376	4,208,187
Total	35,492,072	31,693,132	32,347,941
Operating Revenues (net)	$353,259,267	$247,490,157*	$189,949,801
Cost of Gas Sold	$235,312,945	$140,342,276	$87,036,070
Other Operating Expenses	$76,368,534	$59,601,281*	$61,064,036
Operating Income	$41,577,788	$47,546,600*	$41,849,695
Plant Additions/Replacements (net)	$78,297,663	$48,996,092	$46,219,693
Plant in Service	$721,035,585	$694,206,264	$667,921,516
Miles of Mains	2,972	2,931	2,896
Average Daily Sendout (Dth)	105,368	91,107	91,011
# of Active Employees (Water and Gas)	876	823	815

Restated due to implementation of GASB Statement 87, Leases.

Financial Stability Measures

		2022	2021
Debt Service Coverage The District continues to be in compliance with water and gas revenue bond debt service requirements.	Water Debt Service Coverage Ratios	3.77x	3.35x
	Gas Debt Service Coverage Ratios	6.23x	26.60x
	Debt Service Coverage Requirements	1.20x	1.20x
Cash Reserves Days cash on hand as of December 31.	Water Department	414 Days	390 Days*
	Gas Department	174 Days	232 Days
Pension Funding Continued focus on the promise to our employees related to proper pension plan funding.	Funded Ratio *(Actuarial Value of Assets/ Actuarial Liability)*	94%	97%
Other Post-Employment Benefits (OPEB) Funding Continued focus on the promise to our employees related to proper OPEB plan funding.	District Contribution to OPEB Trust Fund *($ in millions)*	$6.1	$9.7

Restated due to implementation of GASB Statement 87, Leases.

Credit Rating	M.U.D. Water Revenue Bonds - Moody's (*Sept 2022)*	Aa2
	M.U.D. Gas Revenue Bonds - Fitch Ratings (*February 2023*)	AA+

Employees, retirees and board members at the 2022 Heat the Streets Run & Walk for Warmth.

2022 HEAT THE STREETS RUN & WALK FOR WARMTH

$151,400

Raised during the 2022 Heat the Streets Run & Walk for Warmth.

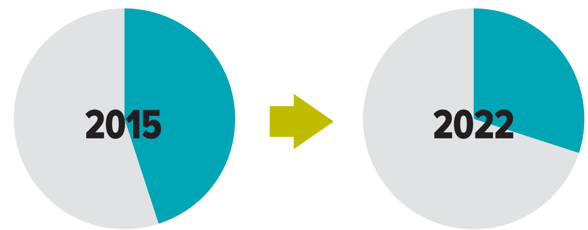
HOME FUND

544 Customers

Received **$186,260** in utility assistance. That's an average of **$342** per customer.

27%

Decrease in gas emergency response time since 2015



25.9 minutes

18.9 minutes

15

Recordable injuries in 2022

15

Vehicle accidents in 2022

1.7

YTD recordable injury rate

Recordable injury rate = number of recordable injuries x 200,000/ number of hours worked

Goal Rate: 1.6

4.5

YTD preventable vehicle accident rate

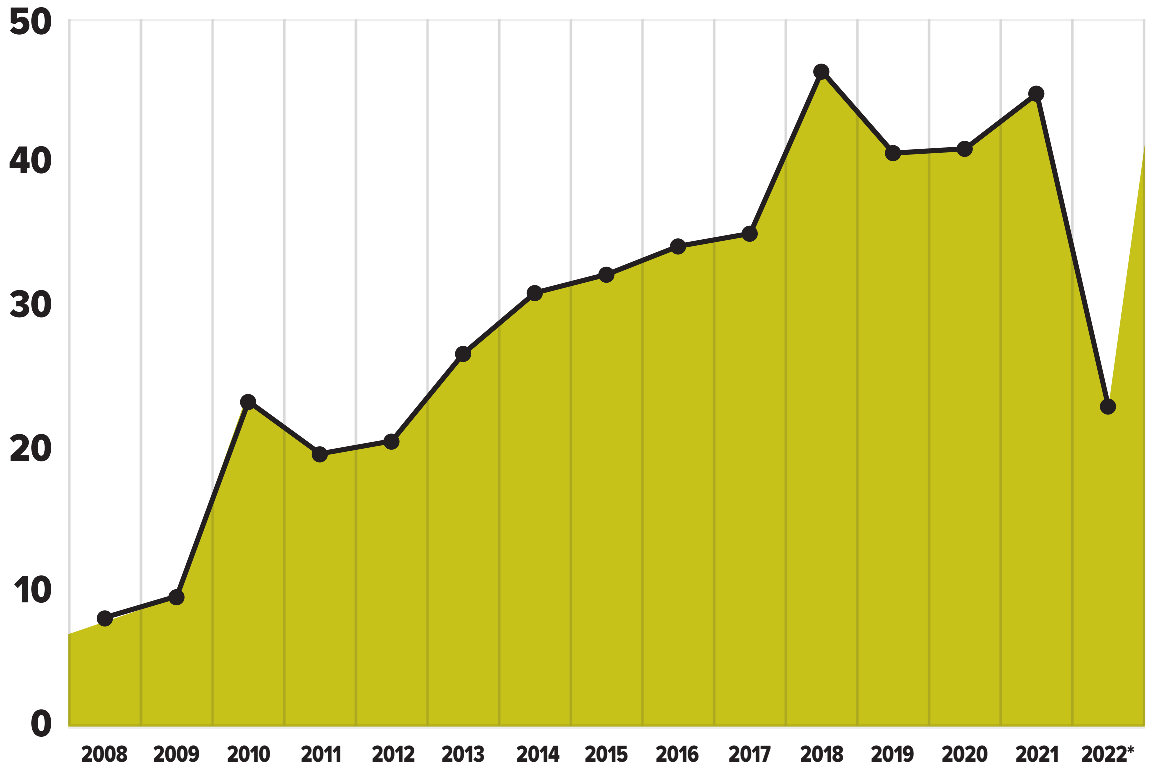
Preventable vehicle accident rate = number of preventable accidents x 1,000,000/number of miles driven

Goal Rate: 4.3

127,296

Gas and water lines located by the District in 2022.

Gas Infrastructure Mileage Replaced



*Unable to meet goal of 40 miles due to supply chain constraints.

From 2008 → 2022, the District replaced

MILES 0420

of cast iron gas mains

&

47,760

gas services

CO_2

420,000

Metric tons of carbon dioxide emissions removed from 2008 to 2022 through gas IR program.

=

465 Million
pounds of coal burned.

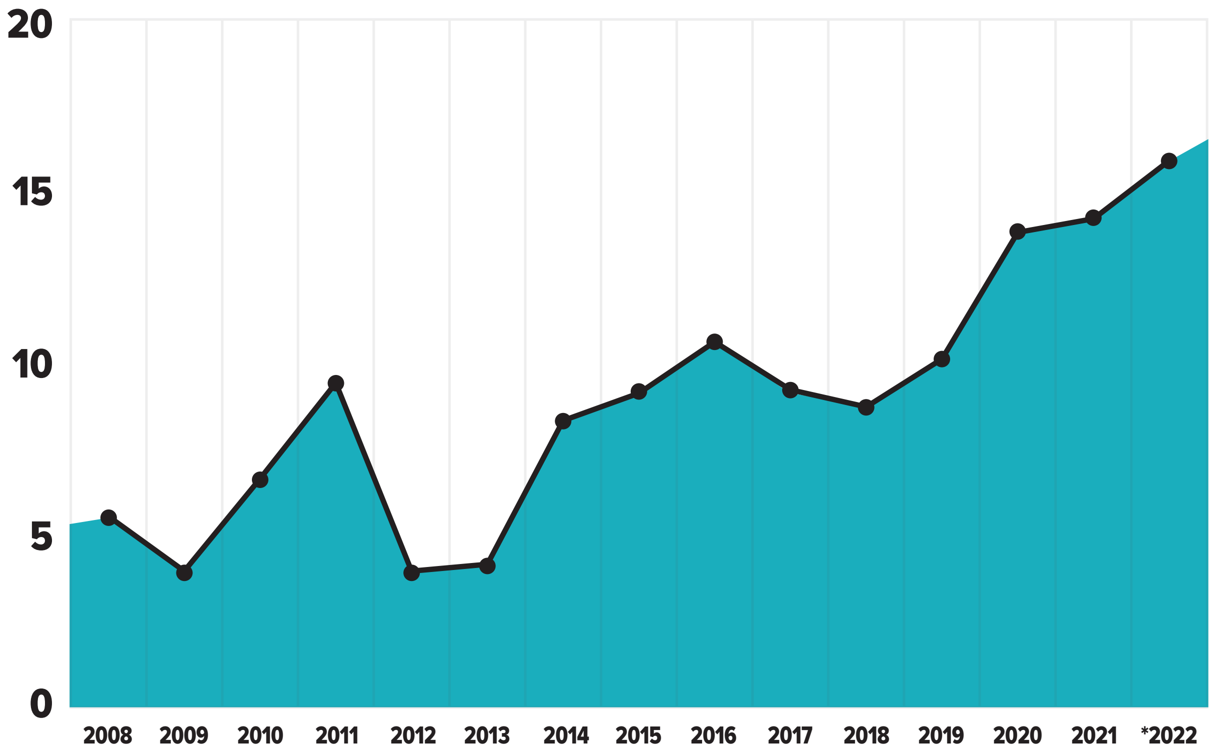
or

47 Million
gallons of gasoline consumed.

or

52,904
homes' energy use for one year.

Water Infrastructure Mileage Replaced and Evaluated



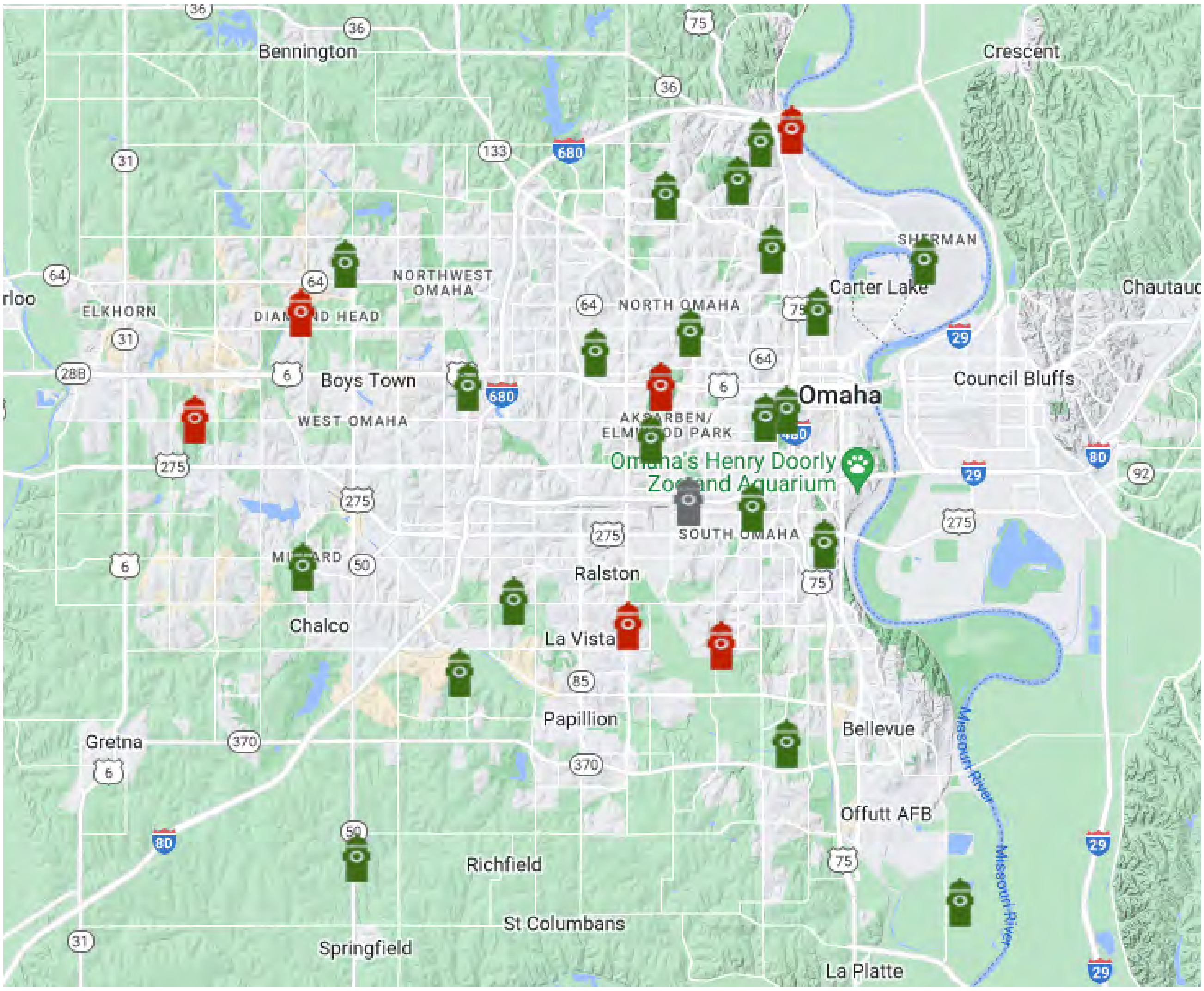
*2.1 miles of conditional assessment completed for additional risk mitigation.

From 2008 → 2022, the District replaced and evaluated

MILES 0132

of water mains

RELIABILITY



M.U.D. gets smarter about pressures and leaks.

M.U.D. installed 32 Smart Hydrants and deploys Leak Loggers at various locations across the city with the goal of spotting leaks in our system and potentially preventing more costly pipe problems. These tools result in minimized disruption to customers by finding leaks before they become catastrophic breaks, making it safer for the public and our employees performing scheduled repairs.

Smart Hydrants have built-in multi-sensors that detect temperature and pressure conditions. Data is automatically uploaded to a portal where scheduled reports and real-time alerts can be accessed by staff.

Leak Loggers carry functionality similar to the Smart Hydrants, but monitor for potential leaks on nearby mains. This non-invasive monitoring device magnetically attaches on the top of water valves with the transmitter located in a valve box to provide alerts for staff to further investigate.

Years of Service at the District

40+ years	9 Employees
30 years	49 Employees
20 years	160 Employees
10 years	199 Employees
0-9 years	460 Employees

Employee Training & Development

1,200+

Hours of training programs and development completed by District supervisors.

233

Employees participated in voluntary employee development training.

44

Employees attended specialized leadership training.

16

Employees took advantage of the District's tuition assistance benefit.

To foster a diverse, inclusive workplace, the District introduced two new Employee Resource Groups (ERG) – a Women's ERG and a Cultural ERG. Both groups are employee-led and provide support and offer personal and professional development for employees. More than **125 employees** joined one or both groups to support each other and various community initiatives, including the Juneteenth Parade, Cinco de Mayo, National Humane Society Walk for the Animals and Carole's House of Hope.

EMPLOYEE RESOURCE GROUPS

CAPTIONS:

***Top Left:** In addition to walking in Omaha's Juneteenth parade, the Cultural ERG supported the hydration station at the festival.*

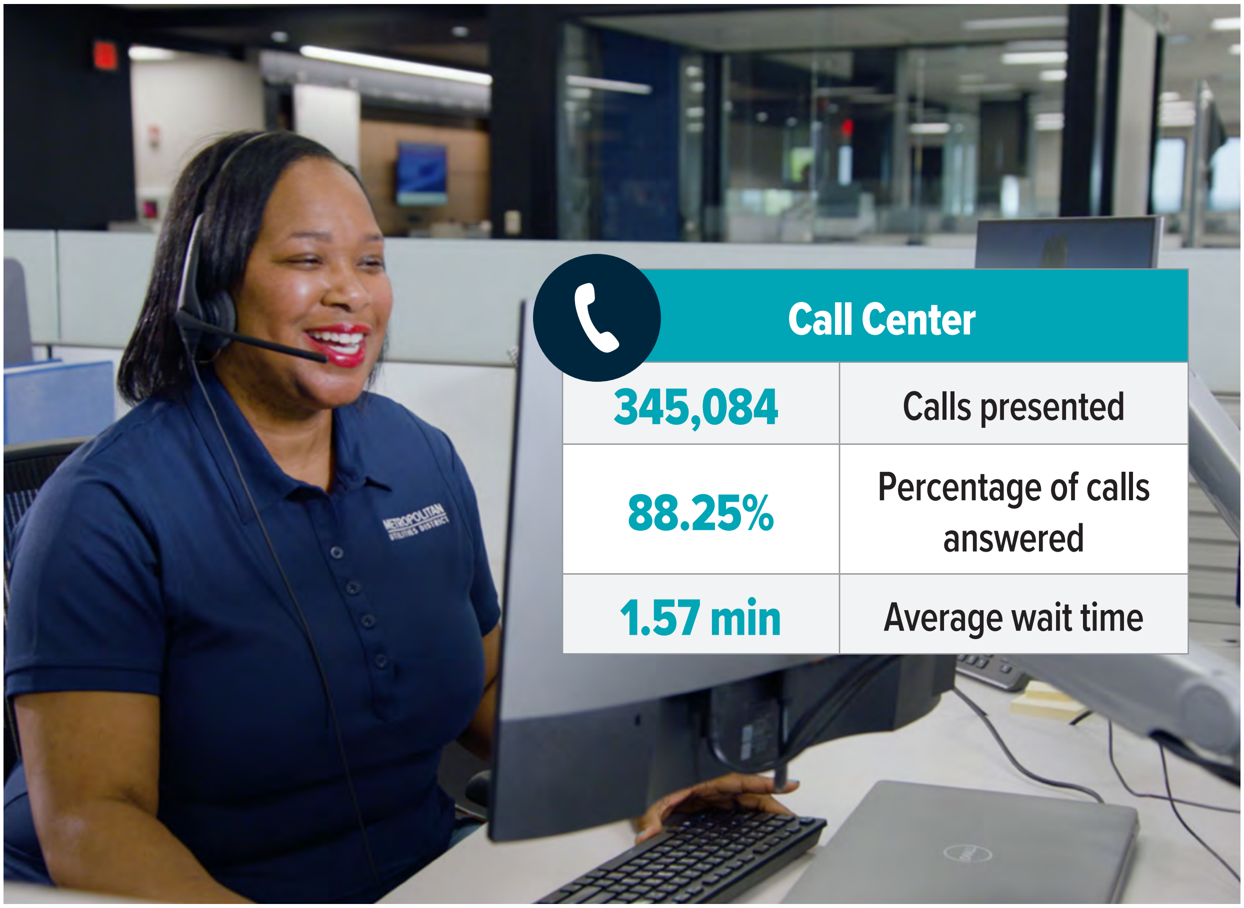
***Top Middle:** The Women's ERG hosted a Breast Cancer Awareness Lunch and Learn in October. Two employees shared their cancer journey and Dr. Nichelle Horton-Brown (right) with CHI Health shared about resources available.*

***Top Right:** Members of the Cultural ERG welcomed community members at Omaha's Cinco de Mayo parade.*

***Middle:** Our Cultural Employee Resource Group represented the District at the Greater Omaha Chamber's Conference on Opportunity, Diversity and Equity.*

***Bottom Left/Bottom Middle:** Leadership teams from both ERGs set up outside the District's headquarters to welcome employees and recruit new members.*

***Bottom Right:** Members of the Women's Employee Resource Group delivered holiday gifts to families at Carole's House of Hope.*



Call Center	
345,084	Calls presented
88.25%	Percentage of calls answered
1.57 min	Average wait time

Customer and Employee Surveys	
30	Total surveys
9,929	Total survey responses

Service Orders	
12,013	Emergency orders
78,985	Non-emergency orders

Social Media Metrics

	Following	Posts	Impressions
Facebook	2,668	212	147,687
Twitter	3,937	1,287	1,034,600
Nextdoor	265,934 members	61	98,116
LinkedIn	1,698	143	89,780

Proactive Outreach for Infrastructure Replacement Projects

12,436	Number of notification letters sent to customers
1,347	Number of emails or phone calls to customers

Customer Experience

237	Employees completing customer experience training

METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2022 and 2021

(With Independent Auditor's Report Thereon)

METROPOLITAN UTILITIES DISTRICT

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RSM US LLP

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

Opinions
We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Utilities District (the District), as of and for the years ended December 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 aggregate remaining fund information of the Metropolitan Utilities District, as of December 31, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter
As discussed in Note 2 of the basic financial statements, the District adopted GASB Statement No. 87, *Leases,* as of January 1, 2021. As a result of the adoption, the District restated beginning net position of the gas and water funds as of January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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
Management is responsible for the other information included in the annual report. The other information comprises the supplemental and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Omaha, Nebraska
March 30, 2023

METROPOLITAN ULITIES DISTRICT

Management's Discussion and Analysis

December 31, 2022 and 2021

"Management's Discussion and Analysis" presents management's analysis and overview of the Metropolitan Utilities District's (the District) financial condition and activities as of and for the years ended December 31, 2022 and 2021. 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.

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

	2022		**2021**		**2020**	
Sales, volume sold – DTH:		%		%		%
Firm gas sales	31,411,793	89	26,773,756	84	28,139,754	87
Interruptible gas sales	4,080,279	11	4,919,376	16	4,208,187	13
Total gas sales	35,492,072	100	31,693,132	100	32,347,941	100
Heating degree days	6,130		5,323		5,648	
Customers (at December 31):						
Firm customers	239,465		237,814		235,456	
Interruptible customers	22		20		29	
	239,487		237,834		235,485	

Gas volumes sold in 2022 increased 3,798,940 DTH, or 12.0% from 2021 due primarily to colder winter weather, as evidenced by the 15.2% increase in the number of heating degree days, and customer growth. There was an increase in firm gas customers in 2022 of 1,651 or 0.7%; the number of interruptible customers increased by 2, from 20 to 22.

Gas volumes sold in 2021 decreased 654,809 DTH, or 2.0% from 2020 due primarily to warmer winter weather, as evidenced by the 5.8% decrease in the number of heating degree days. There was an increase in firm gas customers in 2021 of 2,358 or 1.0%; the number of interruptible customers decreased by 9, from 29 to 20.

Gas Department Summary of Results of Operations

	2022		2021 (as restated)		2020 (*1)	
Operating revenues:						
Firm and interruptible gas sales	$ 334,265,845	95%	$ 229,577,728	93%	$ 173,398,480	91%
Infrastructure charge	13,542,986	4	13,401,667	5	13,152,817	7
Other	6,051,492	1	4,888,620	2	4,120,388	2
Less bad debt expense	(601,056)	—	(377,858)	—	(721,884)	—
Total operating revenues, net	353,259,267	100%	247,490,157	100%	189,949,801	100%
Operating expenses:						
Cost of natural gas	235,312,945	75%	140,342,276	70%	87,036,070	59%
Other operating expenses	76,368,534	25	59,601,280	30	61,064,035	41
Total operating expenses	311,681,479	100%	199,943,556	100%	148,100,105	100%
Nonoperating revenues (expenses), net	(2,565,897)		(1,041,555)		(1,061,847)	
Change in net position	39,011,891		46,505,046		40,787,849	
Net position, beginning of year	490,229,045		443,723,999		402,936,150	
Net position, end of year	$ 529,240,936		$ 490,229,045		$ 443,723,999	

(*1) 2020 amounts do not reflect adoption of GASB No. 87, Leases.

Revenues for gas sales, net, were up 42.7% in 2022 vs. 2021, due to a 12.0% increase in volumes coupled with increased gas costs, which is a direct "pass-through" to our customers. Revenues for gas sales, net, were up 30.3% in 2021 vs. 2020, due to increased gas costs partially offset by a 2.0% decrease in volumes. The annual revenues for the average residential gas customer were $856.29 in 2022, as compared to $612.41 in 2021 and to $540.26 in 2020.

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 2022 were up by $111.7 million or 55.9% from 2021. In 2022, the cost of natural gas was $95.0 million, or 67.7% higher than 2021, due to increased gas cost ($78.2 million) and increased volumes ($16.8 million). In 2022, other operating expenses were $16.8 million, or 28.1%, higher than 2021 due primarily to: increased administrative and general expense (largely due to increased pension and Other Post Employment Benefit (OPEB) expense primarily due to investment returns that were well below expectations), increased statutory payments paid to cities due to higher gas sales, and increased depreciation and amortization expense, partially offset by decreased production operating expense (one-time costs for town border station improvements in 2021 to serve the requirements of a large customer). Total operating expenses in 2021 were up by $51.8 million or 35.0% from 2020. In 2021, the cost of natural gas was $53.3 million, or 61.2% higher than 2020, due to increased gas cost ($55.1 million) partially offset by decreased volumes ($1.8 million). In 2021, other operating expenses were $1.5 million, or 2.4%, lower than 2020 due primarily to: decreased administrative and general expense (largely due to decreased pension and Other Post Employment Benefit (OPEB) expense primarily due to investment returns that significantly exceeded expectations), partially offset by increased production operating expense (increased LNG liquefaction expense and one-time costs for town border station improvements to serve the requirements of a large customer), increased statutory payments paid to cities due to higher gas sales, and increased depreciation and amortization expense.

Net non-operating expenses were $2.6 million in 2022 compared to net non-operating expenses of $1.0 million in 2021, a change of $1.6 million. This change was due primarily to interest expense and bond issuance costs associated with the Series 2022 Gas Revenue Bonds partially offset by increased investment earnings on Gas Department cash balances due to increased investable balances and higher yields. Net non-operating expenses were $1.0 million in 2021 compared to net non-operating expenses of $1.1 million in 2020, a change of $0.1 million. This change was due primarily to a net loss on the retirement of assets in 2020, partially offset by decreased investment earnings on Gas Department cash balances in 2021 due to reduced investable balances and lower yields.

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 combined CPEP gas acquired in these transactions under four 30-year gas purchase agreements, one entered into in 2009 (CPEP #2), one in 2012 (CPEP #3), one in 2018 (CPEP #4) and one in 2022 (CPEP #5). In 2022, the CPEP prepaid gas purchase agreements accounted for approximately 48% 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 2022, the District entered into a 30-year gas supply contract with CPEP (CPEP #5). In addition to the prepaid gas included in this agreement, the District also entered into an Asset Management Agreement (AMA) with CPEP/J.Aron to manage the transportation demand charges associated with gas purchased under this agreement. This additional AMA increased the available gas discount for the District. This agreement is for an initial seven-year term and subject to refinancing at the end of this term. After this initial 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 seven-year term unless the discount to market is $.25 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, discussed below, which accounted for approximately 10% of the District's annual natural gas requirements in 2022. Including CPEP, prepaid transactions accounted for approximately 58% of the District's annual gas supply in 2022.

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.

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Gas Department Summary Financial Position

	2022	2021 (as restated)	2020 (*1)
Capital assets, net	$ 551,140,541	$ 499,951,308	$ 474,652,039
Noncurrent assets	81,476,590	30,288,011	4,831,484
Current assets	273,253,041	212,026,122	211,559,774
Total assets	905,870,172	742,265,441	691,043,297
Deferred outflows of resources			
Pension amounts	37,815,008	5,321,344	4,024,242
OPEB amounts	5,435,868	—	—
Total deferred outflows of resources	43,250,876	5,321,344	4,024,242
Total assets and deferred outflows of resources	$ 949,121,048	$ 747,586,785	$ 695,067,539
Deferred inflows of resources			
Pension amounts	$ 4,072,807	$ 40,075,330	$ 30,475,574
OPEB amounts	17,542,373	29,566,524	26,180,264
Lease amounts	2,743,728	2,799,914	—
Contributions in aid of construction	41,960,602	41,448,229	41,726,625
Total deferred inflows of resources	66,319,510	113,889,997	98,382,463
Current liabilities	108,012,591	76,335,942	72,138,610
Noncurrent liabilities	245,548,011	67,131,801	80,822,467
Total liabilities	353,560,602	143,467,743	152,961,077
Net position:			
Net investment in capital assets	423,871,507	424,719,273	399,106,408
Restricted	893,724	200,509	200,939
Unrestricted	104,475,705	65,309,263	44,416,652
Total net position	529,240,936	490,229,045	443,723,999
Total liabilities, deferred inflows of resources, and net position	$ 949,121,048	$ 747,586,785	$ 695,067,539

(*1) 2020 amounts do not reflect adoption of GASB No. 87, Leases.

Gas Department Long-Term Debt Activity

The following table summarizes the long-term debt, excluding leases, of the Gas Department at December 31, 2022 and 2021.

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Gas Revenue Bonds				
Series 2018	$ 28,320,000	$ -	$ 1,205,000	$ 27,115,000
Plus unamortized premium	978,712	-	103,473	875,239
Gas Revenue Bonds				
Series 2022	-	115,040,000	2,405,000	112,635,000
Plus unamortized premium	-	16,347,775	1,156,260	15,191,515
Total Long-Term Debt	$ 29,298,712	$ 131,387,775	$ 4,869,733	$ 155,816,754

On March 16, 2022, the District issued $115,040,000 of Gas System Revenue Bonds, Series 2022; the True Interest Cost associated with the offering is 2.366 percent. The proceeds of the sale of the 2022 bonds are being used, together with other available funds, to finance the continued replacement of cast iron gas mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and other infrastructure improvements. During 2022, the District made principal payments of $2,405,000 towards its outstanding Series 2022 gas revenue bonds. At December 31, 2022, $75.4 million of the bond proceeds remained.

At December 31, 2022 and 2021, the District's long-term debt included $27,115,000 and $28,320,000, respectively of Series 2018 gas revenue bonds outstanding. During 2022 and 2021, respectively, the District made principal payments of $1,205,000 and $1,150,000 towards its outstanding Series 2018 gas revenue bonds.

Gas Department Long-Term Debt Covenant Compliance

Series 2018 and Series 2022 Gas Revenue Bonds

The District was in compliance with the provisions of the Series 2018 and 2022 gas revenue bond covenants at December 31, 2022, 2021 and 2020. Relative to these bond offerings, 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 $49.3 million, $57.1 million and $44.9 million for 2022, 2021 and 2020, respectively. Please see the chart below for debt service coverage ratio information:

	2022	2021	2020
Debt service coverage ratios	6.23x	26.60x	21.18x
Debt service coverage requirements	1.20x	1.20x	1.20x

Credit Ratings and Liquidity

In September 2022, Moody's Investors Service affirmed the Aa2 rating of the District's gas enterprise system, citing a "growing customer base and solid financial performance." In February 2023, Fitch Ratings reviewed MUD's credit rating and concluded there should be no change to the District's AA+ rating. In February 2022, Fitch Ratings rated the Series 2022 Gas Revenue Bonds AA+ and affirmed the District's AA+ Issuer Default Rating, citing the District's "very strong financial profile as evidenced by its strong operating cash flows…" In November 2019, S&P Global Ratings assigned a rating of AA+ to District's gas system as part of the District's obligations under certain of its gas purchase contracts; the District was previously rated AA by the rating agency. At the 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 174 days at year end 2022, as compared with 232 days at year-end 2021 and 388 days at year end 2020. The decrease in days cash on hand at year end 2022 and at year end 2021 is primarily due to the higher cost of natural gas coupled with increased capital expenditures, a portion of which will be reimbursed from bond proceeds. Despite the reduction in "days cash on hand" from 2021 to 2022, unrestricted cash balances increased by $12.7 million, to $140.0 million.

The Gas Department's liquidity is further enhanced by a $20,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current Loan Agreement matures July 1, 2024. The interest rate on the line of credit is variable and is calculated based on the "U.S. Prime Rate" less 2.63 percentage points, with a minimum rate of 1.95%. As of December 31, 2022, the interest rate was 4.87% and no amount was outstanding. The District did not draw on the line of credit during 2022, 2021 or 2020.

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 135 miles, over the next five years; the District expended $15.6 million to improve infrastructure and replace cast iron gas mains in 2022, $16.7 million in 2021 and $18.0 million in 2020. Significant projects in 2022 and 2021 are as follows:

In 2022, capital and construction-related costs totaled $78.3 million, consisting of:
1) Cast iron infrastructure replacement: $15.6 million (discussed above);
2) Other gas mains and distribution: $15.0 million;
3) Liquified natural gas plant improvements: $33.6 million;
4) Other buildings, land and equipment: $0.9 million;
5) Vehicles: $4.7 million;
6) Information technology-related: $1.5 million;
7) Furniture, equipment and all other general plant: $7.0 million.

In 2021, capital and construction-related costs totaled $49.0 million, consisting of:
1) Cast iron infrastructure replacement: $16.7 million (discussed above);
2) Other gas mains and distribution: $11.8 million;
3) Liquified natural gas plant improvements: $7.7 million;
4) Land purchase for future construction center: $2.0 million;
5) Other buildings, land and equipment: $4.0 million;
6) Vehicles: $4.0 million;
7) Information technology-related: $1.2 million;
8) Furniture, equipment and all other general plant: $1.6 million.

Water Department

	2022	2021	2020
Water sales (million gallons)	31,667.0	30,811.6	31,021.1

In 2022, the volume of water sales increased 855.4 million gallons vs. prior year, or 2.8%, due in part to full year precipitation levels that were approximately 9 inches, or 29.3%, below normal annual precipitation levels of 31.9 inches (2022 precipitation was 22.5 inches for the year), coupled with the fact that full year precipitation totals for 2021 were 1 inch above normal (33.2 inches for the year). In 2021, the volume of water sales decreased 209.5 million gallons vs. prior year, or 0.7%, due in part to full year precipitation levels that were approximately 1 inch, or 4.2%, above normal coupled with the fact that full year precipitation totals for 2020 were 13 inches below normal (17.7 inches for the year). Varying precipitation levels have the greatest impact on commercial and residential sprinkling volumes.

	2022	2021	2020
Customers (December 31)	225,028	222,715	220,625

The number of customers at the end of 2022 increased 2,313, or 1.0%, over 2021. The number of customers at the end of 2021 increased 2,090, or 0.9%, over 2020.

Water Department Summary of Results of Operations

	2022		2021 (as restated)		2020 (*1)	
Operating revenues:						
Water sales	$ 133,276,451	87%	$ 123,193,825	86%	$ 121,283,075	87%
Infrastructure charge	15,324,431	10	15,155,428	11	14,847,245	11
Other	4,338,282	3	4,383,817	3	4,276,869	2
Less bad debt expense	(291,355)	—	(251,022)	—	(457,656)	—
Total operating revenues, net	152,647,809	100%	142,482,048	100%	139,949,533	100%
Operating expenses	104,065,707		88,841,532		87,663,411	
Nonoperating expenses net	6,347,228		6,903,494		7,209,940	
Change in net position	42,234,874		46,737,022		45,076,182	
Net position, beginning of year	427,829,860		381,092,838		336,016,656	
Net position, end of year	$ 470,064,734		$ 427,829,860		$ 381,092,838	

(*1) 2020 amounts do not reflect adoption of GASB No. 87, Leases.

Operating revenues, net, increased 7.1% in 2022 as compared with 2021 due to an increase to the Commodity Component of rates of 7.8% for residential and small volume commercial customers and 5.6% for large commercial and industrial, commercial sprinkling and wholesale customers effective January 2, 2022 coupled with increased usage associated with precipitation levels that were 9 inches below normal in 2022 and 11 inches lower than 2021 levels. Operating revenues, net, increased 1.8% in 2021 as compared with 2020 due to a 4.35% increase to the Commodity Component of rates effective May 2, 2021 partially offset by decreased usage associated with precipitation levels that were 1 inch above normal in 2021 and 16 inches higher than 2020 levels. The annual revenues for the average residential water customer were $417.29 in 2022, compared to $402.23 in 2021 and $404.61 in 2020.

Total operating expenses in 2022 were up by $15.2 million as compared with 2021, or 17.1%, due primarily to administrative and general expense (largely due to increased pension and Other Post Employment Benefit (OPEB) expense due to investment returns that were well below expectations), partially offset by an increase in amounts charged to capital projects (a reduction to operating expense). The increase in operating expenses was also impacted by increases in chemicals and electricity expense, largely due to the higher volume of water sales, increased expenses associated with the water main condition assessment program, and increased depreciation and amortization expense. Total operating expenses in 2021 were up by $1.2 million as compared with 2020, or 1.4%, due primarily to increased distribution operating expense (due to an increase in meter changes and customer service calls not performed in the prior year due to the pandemic), increased distribution maintenance expense (due to an increase in the number of water main breaks), and increased water service reconnections and service replacements (due to an increase in miles of water main replaced). These increases were partially offset by lower administrative and general expense, which consists of decreased pension and OPEB expense (due to investment returns that significantly exceeded expectations) and decreased costs associated with the District's COVID-19 response, partially offset by a decrease in amounts charged to capital projects.

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Net non-operating expenses in 2022 decreased by $0.6 million as compared with 2021, or 8.1%, due primarily to increased investment earnings on Water Department cash balances due to increased investable balances and higher yields. Net non-operating expenses in 2021 decreased by $0.3 million as compared with 2020, or 3.8%, due primarily to decreased interest expense.

Water Summary Financial Position

	2022	2021 (as restated)	2020 (*1)
Plant in service, net	$ 1,033,235,922	$ 985,875,653	$ 957,665,097
Current assets	155,093,985	142,663,596	130,227,809
Noncurrent assets	57,040,512	29,243,165	15,687,459
Total assets	1,245,370,419	1,157,782,414	1,103,580,365
Deferred outflows of resources			
Pension amounts	32,575,320	4,429,351	3,305,015
OPEB amounts	4,676,780	—	—
Debt refunding	1,959,771	2,357,745	2,791,011
Total deferred outflows of resources	39,211,871	6,787,096	6,096,026
Total assets and deferred outflows of resources	$ 1,284,582,290	$ 1,164,569,510	$ 1,109,676,391
Deferred inflows of resources			
Pension amounts	$ 3,390,786	$ 33,533,928	$ 25,329,337
OPEB amounts	14,432,264	24,341,982	21,254,844
Lease amounts	869,802	594,006	—
Contributions in aid of construction	370,233,553	354,971,325	329,881,295
Total deferred inflows of resources	388,926,405	413,441,241	376,465,476
Current liabilities	95,875,143	91,067,887	93,408,503
Noncurrent liabilities	329,716,008	232,230,522	258,709,574
Total liabilities	425,591,151	323,298,409	352,118,077
Net position:			
Net investment in capital assets	459,068,759	421,851,155	412,383,861
Restricted	2,891,581	2,073,228	2,063,690
Unrestricted	8,104,394	3,905,477	(33,354,713)
Total net position	470,064,734	427,829,860	381,092,838
Total liabilities, deferred inflows of resources, and net position	$ 1,284,582,290	$ 1,164,569,510	$ 1,109,676,391

(*1) 2020 amounts do not reflect adoption of GASB No. 87, Leases.

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December 31, 2022 and 2021

Water Department Long-Term Debt Activity

The following table summarizes the long-term debt, excluding leases, of the Water Department at December 31, 2022 and 2021:

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Water Revenue Bonds				
Series 2022	$ -	$ 63,085,000	$ -	$ 63,085,000
Plus unamortized premium	-	3,516,320	51,240	3,465,080
Water Revenue Bonds				
Series 2018	$ 33,465,000	$ -	$ 1,425,000	$ 32,040,000
Plus unamortized premium	905,063	-	97,633	807,430
Water Revenue Bonds				
Series 2015	139,850,000	-	9,665,000	130,185,000
Plus unamortized premium	6,163,307	-	998,716	5,164,591
Water Revenue Bonds				
Series 2012	26,110,000	-	1,970,000	24,140,000
Plus unamortized premium	1,420,030	-	129,513	1,290,517
NDEQ Note Payable #2	3,040,415	-	293,715	2,746,700
Total Long Term Debt	$ 210,953,815	$ 66,601,320	$ 14,630,817	$ 262,924,318

On October 13, 2022 the District issued $63,085,000 of Water System Revenue Bonds Series 2022; the True Interest Cost associated with the offering is 4.069 percent. The proceeds of the sale of the 2022 bonds are being used, together with other available funds, to finance the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisitions for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2022, $58.4 million of the bond proceeds remained.

At December 31, 2022 and 2021, the District's long-term debt included $32,040,000 and $33,465,000, respectively, of Series 2018 water revenue bonds outstanding. During 2022 and 2021, respectively, the District made principal payments of $1,425,000 and $1,355,000 towards its outstanding Series 2018 water revenue bonds.

At December 31, 2022 and 2021, the District's long-term debt included $130,185,000 and $139,850,000 respectively, of Series 2015 water revenue bonds outstanding. During 2022 and 2021, respectively, the District made principal payments of $9,665,000 and $9,200,000 towards its outstanding Series 2015 water revenue bonds.

At December 31, 2022 and 2021, the District's long-term debt included $24,140,000 and $26,110,000, respectively, of Series 2012 water revenue bonds outstanding. During 2022 and 2021, respectively, the District made principal payments of $1,970,000 and $1,925,000 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, 2022 and 2021, long term obligations for this note were $2,746,700 and $3,040,415 respectively. During 2022 and 2021, the District made principal payments of $293,715 and $287,926 respectively pursuant to this note payable.

Water Department Long-Term Debt Covenant Compliance

Series 2012, Series 2015, Series 2018 and Series 2022 Water Revenue Bonds

The District was in compliance with the provisions of the Series 2012, 2015, 2018 and 2022 water revenue bond covenants at December 31, 2022, 2021 and 2020. 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 $42.6 million, $32.1 million and $36.1 million for 2022, 2021 and 2020, respectively. Please see the chart below for debt service coverage ratio information:

	2022	2021	2020
Debt service coverage ratios	3.77x	3.35x	3.57x
Debt service coverage requirements	1.20x	1.20x	1.20x

Credit Ratings and Liquidity

In September 2022, Moody’s Investors Service rated the Series 2022 Water Revenue Bonds Aa2 and affirmed the Aa2 rating of the District’s water enterprise system, citing a “growing customer base and solid financial performance.” In July 2021, S&P Global Ratings raised its ratings on the District’s water revenue bonds to AA from AA-, citing the District’s “consistently robust 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 consistently strong liquidity as demonstrated by the number of “days cash on hand”, with 414 days at year-end 2022 as compared with 390 days at year-end 2021 and 354 days at year-end 2020. The increase to “days cash on hand” between 2021 and 2022 is driven by a $4.3 million increase in unrestricted cash balances, which reached $103.1 million at year-end 2022.

The Water Department’s liquidity is further enhanced by a $20,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current Loan Agreement matures July 1, 2024. The interest rate on the line of credit is variable and is calculated based on the “U.S. Prime Rate” less 2.63 percentage points, with a minimum rate of 1.95%. As of December 31, 2022, the interest rate was 4.87% and no amount was outstanding. The District did not draw on the line of credit during 2022, 2021 or 2020.

Water Department Capital Asset Activity

Significant projects in 2022 and 2021 are as follows:

- In 2022, capital and construction-related costs totaled $75.3 million; significant expenditures for projects completed or in process included:

    1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): $23.8 million;
    2) Other water mains and distribution: $34.4 million;
    3) Florence water treatment plant – Basin 6 refurbishment: $2.8 million;
    4) West Dodge pump station – Design and construction: $2.8 million;
    5) Other buildings, land and equipment: $1.9 million;
    6) Construction machines: $5.0 million;
    7) Furniture, equipment and all other general plant: $4.6 million.

- In 2021, capital and construction-related costs totaled $53.2 million; significant expenditures for projects completed or in process included:

    1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): $17.0 million;
    2) Other water mains and distribution: $24.2 million;
    3) Florence water treatment plant – Basin 3 refurbishment: $3.8 million;
    4) Platte South water treatment plant – Land purchase: $1.6 million;
    5) Other buildings, land and equipment: $3.9 million;
    6) Construction machines and all other general plant: $2.7 million.

Economic Factors and Going Forward

In December 2022, the Board of Directors approved the District’s 2023 budget. Also approved was an increase to gas rate commodity charges and a 50-cent increase in the monthly Gas Infrastructure Rate fee, which will result in a 3.3% overall annual increase in the average residential gas bill as compared with 2022 budget assumptions. In addition, an approved increase to water rate commodity charges and a 50-cent increase to the monthly Water Infrastructure Rate fee will result in a 4.7% overall annual increase to the average residential water bill as compared with 2022 budget assumptions. These gas and water rate increases became effective on January 2, 2023.

The District estimates 2023 revenues of $293.1 million for the Gas Department and $156.4 million for the Water Department. The revenues, combined with modest spend-down of cash reserves by the Water Department, will be used to fund the District’s operating expenditures, which have been impacted by the current inflationary environment, natural gas purchases and debt service costs. Funding for capital improvements and critical infrastructure replacement will be supplemented by the planned issuance of revenue bonds for the Gas Department in 2023.

The budget funds will allow the District to continue updating aging natural gas and water infrastructure using a rigorous asset management plan. The plan is critical to ensuring the District’s customer-owners continue to receive safe, reliable natural gas and water services and meet the needs of the future.

Work is underway on a capital improvement plan to expand the District’s liquefied natural gas plant, an on-site storage facility. Financed with revenue bonds, the project will substantially improve the reliability of the facility for the next 40 years and positively impact customer-owners for years to come.

A Water Master Plan has recently been updated to serve as a roadmap for system improvements, other than those pertaining to the District’s three water treatment facilities which are guided by separate capital improvement plans. These long-term capital improvement plans are largely financed with bond issuances to spread the costs over time, as the associated benefits will be realized over many years and many generations of our customer-owners.

The District is committed to financial and operational stability and will continue to responsibly invest in infrastructure, systems and people to serve future generations of customers.

Contact Information

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

METROPOLITAN UTILITIES DISTRICT

Statements of Net Position

December 31, 2022 and 2021

Assets and Deferred Outflows of Resources	2022 Gas Department	2022 Water Department	2022 Eliminations	2022 Business-type Activities Total	2021 (as restated) Gas Department	2021 (as restated) Water Department	2021 (as restated) Eliminations	2021 (as restated) Business-type Activities Total
Capital assets:								
Utility plant in service	$ 721,035,585	1,336,765,056	—	2,057,800,641	$ 694,206,264	1,285,258,123	—	1,979,464,387
Less accumulated depreciation	239,178,460	373,817,031	—	612,995,491	228,414,449	352,383,846	—	580,798,295
Right-to-use lease assets	1,347,737	—	—	1,347,737	1,347,737	—	—	1,347,737
Less accumulated amortization	544,551	—	—	544,551	139,397	—	—	139,397
	482,660,311	962,948,025	—	1,445,608,336	467,000,155	932,874,277	—	1,399,874,432
Construction in progress	68,480,230	70,287,897	—	138,768,127	32,951,153	53,001,376	—	85,952,529
Net capital assets	551,140,541	1,033,235,922	—	1,584,376,463	499,951,308	985,875,653	—	1,485,826,961
Noncurrent assets:								
Cash and cash equivalents – restricted	1,484,480	9,796,843	—	11,281,323	—	3,938,622	—	3,938,622
Investments - restricted	73,870,784	51,794,399	—	125,665,183	—	1,840,460	—	1,840,460
Net pension asset	—	—	—	—	25,096,236	21,293,150	—	46,389,386
Lease receivable	2,673,904	871,369	—	3,545,273	2,691,857	575,606	—	3,267,463
Other noncurrent assets	3,447,422	1,548,211	—	4,995,633	2,499,918	1,595,327	—	4,095,245
Total noncurrent assets	81,476,590	64,010,822	—	145,487,412	30,288,011	29,243,165	—	59,531,176
Current assets:								
Cash and cash equivalents	140,028,452	103,136,850	—	243,165,302	127,338,550	98,798,888	—	226,137,438
Cash and cash equivalents – restricted	893,724	2,718,072	—	3,611,796	200,509	1,900,295	—	2,100,804
Accounts receivable – customers and others, less allowance for doubtful accounts	93,306,077	28,458,569	—	121,764,646	55,583,141	31,373,341	—	86,956,482
Interdepartmental receivable	—	4,170,965	(4,170,965)	—	—	3,960,266	(3,960,266)	—
Natural gas in storage	19,858,767	—	—	19,858,767	12,901,175	—	—	12,901,175
Propane in storage	5,141,555	—	—	5,141,555	5,644,689	—	—	5,644,689
Lease receivable	17,952	30,657	—	48,609	17,421	33,686	—	51,107
Interest receivable	13,675	12,410	—	26,085	13,763	13,893	—	27,656
Materials and supplies	4,795,720	5,212,165	—	10,007,885	4,070,635	4,386,783	—	8,457,418
Construction materials	5,635,584	4,033,090	—	9,668,674	3,916,834	1,883,386	—	5,800,220
Prepayments	3,561,535	350,897	—	3,912,432	2,339,405	313,058	—	2,652,463
Total current assets	273,253,041	148,123,675	(4,170,965)	417,205,751	212,026,122	142,663,596	(3,960,266)	350,729,452
Total assets	905,870,172	1,245,370,419	(4,170,965)	2,147,069,626	742,265,441	1,157,782,414	(3,960,266)	1,896,087,589
Deferred Outflows of Resources								
Pension amounts	37,815,008	32,575,320	—	70,390,328	5,321,344	4,429,351	—	9,750,695
OPEB amounts	5,435,868	4,676,780		10,112,648	—	—	—	—
Deferred charge on refunding	—	1,959,771	—	1,959,771	—	2,357,745	—	2,357,745
Total deferred outflows of resources	43,250,876	39,211,871	—	82,462,747	5,321,344	6,787,096	—	12,108,440
Total assets and deferred outflows of resources	$ 949,121,048	1,284,582,290	(4,170,965)	2,229,532,373	$ 747,586,785	1,164,569,510	(3,960,266)	1,908,196,029

Liabilities, Deferred Inflows and Net Position	2022 Gas Department	2022 Water Department	2022 Eliminations	2022 Business-type Activities Total	2021 (as restated) Gas Department	2021 (as restated) Water Department	2021 (as restated) Eliminations	2021 (as restated) Business-type Activities Total
Net position:								
Net investment in capital assets	$ 423,871,507	459,068,759	—	882,940,266	$ 424,719,273	421,851,155	—	846,570,428
Restricted:								
Environmental	—	173,509	—	173,509	—	172,933	—	172,933
Debt service requirements-sinking fund	893,724	2,718,072	—	3,611,796	200,509	1,900,295	—	2,100,804
Unrestricted	104,475,705	8,104,394	—	112,580,099	65,309,263	3,905,477	—	69,214,740
Total net position	529,240,936	470,064,734	—	999,305,670	490,229,045	427,829,860	—	918,058,905
Deferred inflows of resources								
Pension amounts	4,072,807	3,390,786	—	7,463,593	40,075,330	33,533,928	—	73,609,258
OPEB amounts	17,542,373	14,432,264	—	31,974,637	29,566,524	24,341,982	—	53,908,506
Lease amounts	2,743,728	869,802	—	3,613,530	2,799,914	594,006	—	3,393,920
Contributions in aid of construction	41,960,602	370,233,553	—	412,194,155	41,448,229	354,971,325	—	396,419,554
Total deferred inflows of resources	66,319,510	388,926,405	—	455,245,915	113,889,997	413,441,241	—	527,331,238
Noncurrent liabilities:								
Long-term debt, excluding current installments	151,036,754	247,404,700	—	398,441,454	28,093,712	197,600,100	—	225,693,812
Lease liability	555,537	—	—	555,537	995,560	—	—	995,560
Self-insured risks	1,052,973	1,227,066	—	2,280,039	597,236	644,521	—	1,241,757
Net pension liability	46,608,564	39,788,717	—	86,397,281	—	—	—	—
Net OPEB liability	44,644,506	39,595,785	—	84,240,291	35,967,455	32,431,694	—	68,399,149
Other accrued expenses	1,649,677	1,699,740	—	3,349,417	1,477,838	1,554,207	—	3,032,045
Total noncurrent liabilities	245,548,011	329,716,008	—	575,264,019	67,131,801	232,230,522	—	299,362,323
Current liabilities:								
Accounts payable	67,224,379	10,592,592	—	77,816,971	42,543,693	9,353,268	—	51,896,961
Customer deposits	21,474,736	7,733,653	—	29,208,389	18,973,911	8,212,281	—	27,186,192
Customer advances for construction	208,284	29,567,178	—	29,775,462	1,429,798	26,994,301	—	28,424,099
Interdepartmental payable	4,170,965	—	(4,170,965)	—	3,960,266	—	(3,960,266)	—
Sewer fee collection due to municipalities	—	24,095,757	—	24,095,757	—	25,796,003	—	25,796,003
Statutory payment due to municipalities	2,009,691	707,918	—	2,717,609	1,448,944	655,048	—	2,103,992
Other accrued expenses	3,202,314	3,299,582	—	6,501,896	3,041,543	3,199,436	—	6,240,979
Current installments of long-term debt	4,780,000	15,519,618	—	20,299,618	1,205,000	13,353,715	—	14,558,715
Current installments of lease liability	284,865	—		284,865	225,446	—		225,446
Accrued interest on revenue bonds	461,894	1,085,897	—	1,547,791	86,765	613,589	—	700,354
Accrued interest on leases	277	—	—	277	2,739	—	—	2,739
Self-insured risks	3,195,249	3,272,948	—	6,468,197	2,965,030	2,890,246	—	5,855,276
Other liabilities	999,937	—	—	999,937	452,807	—	—	452,807
Total current liabilities	108,012,591	95,875,143	(4,170,965)	199,716,769	76,335,942	91,067,887	(3,960,266)	163,443,563
Total liabilities	353,560,602	425,591,151	(4,170,965)	774,980,788	143,467,743	323,298,409	(3,960,266)	462,805,886
Total liabilities, deferred inflows of resources, and net position	$ 949,121,048	1,284,582,290	(4,170,965)	2,229,532,373	$ 747,586,785	1,164,569,510	(3,960,266)	1,908,196,029

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position

December 31, 2022 and 2021

	2022			2021 (as restated)		
	Gas Department	Water Department	Business-type Activities Total	Gas Department	Water Department	Business-type Activities Total
Operating revenues:						
Charges for services	$ 353,860,323	152,939,164	506,799,487	$ 247,868,015	142,733,070	390,601,085
Less bad debt expense	601,056	291,355	892,411	377,858	251,022	628,880
Charges for services, net	353,259,267	152,647,809	505,907,076	247,490,157	142,482,048	389,972,205
Operating expenses:						
Cost of natural gas	235,312,945	—	235,312,945	140,342,276	—	140,342,276
Operating and maintenance	52,324,442	85,662,514	137,986,956	37,565,903	71,402,255	108,968,158
Depreciation and amortization	18,835,090	16,293,403	35,128,493	18,240,248	15,456,120	33,696,368
Payment in lieu of taxes	5,209,002	2,109,790	7,318,792	3,795,129	1,983,157	5,778,286
Total operating expenses	311,681,479	104,065,707	415,747,186	199,943,556	88,841,532	288,785,088
Operating income	41,577,788	48,582,102	90,159,890	47,546,601	53,640,516	101,187,117
Nonoperating revenues (expenses):						
Investment income, net	1,671,586	1,074,790	2,746,376	29,153	558,574	587,727
Other expense	(699,166)	(376,748)	(1,075,914)	(18,762)	(351,289)	(370,051)
Interest expense, net	(3,538,317)	(7,045,270)	(10,583,587)	(1,051,946)	(7,110,779)	(8,162,725)
Total nonoperating revenues (expenses), net	(2,565,897)	(6,347,228)	(8,913,125)	(1,041,555)	(6,903,494)	(7,945,049)
Change in net position	39,011,891	42,234,874	81,246,765	46,505,046	46,737,022	93,242,068
Net position, beginning of year	490,229,045	427,829,860	918,058,905	443,723,999	381,092,838	824,816,837
Net position, end of year	$ 529,240,936	470,064,734	999,305,670	$ 490,229,045	427,829,860	918,058,905

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Cash Flows

December 31, 2022 and 2021

	2022			2021 (as restated)		
	Gas Department	**Water Department**	**Business-type Activities Total**	**Gas Department**	**Water Department**	**Business-type Activities Total**
Cash flows from operating activities:						
Receipts from customers	$ 316,701,864	155,853,936	472,555,800	$ 227,584,325	147,468,686	375,053,011
Payments to suppliers	(228,285,978)	(62,117,540)	(290,403,518)	(157,672,186)	(67,197,758)	(224,869,944)
Cash collections on behalf of other governments	—	210,216,670	210,216,670	—	201,218,849	201,218,849
Cash disbursements to other governments	—	(200,292,707)	(200,292,707)	—	(193,173,217)	(193,173,217)
Payments to employees	(41,728,068)	(35,598,499)	(77,326,567)	(40,178,549)	(34,195,460)	(74,374,009)
Payments in lieu of taxes	(5,209,002)	(2,109,790)	(7,318,792)	(3,795,129)	(1,983,157)	(5,778,286)
Net cash provided by operating activities	41,478,816	65,952,070	107,430,886	25,938,461	52,137,943	78,076,404
Cash flows from noncapital financing activities:						
Interdepartmental loans and advances	293,435	(293,435)	—	760,896	(760,896)	—
Net cash provided by (used in) noncapital financing activities	293,435	(293,435)	—	760,896	(760,896)	—
Cash flows from capital and related financing activities:						
Plant additions	(73,049,102)	(76,626,963)	(149,676,065)	(47,731,492)	(53,155,062)	(100,886,554)
Plant removal/retirement costs	(4,325,312)	(387,949)	(4,713,261)	(1,325,953)	638,193	(687,760)
Debt issuance costs	(712,700)	(298,174)	(1,010,874)	—	—	—
Payments on long-term debt	(3,610,000)	(13,353,716)	(16,963,716)	(1,150,000)	(12,767,927)	(13,917,927)
Payments on lease liabilities	(225,446)	—	(225,446)	(126,731)	—	(126,731)
Proceeds from issuance of debt	131,387,775	66,601,320	197,989,095	—	—	—
Customer advances/CIAC	254,625	25,750,561	26,005,186	883,949	30,520,859	31,404,808
Interest paid	(4,425,383)	(7,452,089)	(11,877,472)	(1,163,235)	(8,046,268)	(9,209,503)
Net cash provided by (used in) capital and related financing activities	45,294,457	(5,767,010)	39,527,447	(50,613,462)	(42,810,205)	(93,423,667)
Cash flows from investing activities:						
Interest received	1,671,674	1,076,274	2,747,948	15,388	544,680	560,068
Sales of investment securities	—	1,840,460	1,840,460	—	769,097	769,097
Purchase of investments	(73,870,785)	(51,794,399)	(125,665,184)	—	—	—
Net cash flows provided by investing activities	(72,199,111)	(48,877,665)	(121,076,776)	15,388	1,313,777	1,329,165
Net increase (decrease) in cash and cash equivalents	14,867,597	11,013,960	25,881,557	(23,898,717)	9,880,619	(14,018,098)
Cash and cash equivalents, beginning of year	127,539,059	104,637,805	232,176,864	151,437,776	94,757,186	246,194,962
Cash and cash equivalents, end of year	$ 142,406,656	115,651,765	258,058,421	$ 127,539,059	104,637,805	232,176,864
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 41,577,788	48,582,102	90,159,890	$ 47,546,601	53,640,516	101,187,117
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization						
Depreciation charged to depreciation and amortization	18,710,083	16,293,404	35,003,487	18,003,195	15,281,652	33,284,847
Depreciation charged to operating and maintenance	4,039,176	1,279,636	5,318,812	4,084,571	1,202,780	5,287,351
Amortization charged to depreciation and amortization	125,007	—	125,007	237,053	174,467	411,520
Amortization charged to operating and maintenance	1,146,491	344,146	1,490,637	1,469,554	334,940	1,804,494
Cash flows impacted by changes in:						
Amounts due from customers and others	(37,705,514)	2,875,274	(34,830,240)	(15,384,834)	4,767,316	(10,617,518)
Natural gas, propane, materials, supplies, and prepayments	(8,401,673)	(863,221)	(9,264,894)	(8,582,648)	(445,035)	(9,027,683)
Other noncurrent assets	(947,504)	47,117	(900,387)	(629,506)	(637,854)	(1,267,360)
Accounts payable and other	24,813,371	1,514,084	26,327,455	13,686,485	(2,755,973)	10,930,512
Customer deposits	2,519,046	(478,628)	2,040,418	(6,532,667)	403,786	(6,128,881)
Self-insurance and other liabilities	1,233,086	965,247	2,198,333	(3,624,191)	877,447	(2,746,744)
Net pension liability (asset)	71,704,800	61,081,867	132,786,667	(22,135,164)	(18,704,621)	(40,839,785)
Deferred inflows pension	(36,002,523)	(30,143,142)	(66,145,665)	9,599,756	8,204,591	17,804,347
Deferred outflows pension	(32,493,664)	(28,145,969)	(60,639,633)	(1,297,102)	(1,124,336)	(2,421,438)
Net OPEB liability	8,677,051	7,164,091	15,841,142	(13,879,538)	(12,121,884)	(26,001,422)
Deferred inflows OPEB	(12,024,151)	(9,909,718)	(21,933,869)	3,386,260	3,087,138	6,473,398
Deferred outflows OPEB	(5,435,868)	(4,676,780)	(10,112,648)	—	—	—
Deferred inflows leases	(56,186)	22,560	(33,626)	(9,364)	(46,987)	(56,351)
Net cash provided by operating activities	$ 41,478,816	65,952,070	107,430,886	$ 25,938,461	52,137,943	78,076,404
Supplemental schedules of noncash capital and related financing items:						
Construction in accounts payable	$ 4,006,540	4,386,79	93,335	$ 3,264,088	6,063,253	9,327,341

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT
Statements of Fiduciary Net Position
Pension and Other Post Employment Benefits
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 1,626,387	$ 1,599,643
Investments at fair value:		
Mutual funds:		
Fixed income funds	168,457,166	197,553,467
Domestic equity funds	237,491,717	305,727,834
International equity funds	134,733,878	151,953,494
Total investments	540,682,761	655,234,795
Total assets	$ 542,309,148	$ 656,834,438
Liabilities		
Accrued expense and benefits payable	-	-
Total liabilities	-	-
Net position held in trust for pension and other post employment benefits	$ 542,309,148	$ 656,834,438

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT
Statements of Changes in Fiduciary Net Position
Pension and Other Post Employment Benefits
December 31, 2022 and 2021

	2022	2021
Additions:		
Investment income (loss), net appreciation (depreciation) in the fair value of pooled separate accounts, interest and dividends, net of investment expense	$(111,712,000)	$ 79,568,319
Employer contributions	21,777,253	24,850,226
Employee contributions	5,994,641	5,374,956
Total additions	(83,940,106)	109,793,501
Deductions:		
Benefit payments	30,475,220	26,794,426
Administrative expenses	109,964	112,970
Total deductions	30,585,184	26,907,396
Net increase (decrease)	(114,525,290)	82,886,105
Net position held in trust for pension and OPEB benefits		
Beginning of year	656,834,438	573,948,333
End of year	$ 542,309,148	$ 656,834,438

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2022 and 2021

(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) Leases

The District follows GASB Statement No. 87, *Leases*, which defines the District's leasing arrangement as the right to use an underlying asset as a lessor or lessee.

As a lessor, the District recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic payments are reflected as a reduction of the discounted lease receivable and as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Re-measurement of lease receivables occur when there are modifications including, but not limited to, changes in the contract price, lease term and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

As a lessee, the District recognizes a lease liability and a right-to-use lease asset at the beginning of the lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. The right-to-use lease assets are measured based on the net present value of the future lease payments at inception using the incremental borrowing rate.

Re-measurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The District calculates the amortization of the discount on the lease liability and reports that amount as an outflow of resources. Payments are allocated first to accrued interest liability and then to the lease liability.

(e) 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 assets 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 three items that meet the criterion for reporting as deferred outflows on the statement of net position: the deferred charge on refunding, pension-related items and OPEB-related items. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amount for changes of actuarial assumptions used in the measurement of total pension liability is recognized in pension expense over the average expected remaining service life of the active and inactive pension plan members at the beginning of the measurement period. The difference between projected and actual earnings on pension and OPEB plan investments is recognized in expense over a five-year period, as of the beginning of each measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 four items that meet the criterion for reporting as deferred inflows on the statement of net position: contributions in aid of construction (CIAC), pension-related items, OPEB-related items, the changes in actuarial assumptions used in the measurement of total OPEB liability and lease revenue. 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. Lease revenue is recognized on a straight-line basis over the term of the lease. 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.

(f) Utility Plant

Utility plant is stated at cost. Cost includes direct charges such as labor, material, and related overhead. 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:

	2022	2021
Water Department	2.1%	2.1%
Gas Department	3.5	3.5

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

(g) 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, Series 2018 and Series 2022 water revenue bonds, and the Series 2018 and Series 2022 gas revenue bonds.
- Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted for environmental, debt reserve funds, debt service requirements, or capital.

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

(h) 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.

(i) 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, 2022, the Gas Department held $75.4 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is comprised of proceeds remaining from the Gas System Revenue Bonds Series 2022 issued in March 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas Plant and related infrastructure improvements. At December 31, 2022 and 2021, the Gas Department held current "Cash and cash equivalents – restricted" of $0.9 million and $0.2 million, respectively, pursuant to various bond resolutions.

At December 31, 2022, the Water Department held $61.6 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 $58.4 million of proceeds remaining from the Water System Revenue Bond Series 2022 issued in October 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2021, the Water Department held $5.8 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 $2.6 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, 2022 and 2021, the Water Department also held current "Cash and cash equivalents – restricted" of $2.7 million and $1.9 million, respectively, pursuant to various bond resolutions.

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

(j) 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.

(k) Inventories

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

(l) 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.

(m) 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:

		2022	2021
Gas	$	58,026,345	34,490,634
Water		4,120,770	3,539,297
	$	62,147,115	38,029,931

(n) 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, 2022, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of $4,170,965. At December 31, 2021, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of $3,960,266. The receivable and payable have been eliminated in the business-type activities total column.

(o) Billing and Collection Agent Services

The District serves as the billing and collection agent for fees related to sewer services provided by certain political subdivisions, including the City of Omaha. Separate accounting records are maintained by the District for these collection services. Fees billed but not yet remitted by the District to the applicable entities totaled $24,095,757 and $25,796,003 as of December 31, 2022 and 2021, 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 $5.2 million in 2022 and in 2021. 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.

(p) 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.

(q) 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.

(r) 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.

(s) Recent Accounting Pronouncements

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. 100, *Accounting Changes and Error Corrections*, issued in June 2022, will be effective beginning with fiscal year December 31, 2024. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently assessing the impact of this Statement.

GASB Statement No. 101, *Compensated Absences*, issued in June 2022, will be effective beginning with fiscal year December 31, 2024. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The District is currently assessing the impact of this Statement.

(2) Impact of Adoption of New Accounting Standard

The District has implemented GASB Statement No. 87, *Leases*, as of January 1, 2021. 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 effect of adopting GASB 87 was as follows:

	Gas Department	Water Department	Total
Net position at January 1, 2021, as previously reported	$ 443,723,999	381,092,838	824,816,837
Record right-to-use lease asset, net	308,508	—	308,508
Record lease receivable	2,809,278	640,993	3,450,271
Record lease liability	(308,508)	—	(308,508)
Record deferred inflows - leases	(2,809,278)	(640,993)	(3,450,271)
Net change	—	—	—
Net position at January 1, 2021, as restated	$ 443,723,999	381,092,838	824,816,837
Net position at December 31, 2021, as previously reported	$ 490,333,056	427,774,004	918,107,060
Record right-to-use lease asset, net	1,208,340	—	1,208,340
Record lease receivable	2,709,278	609,292	3,318,570
Record interest receivable	13,763	13,893	27,656
Record prepaid rent	15,660	—	15,660
Record interdepartmental receivable (payable)	(27,393)	27,393	—
Record lease liability	(1,221,006)	—	(1,221,006)
Record deferred inflows - leases	(2,799,914)	(594,006)	(3,393,920)
Record accrued liabilities	(2,739)	(716)	(3,455)
Net change	(104,011)	55,856	(48,155)
Net position at December 31, 2021, as restated	$ 490,229,045	427,829,860	918,058,905

(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, 2022 and 2021, all bank balances were covered by federal depository insurance or collateralized with securities.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2022 and 2021

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, 2021 and 2020, the District had the following investments and maturities:

		Investment Maturities in Years			Rating
Investment Type	**Fair Value**	**Less Than One**	**1-5**	**Hierarchy Level**	**Standard & Poors**
2022					
U.S. Treasury and agency obligations	$ 108,265,779	6,970,310	101,295,469	1	AAA
State and municipal	15,430,462	—	15,430,462	1	AA- to AAA
Corporate bonds and notes	$ 589,644	—	589,644	1	AA-
Foreign bonds	1,379,298	—	1,379,298	1	AA-
	$ 125,665,183	6,970,310	118,694,873		
2021					
U.S. Treasury and agency obligations	$ 1,319,025	—	1,319,025	1	AA+
Foreign bonds	521,435	—	521,435	1	A-
	$ 1,840,460	—	1,840,460		

As of December 31, 2022 and 2021, the District's fiduciary funds had the following investments.

Investment Type		Fair Value		Hierarchy
	Pension Plan	OPEB	Total	Level
2022				
Mutual Funds:				
Fixed Income Funds	$ 150,317,897	18,139,269	168,457,166	1
Domestic Equity Funds	203,865,896	33,625,821	237,491,717	1
International Equity Funds	114,796,578	19,937,300	134,733,878	1
	$ 468,980,371	71,702,390	540,682,761	
2021				
Mutual Funds:				
Fixed Income Funds	$ 178,067,965	19,485,502	197,553,467	1
Domestic Equity Funds	266,450,800	39,277,034	305,727,834	1
International Equity Funds	131,030,611	20,922,883	151,953,494	1
	$ 575,549,376	79,685,419	655,234,795	

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, 2022 and 2021, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was -17.1% and 13.7%, respectively. For the years ended December 31, 2022 and 2021, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan expense was -17.0% and 14.8%, 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	36.0 %	40.0 %
International (Non-U.S.) Equities	24.0	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, 2022 and 2021, 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) Capital Assets

Utility plant at December 31, 2022 and 2021 is summarized as follows:

		Gas Department	Water Department	Total
2022				
Capital assets:				
Utility Plant - Depreciable	$	716,497,414	1,321,280,066	2,037,777,480
Utility Plant - Nondepreciable (land)		4,538,171	15,484,990	20,023,161
Right-to-use (RTU) lease assets (buildings)		1,347,737	—	1,347,737
Total		722,383,322	1,336,765,056	2,059,148,378
Construction in progress (nondepreciable)		68,480,230	70,287,897	138,768,127
		790,863,552	1,407,052,953	2,197,916,505
Less:				
Utlity Plant - Accumulated depreciation		(239,178,460)	(373,817,031)	(612,995,491)
RTU - Accumulated amortization		(544,551)	—	(544,551)
Total capital assets, net	$	551,140,541	1,033,235,922	1,584,376,463
2021 (as restated)				
Capital assets:				
Utility Plant - Depreciable	$	689,668,093	1,269,804,212	1,959,472,305
Utility Plant - Nondepreciable (land)		4,538,171	15,453,911	19,992,082
Right-to-use lease (RTU) assets (buildings)		1,347,737	—	1,347,737
Total		695,554,001	1,285,258,123	1,980,812,124
Construction in progress (nondepreciable)		32,951,153	53,001,376	85,952,529
		728,505,154	1,338,259,499	2,066,764,653
Less:				
Utlity Plant - Accumulated depreciation		(228,414,449)	(352,383,846)	(580,798,295)
RTU - Accumulated amortization		(139,397)	—	(139,397)
Total capital assets, net	$	499,951,308	985,875,653	1,485,826,961

The provision for depreciation/amortization expense is as follows:

		2022			2021		
		Gas Department	Water Department	Total	Gas Department	Water Department	Total
Charged to depreciation and amortization	$	18,710,083	16,293,403	35,003,486	18,003,195	15,281,652	33,284,847
Charged to operating and maintenance		4,039,176	1,279,637	5,318,813	4,084,571	1,202,780	5,287,351
	$	22,749,259	17,573,040	40,322,299	22,087,766	16,484,432	38,572,198

The depreciation/amortization expense presented above includes a reduction of expense of $8,879,223 and $8,395,917 for the year ended December 31, 2022 and 2021, respectively, due to the amortization of CIAC.

METROPOLITAN UTILITIES DISTRICT

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Capital asset activity for the year ended December 31, 2022 and 2021 is as follows:

		Balance, beginning of year	Increases	Decreases	Balance, end of year
2022					
Gas Department:					
Utility plant in service	$	694,206,264	36,564,022	(9,734,701)	721,035,585
Construction in progress		32,951,153	72,093,098	(36,564,021)	68,480,230
Utility plant - Accumulated depreciation		(228,414,449)	(23,645,435)	12,881,424	(239,178,460)
Right-to-use lease assets		1,347,737	—	—	1,347,737
RTU - Accumulated amortization		(139,397)	(405,154)	—	(544,551)
	$	499,951,308	84,606,531	(33,417,298)	551,140,541
Water Department:					
Utility plant in service	$	1,285,258,123	55,369,847	(3,862,914)	1,336,765,056
Construction in progress		53,001,376	72,637,408	(55,350,887)	70,287,897
Accumulated depreciation		(352,383,846)	(25,556,086)	4,122,901	(373,817,031)
	$	985,875,653	102,451,169	(55,090,900)	1,033,235,922
	$	1,485,826,961	187,057,700	(88,508,198)	1,584,376,463
2021 (as restated)					
Gas Department:					
Utility plant in service	$	667,921,516	34,592,659	(8,307,911)	694,206,264
Construction in progress		20,075,686	47,441,195	(34,565,728)	32,951,153
Utility plant - Accumulated depreciation		(213,345,163)	(22,953,960)	7,884,674	(228,414,449)
Right-to-use lease assets		300,508	1,047,229	—	1,347,737
RTU - Accumulated amortization		—	(139,397)	—	(139,397)
	$	474,952,547	59,987,726	(34,988,965)	499,951,308
Water Department:					
Utility plant in service	$	1,202,896,350	86,603,278	(4,241,505)	1,285,258,123
Construction in progress		86,044,271	53,562,940	(86,605,835)	53,001,376
Accumulated depreciation		(331,275,524)	(24,014,156)	2,905,834	(352,383,846)
	$	957,665,097	116,152,062	(87,941,506)	985,875,653
	$	1,432,617,644	176,139,788	(122,930,471)	1,485,826,961

(5) Lease Receivable

The District leases cell phone tower space and land to others. These leases have terms between forty years and fifty years with payments required monthly or annually.

The total amount of inflows of resources recognized for the periods ending December 31, are as follows:

	2022			2021		
	Gas Department	Water Department	Total	Gas Department	Water Department	Total
Lease Revenue	$ 56,186	48,043	104,229	9,364	46,987	56,351
Interest Income	82,490	20,177	102,667	13,763	33,613	47,376

(6) Long-Term Obligations

Activity in long-term obligations for the year ended December 31, 2022 and 2021 is as follows:

	Balance, beginning of year, as restated	Increases	Decreases	Balance, end of year	Due within one year
2022					
Revenue Bonds:					
Water Revenue Bonds					
Series 2022	$ —	63,085,000	—	63,085,000	1,550,000
Plus unamortized premium	—	3,516,320	51,240	3,465,080	—
Water Revenue Bonds					
Series 2018	33,465,000	—	1,425,000	32,040,000	1,495,000
Plus unamortized premium	905,063	—	97,633	807,430	—
Water Revenue Bonds					
Series 2015	139,850,000	—	9,665,000	130,185,000	10,155,000
Plus unamortized premium	6,163,307	—	998,716	5,164,591	—
Water Revenue Bonds					
Series 2012	26,110,000	—	1,970,000	24,140,000	2,020,000
Plus unamortized premium	1,420,030	—	129,513	1,290,517	—
Gas Revenue Bonds					
Series 2022	—	115,040,000	2,405,000	112,635,000	3,515,000
Plus unamortized premium	—	16,347,775	1,156,260	15,191,515	—
Gas Revenue Bonds					
Series 2018	28,320,000	—	1,205,000	27,115,000	1,265,000
Plus unamortized premium	978,712	—	103,473	875,239	—
Notes from Direct Borrowings and Direct Placements:					
NDEQ note payable	3,040,415	—	293,715	2,746,700	299,618
Lease liability	1,221,006	—	380,604	840,402	284,865
Net OPEB liability	68,399,149	15,841,142	—	84,240,291	—
Net pension liability (asset)	(46,389,386)	132,786,667	—	86,397,281	—
Self-insured risks	7,097,033	4,101,152	2,449,949	8,748,236	6,468,197
Other accrued expenses	9,273,025	6,467,088	5,888,800	9,851,313	6,501,896
	$ 279,853,354	357,185,144	28,219,903	608,818,595	33,554,576

METROPOLITAN UTILITIES DISTRICT

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December 31, 2022 and 2021

	Balance, beginning of year, as restated	Increases	Decreases	Balance, end of year, as restated	Due within one year
2021					
Revenue Bonds:					
Water Revenue Bonds					
Series 2018	$ 34,820,000	—	1,355,000	33,465,000	1,425,000
Plus unamortized premium	1,008,236	—	103,173	905,063	—
Water Revenue Bonds					
Series 2015	149,050,000	—	9,200,000	139,850,000	9,665,000
Plus unamortized premium	7,250,586	—	1,087,279	6,163,307	—
Water Revenue Bonds					
Series 2012	28,035,000	—	1,925,000	26,110,000	1,970,000
Plus unamortized premium	1,549,543	—	129,513	1,420,030	—
Gas Revenue Bonds					
Series 2018	29,470,000	—	1,150,000	28,320,000	1,205,000
Plus unamortized premium	1,087,949	—	109,237	978,712	—
Notes from Direct Borrowings and					
Direct Placements:					
NDEQ note payable	3,328,341	—	287,926	3,040,415	293,715
Lease liability	300,508	1,047,229	126,731	1,221,006	225,446
Net OPEB liability	94,400,571	—	26,001,422	68,399,149	—
Net pension liability (asset)	(5,549,601)	—	40,839,785	(46,389,386)	—
Self-insured risks	5,078,661	5,079,527	3,061,155	7,097,033	5,855,276
Other accrued expenses	9,465,528	6,006,035	6,198,538	9,273,025	6,240,979
	$ 359,295,322	12,132,791	91,574,759	279,853,354	26,880,416

(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, 2022 and 2021 consist of:

		Annual	Principal outstanding	
	Interest rate	installment	2022	2021
Series 2012 bonds:				
Serial	2.000% - 4.000%	$ 1,185,000 - 2,335,000	10,865,000	12,835,000
Term	3.0	2,455,000 - 2,865,000	13,275,000	13,275,000

At the option of the District, 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
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	2,245,000	598,044	2,843,044
2027	2,335,000	508,244	2,843,244
2028 – 2032	13,275,000	1,276,563	14,551,563
	$ 24,140,000	4,685,783	28,825,783

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 $1,970,000 and $908,544, respectively, were paid on these bonds in 2022. Principal and interest payments of $1,925,000 and $966,294, respectively, were paid on these bonds in 2021. Total water revenues for the year ended December 31, 2022 and 2021 were $152,939,164 and $142,733,070, 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 $9,665,000 and $5,249,505, respectively, were paid on these bonds in 2022. Principal and interest payments of $9,200,000 and $5,709,505, respectively, were paid on these bonds in 2021. Total water revenues for the year ended December 31, 2022 and 2021 were $152,939,164 and $142,733,070, respectively.

The balance, annual installments, and interest rates at December 31, 2022 and 2021 consist of:

	Interest rate		Annual installment	Principal outstanding 2022	Principal outstanding 2021
Series 2015 bonds:					
Serial	2.850% - 5.000%	$	7,330,000 - 14,115,000	122,365,000	132,030,000
Term	3.500		2,520,000 - 2,695,000	7,820,000	7,820,000

At the option of the District, 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
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		11,790,000	3,163,505	14,953,505
2027		12,125,000	2,827,490	14,952,490
2028 – 2032		66,395,000	8,041,548	74,436,548
2033 – 2035		7,820,000	553,525	8,373,525
	$	130,185,000	27,335,333	157,520,333

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 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 $1,425,000 and $1,205,019, respectively, were paid on these bonds in 2022. Principal and interest payments of $1,355,000 and $1,272,769, respectively, were paid on these bonds in 2021. Total water revenues for the year ended December 31, 2022 and 2021 were $152,939,164 and $142,733,070, respectively.

The balance, annual installments, and interest rates at December 31, 2022 and 2021 consist of:

	Interest rate	Annual installment	Principal outstanding 2022	Principal outstanding 2021
Series 2018 bonds:				
Serial	2.500% - 5.000%	$ 1,255,000 - 2,540,000	32,040,000	33,465,000

At the option of the District, 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
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	1,690,000	939,394	2,629,394
2027	1,775,000	854,894	2,629,894
2028 – 2032	9,800,000	3,339,394	13,139,394
2033 – 2037	11,525,000	1,618,269	13,143,269
2038	2,540,000	85,725	2,625,725
	$ 32,040,000	10,010,983	42,050,983

Water Revenue Bonds Series 2022

On October 13, 2022, the District issued Water System Revenue Bonds, Series 2022 (the 2022 Water Bonds) for a par value of $63,085,000. The 2022 Water Bonds were issued for the purpose of financing a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition for possible future reservoirs, and other water system infrastructure improvements.

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 2022 Water Bonds will be used to finance a portion of the costs to improve the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition for possible future reservoirs, and other water system infrastructure improvements.

The District has pledged future water revenues to repay the 2022 Water Bonds. The 2022 Water Bonds are payable solely from water revenues and are payable through 2042. Total water revenues for the year ended December 31, 2022 and 2021 were $152,939,164 and $142,733,070, respectively.

The balance, annual installments, and interest rates at December 31, 2022 and 2021 consist of:

	Interest rate	Annual installment	Principal outstanding 2022	Principal outstanding 2021
Series 2022 bonds:				
Serial	4.250% - 5.000%	$ 1,550,000 - 4,740,000	63,085,000	—

At the option of the District, the Water Revenue Bonds Series 2022 are subject to optional redemption prior to maturity on and after December 1, 2032. Principal and interest payments are as follows:

	Principal	Interest	Total
2023	$ 1,550,000	3,402,373	4,952,373
2024	2,025,000	2,924,594	4,949,594
2025	2,125,000	2,823,344	4,948,344
2026	2,235,000	2,717,094	4,952,094
2027	2,345,000	2,605,344	4,950,344
2028 – 2032	13,605,000	11,146,719	24,751,719
2033 – 2037	17,365,000	7,387,719	24,752,719
2038 – 2042	21,835,000	2,913,875	24,748,875
	$ 63,085,000	35,921,062	99,006,062

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2022 and 2021

Series 2012, Series 2015, Series 2018 and Series 2022 Debt Service Requirements

The total principal and interest payments for the Series 2012, 2015, 2018 and 2022 water revenue bonds are as follows:

		Principal	Interest	Total
2023	$	15,220,000	10,151,841	25,371,841
2024		16,370,000	9,010,762	25,380,762
2025		17,160,000	8,213,212	25,373,212
2026		17,960,000	7,418,037	25,378,037
2027		18,580,000	6,795,972	25,375,972
2028 – 2032		103,075,000	23,804,224	126,879,224
2033 – 2037		36,710,000	9,559,513	46,269,513
2038 – 2042		24,375,000	2,999,600	27,374,600
	$	249,450,000	77,953,161	327,403,161

Series 2012, Series 2015, Series 2018 and Series 2022 Debt Covenant Compliance

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 $42.6 million for 2022; funds available for debt service were equal to 3.8 times average debt service costs in 2022.

Series 2012, Series 2015, Series 2018 and Series 2022 Remedies for Default

The Series 2012, 2015, 2018 and 2022 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 $1,205,000 and $1,041,179, respectively, were paid on these bonds in 2022. Principal and interest payments of $1,150,000 and $1,098,679, respectively, were paid on these bonds in 2021. Total gas revenues for the year ended December 31, 2022 and 2021 was $353,860,323 and $247,868,015, respectively.

The balance, annual installments, and interest rates at December 31, 2022 and 2021 consist of:

	Interest rate	Annual installment	Principal outstanding 2022	Principal outstanding 2021
Series 2018 bonds:				
Serial	2.750% - 5.000%	$ 1,040,000 - 2,175,000	17,710,000	18,915,000
Term	3.500% - 4.000%	$ 1,650,000 - 2,095,000	9,405,000	9,405,000

At the option of the District, 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
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	1,435,000	812,816	2,247,816
2027	1,490,000	755,416	2,245,416
2028– 2032	8,285,000	2,957,781	11,242,781
2033 – 2037	9,740,000	1,499,735	11,239,735
2038	2,175,000	70,688	2,245,688
	$ 27,115,000	8,846,223	35,961,223

Gas Revenue Bonds Series 2022

On March 16, 2022, the District issued Gas System Revenue Bonds, Series 2022 (the 2022 Gas Bonds) for a par value of $115,040,000. The 2022 Gas Bonds were issued for the purpose of financing the continued replacement of cast iron gas mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and other infrastructure improvements.

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 2022 Gas Bonds will be used to finance the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and other infrastructure improvements.

The District has pledged future gas revenues to repay the 2022 Gas Bonds. The 2022 Gas Bonds are payable solely from gas revenues and are payable through 2042. Principal and interest payments of $2,405,000 and $3,316,452, respectively, were paid on these bonds in 2022. Total gas revenues for the year ended December 31, 2022 and 2021 was $353,860,323 and $247,868,015, respectively.

The balance, annual installments, and interest rates at December 31, 2022 and 2021 consist of:

	Interest rate	Annual installment	Principal outstanding 2022	Principal outstanding 2021
Series 2022 bonds:				
Serial	3.000% - 5.000%	$ 2,405,000 - 7,845,000	112,635,000	—

At the option of the District, the Gas Revenue Bonds Series 2022 are subject to optional redemption prior to maturity on and after December 1, 2031. Principal and interest payments are as follows:

	Principal	Interest	Total
2023	$ 3,515,000	4,561,800	8,076,800
2024	3,695,000	4,386,050	8,081,050
2025	3,875,000	4,201,300	8,076,300
2026	4,070,000	4,007,550	8,077,550
2027	4,275,000	3,804,050	8,079,050
2028– 2032	24,805,000	15,591,500	40,396,500
2033 – 2037	31,395,000	8,999,700	40,394,700
2038 – 2042	37,005,000	3,396,000	40,401,000
	$ 112,635,000	48,947,950	161,582,950

Series 2018 and Series 2022 Debt Service Requirements

The total principal and interest payments for the Series 2018 and 2022 gas revenue bonds are as follows:

		Principal	Interest	Total
2023	$	4,780,000	5,542,729	10,322,729
2024		5,025,000	5,303,729	10,328,729
2025		5,270,000	5,052,479	10,322,479
2026		5,505,000	4,820,366	10,325,366
2027		5,765,000	4,559,466	10,324,466
2028 – 2032		33,090,000	18,549,281	51,639,281
2033 – 2037		41,135,000	10,499,435	51,634,435
2038 – 2042		39,180,000	3,466,688	42,646,688
	$	139,750,000	57,794,173	197,544,173

Series 2018 and Series 2022 Debt Covenant Compliance

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 $49.3 million for 2022; funds available for debt service were equal to 6.2 times average debt service costs in 2022.

Series 2018 and Series 2022 Remedies for Default

The Series 2018 and 2022 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.

) 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 2022 and 2021, the District paid back $293,715 and $287,927, 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
2023	$	299,618	53,443	26,722	379,783
2024		305,641	47,421	23,711	376,773
2025		311,784	41,278	20,639	373,701
2026		318,051	35,011	17,505	370,567
2027		324,444	28,618	14,309	367,371
2028-2031		1,187,162	47,941	23,971	1,259,074
	$	2,746,700	253,712	126,857	3,127,269

(d) Lease Liability

The District leases facilities from others. These leases have terms between three years and ten years requiring monthly or annual payments.

Building Lease - 14242 C Circle

On May 12, 2021, the District entered into a lease agreement for property located at 14242 C Circle, Omaha, Nebraska. The property is used for shop space to support business operations and storage of fleet vehicles, equipment, and materials. The initial term of the lease is for three years beginning July 1, 2021 and ending on June 30, 2024. The District has the option to renew the lease for two successive one-year terms through June 30, 2026. The lease liability is measured at a discount rate of 3.048%, which is the District's estimated incremental borrowing rate.

As of December 31, 2022, the District had outstanding principal and interest of $801,326 related to this lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022 were as follows:

	Principal	Interest	Total
2023	$ 203,156	20,319	223,475
2024	213,967	13,977	227,944
2025	225,204	7,300	232,504
2026	116,366	1,037	117,403
	$ 758,693	42,633	801,326

Building Lease – 444 South 16th Street Mall

On August 20, 2019, the District entered into a lease agreement for certain space within the building located at 444 South 16th Street Mall, Omaha, Nebraska. The property is used for the purpose of a customer service area for the District for customer service tellers, a self-service kiosk, an automated teller machine, and supporting office(s) and related ancillary purposes. The initial term of the lease is for ten years beginning September 1, 2019 and ending on August 31, 2029. The District has the option to renew the lease for a five-year term through August 31, 2034. The lease liability is measured at a discount rate of 3.048%, which is the District's estimated incremental borrowing rate. In December 2022, the District notified the landlord of its intent to terminate the lease agreement in 2023. The lease liability and right of use asset were adjusted to account for the early termination effective August 31, 2023.

As of December 31, 2022, the District had outstanding principal and interest of $84,199 related to this lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022 were as follows:

	Principal	Interest	Total
2023	$ 81,709	2,490	84,199
	$ 81,709	2,490	84,199

(7) Line of Credit

The District has an unsecured line of credit for $20,000,000. The current Loan Agreement matures July 1, 2024. The interest rate on the line of credit is variable and is calculated based on the U.S. Prime Rate less 2.63 percentage points with a minimum rate of 1.95%. As of December 31, 2022, the interest rate was 4.87% and no amount was outstanding. The District did not draw on the line of credit during 2022 or 2021.

(8) 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, 2022, membership of the Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	710
Disabled members	25
Inactive members entitled to but not yet receiving benefits	53
Inactive non-vested members	1
Active members	813
Total	1,602

(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 2022, each member contributed 8.5% 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 is an additional increase to the employee pension contributions effective January 1, 2023 to 9.0%. 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 $10,500,000 for the fiscal year ending December 31, 2022 and $11,600,000 for the fiscal year ending December 31, 2021.

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, 2022 and 2021 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2022 and 2021

		2022	2021
Assets			
Cash and cash equivalents	$	1,626,387	1,599,643
Investments at fair value			
Mutual funds:			
Fixed income funds		150,317,897	178,067,965
Domestic equity funds		203,865,896	266,450,800
International equity funds		114,796,578	131,030,611
Total investments		468,980,371	575,549,376
Total assets		470,606,758	577,149,019
Net position restricted for pensions	$	470,606,758	577,149,019

Statements of Changes in the Fiduciary Net Position
for the Years Ended December 31, 2022 and 2021

		2022	2021
Additions:			
Employer contributions	$	10,500,000	11,600,000
Employee contributions		5,994,641	5,374,956
Total contributions		16,494,641	16,974,956
Net investment income (loss)		(97,597,177)	69,875,660
Total additions		(81,102,536)	86,850,616
Deductions:			
Service benefits		25,339,507	23,236,403
Administrative expenses		100,218	103,969
Total deductions		25,439,725	23,340,372
Net increase (decrease)		(106,542,261)	63,510,244
Net position restricted for pensions:			
Beginning of year		577,149,019	513,638,775
End of year	$	470,606,758	577,149,019

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, 2022 and 2021 was as follows:

		2022	2021
Total pension liability	$	557,004,039	530,759,633
Fiduciary net position		470,606,758	577,149,019
Net pension (asset)/liability		86,397,281	(46,389,386)
Fiduciary net position as a % of total pension liability		84.49%	108.74%
Covered payroll	$	70,609,770	67,274,914
Net pension (asset)/liability as a % of covered payroll		122.36%	-68.95%

(a) Actuarial Assumptions

The District's net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined based on an actuarial valuation prepared as of January 1, 2022, rolled forward one year to December 31, 2022.

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

Inflation	2.50%
Salary increases, including inflation	3.65% to 11.4%
Long-term investment rate of return, net of pension plan investment expenses, including inflation	6.75%
Cost-of-living adjustment	2.50%

Mortality rates for employees (active members) were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale.

Mortality rates for retirees were based on the Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale.

Mortality rates for beneficiaries were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale.

Mortality rates for disabled annuitants were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale.

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 October 25, 2021. In November 2021, the Board adopted a revision to the Investment Policy Statement, including lowering the long-term investment return assumption to 6.75%. 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 2121.

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	36.0 %	3.7 %
International (Non-U.S.) equities	24.0	6.3
U.S. aggregate bonds	15.0	1.4
International bonds	3.0	0.9
Intermediate term credit	11.0	1.8
Short term credit	3.0	1.7
REITS	8.0	3.4
Total	100.0 %	

(b) Discount Rate

The discount rate used to measure the total pension liability at December 31, 2022 was 6.75%. 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: 8.50% 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 is an additional increase to the employee pension contributions effective January 1, 2023 to 9.00%. 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 6.75% 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 liability of the District as of December 31, 2022, calculated using the discount rate of 6.75%, as well as the District's net pension liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

		1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2022	$	158,010,238	86,397,281	26,561,840

The following presents the net pension (asset) liability of the District as of December 31, 2021, calculated using the discount rate of 6.75%, as well as the District's net pension liability (asset) calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the discount rate used as of December 31, 2021:

		1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2021	$	22,216,330	(46,389,386)	(103,746,395)

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2022 and 2021

(d) Changes in Net Pension (Asset) Liability

		Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at December 31, 2020	$	508,089,174	513,638,775	(5,549,601)
Changes for the year:				
Service cost		13,007,768	-	13,007,768
Interest on total pension liability		34,269,868	-	34,269,868
Differences between expected and actual experience		(6,869,382)	-	(6,869,382)
Assumption changes		5,498,608	-	5,498,608
Employer contributions		-	11,600,000	(11,600,000)
Employee contributions		-	5,374,956	(5,374,956)
Net investment income		-	69,875,660	(69,875,660)
Benefit payments, including member refunds		(23,236,403)	(23,236,403)	-
Administrative expenses		-	(103,969)	103,969
Net changes		22,670,459	63,510,244	(40,839,785)
Balances at December 31, 2021	$	530,759,633	577,149,019	(46,389,386)
Changes for the year:				
Service cost		13,490,074	-	13,490,074
Interest on total pension liability		34,985,031	-	34,985,031
Differences between expected and actual experience		3,108,808	-	3,108,808
Employer contributions		-	10,500,000	(10,500,000)
Employee contributions		-	5,994,641	(5,994,641)
Net investment loss		-	(97,597,177)	97,597,177
Benefit payments, including member refunds		(25,339,507)	(25,339,507)	-
Administrative expenses		-	(100,218)	100,218
Net changes		26,244,406	(106,542,261)	132,786,667
Balances at December 31, 2022	$	557,004,039	470,606,758	86,397,281

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

The District recognized pension (income) expense of $16,501,369 and ($13,856,876) for the years ended December 31, 2022 and 2021, respectively.

At December 31, 2022, 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	$	-	7,463,593
Changes of assumptions		6,673,525	-
Differences between projected and actual earnings on pension plan investments		63,716,803	-
Total	$	70,390,328	7,463,593

At December 31, 2021, 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	$	-	13,686,574
Changes of assumptions		9,750,695	-
Differences between projected and actual earnings on pension plan investments		-	59,922,684
Total	$	9,750,695	73,609,258

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
2023	$	2,840,310
2024		13,166,175
2025		19,372,057
2026		26,885,890
2027		337,501
Thereafter		324,802
	$	62,926,735

(9) 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, 2021, the date of the latest actuarial valuation, membership of the OPEB Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	801
Inactive members entitled to but not yet receiving benefits	26
Active members	808
Total	1,635

(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, 2022 and 2021, the following payments were made:

	2022	**2021**
Water retirees	$ 3,393,234	$ 2,619,950
Gas retirees	3,983,362	3,150,865
Total claims/fees paid	$ 7,376,596	$ 5,770,815
Prefunded benefits	6,141,540	9,692,203
Retiree contributions	(2,240,883)	(2,212,792)
Total	$ 11,277,253	$ 13,250,226

Retiree health premiums are calculated based on a three-year rolling average, with 2022 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2022. 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, 2022 are as follows: 1) ages 59 and older: $225.34 per month, 2) age 58: $338.01 per month and 3) ages 55 through 57: $676.03 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 $225.34 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, 2022 and 2021 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2022 and 2021

		2022	2021
Assets			
Investments at fair value			
Mutual funds:			
Fixed income funds	$	18,139,269	19,485,502
Domestic equity funds		33,625,821	39,277,034
International equity funds		19,937,300	20,922,883
Total investments		71,702,390	79,685,419
Total assets		71,702,390	79,685,419
Net position restricted for other postemployment benefits	$	71,702,390	79,685,419

Statements of Changes in the Fiduciary Net Position
For the Years Ended December 31, 2022 and 2021

		2022	2021
Additions:			
Employer contributions	$	11,277,253	13,250,226
Net investment income (loss)		(14,114,823)	9,692,659
Total additions		(2,837,570)	22,942,885
Deductions:			
Benefit payments		5,135,713	3,558,023
Administrative expenses		9,746	9,001
Total deductions		5,145,459	3,567,024
Net increase (decrease)		(7,983,029)	19,375,861
Net position restricted for other postemployment benefits:			
Beginning of year		79,685,419	60,309,558
End of year	$	71,702,390	79,685,419

Net OPEB Liability

The net OPEB liability as of December 31, 2022 and 2021 was as follows:

	2022	2021
Total OPEB liability	$ 155,942,681	148,084,568
Fiduciary net position	71,702,390	79,685,419
Net OPEB liability	84,240,291	68,399,149
Fiduciary net position as a % of total OPEB liability	45.98%	53.81%

(a) Actuarial Assumptions

The District's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined based on an actuarial valuation prepared as of January 1, 2021 rolled forward using standard actuarial techniques to December 31, 2022.

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

Inflation	2.50%
Salary increases, including inflation	3.65% to 10.4%
Long-term investment rate of return, net of OPEB plan investment expenses, including inflation	6.75%
Healthcare cost trend rates:	
Medical trend assumptions (under age 65)	7.00% - 4.50%
Medical trend assumptions (Ages 65 and older)	5.25% - 4.50%
Year of ultimate trend rate	Fiscal Year Ended 2031

Pre-retirement mortality rates were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale.

Post-retirement mortality rates for retirees were based on the Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale.

Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale.

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale.

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, 2020.

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 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 %	3.7 %
International (Non-U.S.) equities	27.0	6.3
U.S. aggregate bonds	11.0	1.4
International bonds	3.0	0.9
Intermediate term credit	9.0	1.8
Short term credit	2.0	1.7
Intermediate term TIPS	0.0	0.7
REITS	8.0	3.4
Total	100.0 %	

(b) Discount Rate

The discount rate used to measure the total OPEB liability at December 31, 2022 was 6.75%. The projection of cash flows used to determine the discount rate was based on an actuarial valuation performed as of January 1, 2021 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, 2021 funding report, issued December 15, 2021, 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 6.75% on Plan investments was applied to all periods, resulting in a SEIR of 6.75%.

(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, 2022, calculated using the discount rate of 6.75%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

2022		**1% Decrease (5.75%)**	**Discount Rate (6.75%)**	**1% Increase (7.75%)**
Net OPEB Liability	$	105,976,305	84,240,291	66,414,406

The following presents the net OPEB liability of the District as of December 31, 2021, calculated using the discount rate of 6.75%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

2021		**1% Decrease (5.75%)**	**Discount Rate (6.75%)**	**1% Increase (7.75%)**
Net OPEB Liability	$	93,344,937	68,399,149	53,456,110

(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, 2022, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50% for pre-Medicare and 5.25% decreasing to 4.50% 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 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current rate:

2022		**1% Decrease**	**Current Trend Rates**	**1% Increase**
Net OPEB Liability	$	63,253,127	84,240,291	110,337,435

The following presents the net OPEB liability of the District as of December 31, 2021, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50% for pre-Medicare and 5.25% decreasing to 4.50% 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 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current rate:

2021		**1% Decrease**	**Current Trend Rates**	**1% Increase**
Net OPEB Liability	$	51,719,275	68,399,149	95,831,947

(e) Changes in Net OPEB Liability

		Increases (Decreases)		
		Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB (Asset) Liability (a) - (b)**
Balances at December 31, 2020	$	154,710,129	60,309,558	94,400,571
Changes for the year:				
Service cost		3,937,556	-	3,937,556
Interest on total OPEB liability		10,554,294	-	10,554,294
Differences between expected and actual experience		(23,900,067)	-	(23,900,067)
Assumption changes		6,340,679	-	6,340,679
Employer contributions		-	13,250,226	(13,250,226)
Net investment income		-	9,692,659	(9,692,659)
Benefit payments		(3,558,023)	(3,558,023)	-
Administrative expenses		-	(9,001)	9,001
Net changes		(6,625,561)	19,375,861	(26,001,422)
Balances at December 31, 2021	$	148,084,568	79,685,419	68,399,149
Changes for the year:				
Service cost		3,168,618	-	3,168,618
Interest on total pension liability		9,825,208	-	9,825,208
Employer contributions		-	11,277,253	(11,277,253)
Net investment loss		-	(14,114,823)	14,114,823
Benefit payments		(5,135,713)	(5,135,713)	-
Administrative expenses		-	(9,746)	9,746
Net changes		7,858,113	(7,983,029)	15,841,142
Balances at December 31, 2022	$	155,942,681	71,702,390	84,240,291

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

The District recognized OPEB (income) expense of ($4,928,122) and ($6,277,798) for the years ended December 31, 2022 and 2021, respectively.

At December 31, 2022, 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	$	-	16,171,618
Changes of assumptions		-	15,803,019
Differences between projected and actual earnings on OPEB plan investments		10,112,648	-
Total	$	10,112,648	31,974,637

At December 31, 2021, 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	$	-	20,207,389
Changes of assumptions		-	25,907,189
Differences between projected and actual earnings on OPEB plan investments		-	7,793,928
Total	$	-	53,908,506

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
2023	$	(12,950,194)
2024		(9,766,231)
2025		(37,496)
2026		1,037,052
2027		(145,120)
	$	(21,861,989)

(10) 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 $750,310 and $726,843 for 2022 and 2021, respectively. Management has determined the criteria established in GASB Statements No. 84 and 97 for control of assets has not been met for this plan, and therefore it is not reported as a fiduciary fund.

(11) 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 $1,909,267 and $1,710,773 at December 31, 2022 and 2021, respectively.

Changes in the District’s self-insured risk balances for the health plan during 2022 and 2021 are as follows:

	Business-type Activities Total	
	2022	**2021**
Beginning balance	$ 1,710,773	1,886,001
Expenses	29,683,130	29,879,230
Payments	(29,484,636)	(30,054,458)
Ending balance	$ 1,909,267	1,710,773

The District carries commercial insurance coverage for auto and property with deductibles ranging from $1,000 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 2022. In 2022, 2021, and 2020, 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 2022 and 2021 are as follows:

	Gas Department		Water Department	
	2022	**2021**	**2022**	**2021**
Beginning balance	$ 3,562,266	2,421,341	3,534,767	2,657,320
Expenses	1,954,030	1,853,853	2,559,581	3,385,703
Payments	(1,268,074)	(712,928)	(1,594,334)	(2,508,256)
Ending balance	$ 4,248,222	3,562,266	4,500,014	3,534,767

(12) 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 2022, the Water Department and Gas Department wrote off receivables totaling $662,225 and $562,886, respectively. During 2021, the Water Department and Gas Department wrote off receivables totaling $646,205 and $513,323, respectively. The allowance consists of the following at December 31:

	2022	**2021**
Water Department	$ 1,830,755	1,798,680
Gas Department	3,526,830	3,455,730
	$ 5,357,585	5,254,410

(13) 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.

In 2022, the District participated in CPEP Project 5 Series Transaction. This agreement is for a 30-year supply of gas that the District is taking approximately 79% of the gas acquired in this agreement or 8.7% of the District's annual gas requirements. In addition to the prepaid gas included in this agreement, the District also entered into an Asset Management Agreement (AMA) with CPEP/J.Aron to manage the transportation demand charges associated with gas purchased under this agreement. This additional AMA increased the available gas discount for the District. This agreement is for an initial 7-year term and subject to refinancing at the end of this term. After this initial 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 seven-year term unless the discount to market is $.25 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, 2022, the District owed CPEP $17,878,260 for gas purchases under these agreements, which is recorded within “Accounts payable” in the statements of net position. During the year ended December 31, 2022, billings from CPEP to the District for services provided under these agreements were $94,551,781.

The District has contracted to purchase the following volumes of gas from CPEP, through 2052, at a discount to market-based pricing on a pay-as-you-go basis:

	DTH
2023	18,541,393
2024	18,950,366
2025	18,862,293
2026	18,862,293
2027	18,862,293
2028-2052	467,386,483
	561,465,121

In 2022, the District purchased 15,280,553 DTH of gas under these agreements, representing 48% 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, 2023 and October 31, 2023 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
2023	1,063,400
2024	1,068,600
2025	1,063,400
2026	1,401,600
2027	1,566,200
2028 – 2048	31,946,900
	38,110,100

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
2023	1,524,569
2024	1,562,009
2025	1,554,305
2026	1,554,305
2027	1,638,960
2028 – 2048	37,427,501
	45,261,649

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
2023	1,004,200
2024	1,009,200
2025	1,004,200
2026	1,319,795
2027	1,715,640
2028 – 2048	35,453,840
	41,506,875

(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, 2022, the District's obligation under the uncompleted portion of contracts for plant facilities and equipment for the Water Department amounted to approximately $0.9 million, which will be financed through operations and the proceeds from the Water System Revenue Bonds Series 2022. For the Gas Department, obligations amounted to approximately $9.9 million at December 31, 2022, which will be financed through operations and the proceeds from the Gas System Revenue Bonds Series 2022.

(14) Contingencies

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

METROPOLITAN UTILITIES DISTRICT

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

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	$ 3,168,618	3,937,556	3,804,402	4,185,594	7,514,662	7,150,328
Interest	9,825,208	10,554,294	9,825,558	9,923,893	9,748,668	9,806,106
Differences between expected and actual experience	-	(23,900,067)	-	(513,787)	-	-
Assumption changes	-	6,340,679	-	(9,717,898)	(64,476,519)	(4,130,520)
Benefit payments	(5,135,713)	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Net change in total OPEB liability	7,858,113	(6,625,561)	11,034,814	(1,355)	(51,466,954)	8,810,707
Total OPEB liability, beginning	148,084,568	154,710,129	143,675,315	143,676,670	195,143,624	186,332,917
Total OPEB liability, ending (a)	$ 155,942,681	148,084,568	154,710,129	143,675,315	143,676,670	195,143,624
Plan Fiduciary Net Position						
Employer contributions	$ 11,277,253	13,250,226	14,242,079	14,254,367	16,704,020	11,015,207
Net investment income (loss)	(14,114,823)	9,692,659	7,319,380	6,541,647	(1,616,178)	1,407,980
Benefit payments	(5,135,713)	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Administrative expenses	(9,746)	(9,001)	(6,132)	(3,367)	(3,194)	(1,491)
Net change in plan fiduciary net position	(7,983,029)	19,375,861	18,960,181	16,913,490	10,830,883	8,406,489
Plan fiduciary net position, beginning	79,685,419	60,309,558	41,349,377	24,435,887	13,605,004	5,198,515
Plan fiduciary net position, ending (b)	$ 71,702,390	79,685,419	60,309,558	41,349,377	24,435,887	13,605,004
Net OPEB liability, ending (a) - (b)	$ 84,240,291	68,399,149	94,400,571	102,325,938	119,240,783	181,538,620
Plan fiduciary net position as a percentage of the total OBEP liability	45.98%	53.81%	38.98%	28.78%	17.01%	6.97%
Covered payroll	78,036,221	74,635,409	73,975,548	69,759,343	68,704,312	67,761,364
Net OPEB liability as a percentage of covered payroll	107.95%	91.64%	127.61%	146.68%	173.56%	267.91%

Notes to Schedule:

Changes in actuarial assumptions and methods:

1/1/21 valuation (assumptions used for measuring total OPEB liability as of December 31, 2022):

1. The discount rate was decreased from 6.90% to 6.75%.
2. Mortality rates revised to be based on Pub-2010 tables and projections using the MP-2020
3. Withdrawal and Retirement rates revised
4. Salary scale revised to adjust salary inflation from 3.50% to 3.40%
5. The spousal coverage assumption was changed from 65% to 60%
6. Price inflation assumption was changed from 2.60% to 2.50%
7. Health care cost trend rates and retiree claim costs were updated.
8. Monthly retiree premiums were updated.

Note: Schedule is intended to show 10-year trend. GASB 74 was adopted in 2017, 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 - Other Post Employment Benefits
January 1, 2013 Through December 31, 2022
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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)	67,761	24.65%
2019	13,545	14,254	(709)	69,759	20.43%
2020	13,545	14,242	(697)	73,975	19.25%
2021	10,565	13,250	(2,685)	74,635	17.75%
2022	10,565	11,277	(712)	78,036	14.45%

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, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	20 years
Asset valuation method	Market value
Long-term investment rate of return	6.75%
Inflation	2.50%
Healthcare cost trend rates:	
Under age 65	7.00% - 4.50%
65 and Older	5.25% - 4.50%
Mortality	Pub-2010 Mortality Tables projected generationally using Scale MP-2020.

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**
2022	-17.0%
2021	14.8%
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 seven 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

		2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$	13,490,074	13,007,768	12,718,417	11,710,809	11,863,654	11,137,854	10,857,017	10,160,376
Interest on total pension liability		34,985,031	34,269,868	33,306,797	31,734,106	30,304,199	29,552,506	28,076,211	26,596,785
Differences between expected and actual experience		3,108,808	(6,869,382)	(9,512,053)	1,714,570	(1,597,520)	(5,835,431)	(1,578,237)	-
Assumption changes		-	5,498,608	-	5,751,024	-	8,713,229	-	-
Benefit payments, including member refunds		(25,339,507)	(23,236,403)	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)	(16,154,435)
Net change in total pension liability		26,244,406	22,670,459	14,616,001	29,705,723	21,453,640	26,123,138	20,799,847	20,602,726
Total pension liability, beginning		530,759,633	508,089,174	493,473,173	463,767,450	442,313,810	416,190,672	395,390,825	374,788,099
Total pension liability, ending (a	$	557,004,039	530,759,633	508,089,174	493,473,173	463,767,450	442,313,810	416,190,672	395,390,825
Plan Fiduciary Net Position									
Employer contributions	$	10,500,000	11,600,000	12,300,000	12,300,000	11,606,179	11,193,821	10,300,000	10,301,268
Employee contributions		5,994,641	5,374,956	5,021,423	4,413,137	3,805,373	3,757,444	3,895,899	2,820,596
Net investment income		(97,597,177)	69,875,660	66,226,054	78,431,581	(20,727,828)	52,812,850	25,696,348	(748,921)
Benefit payments, including member refunds		(25,339,507)	(23,236,403)	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)	(16,154,435)
Administrative expenses		(100,218)	(103,969)	(92,241)	(70,123)	(94,940)	(94,161)	(85,186)	(92,250)
Net change in plan fiduciary net position		(106,542,261)	63,510,244	61,558,076	73,869,809	(24,527,909)	50,224,934	23,251,917	(3,873,742)
Plan fiduciary net position, beginning		577,149,019	513,638,775	452,080,699	378,210,890	402,738,799	352,513,865	329,261,948	333,135,690
Plan fiduciary net position, ending (b	$	470,606,758	577,149,019	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	$	86,397,281	(46,389,386)	(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		84.49%	108.74%	101.09%	91.61%	81.55%	91.05%	84.70%	83.28%
Covered payroll*	$	70,609,770	67,274,914	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		122.36%	-68.95%	-8.33%	65.42%	136.09%	63.19%	104.28%	104.33%

Notes to Schedule:

Changes to benefit terms and funding terms
2022: The member contribution rate increased from 8.00% to 8.50% of total pay, as schedule
2021: The member contribution rate increased from 7.50% to 8.00% of total pay, as scheduled
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
1/1/2022 valuation (assumptions used for measuring 12/31/22 total pension liability)
1. The investment return assumption was decreased from 6.90% to 6.75%.
2. The price inflation assumption was lowered from 2.60% to 2.50%.
3. The cost of living adjustment assumption was lowered from 2.60% to 2.50%
4. The general wage growth assumption was lowered from 3.50% to 3.40%.
5. The covered payroll increase assumption was lowered from 3.50% to 3.00%.
6. The salary merit scale was adjusted to better reflect actual experience.
7. The mortality assumption was modified by moving to the Pub-2010 General Employees Median Mortality Table, projected generationally using Scale MP-2020.
8. Assumed retirement rates were adjusted to better reflect actual experience.
9. Assumed termination rates were adjusted to better reflect actual experience.

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 and projected generationally using Scale MP-
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 eight 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, 2013 Through December 31, 2022
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered* Payroll	Actual Contribution as a % of Covered Payroll
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%
2021	9,481	11,600	(2,119)	67,275	17.24%
2022	8,588	10,500	(1,912)	70,610	14.87%

* 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, 2022 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 13 to 22 years (single equivalent amortization period is 29 years)
Asset valuation method	Expected Value + 25% of (market - expected values)
Inflation	2.50%
Salary increases	3.65% to 11.40%, depending on years of service
Long-term investment rate of return	6.75%
Retirement	Service-based table of rates.
Mortality	Pub-2010 Mortality Tables projected generationally using Scale MP-2020.
Cost of living adjustments	2.50% 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
2022	-17.1%
2021	13.7%
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 eight years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Water Department

Schedule of Insurance Coverage

December 31, 2022

(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	6-15-2023
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2023
Contractors Equipment floater	Construction equipment and communication equipment	Continental Casualty Co.	$40,000 deductible	6-15-2023
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-1-2024

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, 2022

(Unaudited)

Operating revenues, net	$	152,647,809
Thousands of gallons of water supplied to mains		35,366,690
Thousands of gallons of water sold		31,666,992
Maintenance	$	33,632,968
Gross additions to utility plant in service, exclusive of land	$	55,338,768
Land purchased	$	31,079
Depreciation charged to operations and other accounts	$	17,573,040
Cost per thousand gallons of water sold (schedule A)	$	3.51
Collected for sale and rent of meters, net	$	176,462
Assessments against property for extension of mains	$	265,864
Operating expenses (schedule B)	$	104,065,707
Average number of employees for the year		391
Compensation of employees for the year	$	35,598,499
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, 2022

(Unaudited)

Operating expenses:		
Operations	$	52,029,546
Maintenance		33,632,968
Depreciation and amortization		16,293,403
Provision for statutory payments to municipalities		2,109,790
Total operating expenses		104,065,707
Other deductions:		
Interest		7,045,270
Total operating expenses and other deductions	$	111,110,977
Thousands of gallons of water sold		31,666,992
Cost per thousand gallons of water sold	$	3.51

Schedule B

METROPOLITAN UTILITIES DISTRICT

Water Department

Operating Expenses

Year ended December 31, 2022

(Unaudited)

Operating expenses:		
Operations:		
Primary pumping	$	9,794,012
Purification		12,482,837
Booster pumping		3,175,070
Distribution		10,668,679
Customer accounting		6,631,558
Marketing		877,990
Administrative		8,399,400
Total operating		52,029,546
Maintenance:		
Primary pumping		2,762,894
Purification		4,448,933
Booster pumping		2,254,167
Distribution		24,166,974
Total maintenance		33,632,968
Depreciation and amortization		16,293,403
Provision for statutory payments to municipalities		2,109,790
Total operating expenses	$	104,065,707

METROPOLITAN UTILITIES DISTRICT

Gas Department

Schedule of Insurance Coverage

December 31, 2022

(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	6-15-2023
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2023
Contractors Equipment floater nonowner liability	Construction equipment and communication equipment	Continental Casualty Co.	$40,000 deductible	6-15-2023
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-1-2024
Auto Fleet	Physical damage - specified parts	Amco Insurance, Inc. (Nationwide)	$1,000 - $2,000 deductible	6-15-2023
Cyber Liability	Privacy, data, and network exposures	AIG Specialty Insurance Company	$150,000 deductible	6-15-2023
LNG plant	LNG plant and contents	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$250,000 deductible	6-15-2023
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	6-15-2023

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, 2022

(Unaudited)

Operating revenues, net	$	353,259,267
Dekatherms of gas delivered to mains		35,492,072
Dekatherms of gas sold		35,492,072
Maintenance	$	16,431,114
Gross additions to utility plant in service	$	35,892,551
Depreciation charged to operations and other accounts	$	22,749,259
Cost per thousand cubic feet of gas sold (schedule A)	$	9.23
Collected for sale and rent of meters	$	—
Assessments against property for extension of mains	$	—
Operating expenses (schedule B)	$	311,681,479
Average number of employees for the year		458
Compensation of employees for the year	$	41,728,068
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, 2022

(Unaudited)

Operating expenses:		
Natural gas	$	235,312,945
Operations		35,893,328
Maintenance		16,431,114
Depreciation and amortization		18,835,090
Provision for statutory payments to municipalities		5,209,002
Total operating expenses	$	311,681,479
Other deductions:		
Interest		3,538,317
Total operating expenses and other deductions	$	315,219,796
Thousands of cubic feet of gas sold		34,165,161
Cost per thousand cubic feet of gas sold	$	9.23

Schedule B

METROPOLITAN UTILITIES DISTRICT

Gas Department

Operating Expenses

Year ended December 31, 2022

(Unaudited)

Operating expenses:		
Natural gas	$	235,312,945
Operations:		
Production		3,085,869
Distribution		13,023,883
Customer accounting and collecting		9,450,642
Marketing		1,301,182
Administrative		9,031,752
Total operations		35,893,328
Maintenance:		
Production		3,139,780
Distribution		13,291,334
Total maintenance		16,431,114
Depreciation and amortization		18,835,090
Provision for statutory payments to municipalities		5,209,002
Total operating expenses	$	311,681,479

METROPOLITAN UTILITIES DISTRICT

Statistical Highlights

Years ended December 31, 2022, 2021, and 2020

(Unaudited)

Water Department		**2022**	**2021**	**2020**
Number of customers (December)		225,028	222,715	220,625
Sales (thousand gallons)		31,666,992	30,811,555	31,021,093
Operating revenues, net	$	152,647,809	142,482,048	139,949,533
Operating expenses		104,065,707	88,841,532	87,663,411
Operating income	$	48,582,102	53,640,516	52,286,122
Plant additions and replacements, net	$	75,307,211	53,156,411	70,435,790
Plant in service		1,336,765,056	1,285,258,123	1,202,896,350
Miles of mains		3,155	3,110	3,027
Average daily pumpage (thousand gallons)		96,909	93,421	93,124
Gas Department				
Number of customers (December)		239,487	237,834	235,485
Sales (DTH):				
Firm		31,411,793	26,773,756	28,139,754
Interruptible		4,080,279	4,919,376	4,208,187
Total		35,492,072	31,693,132	32,347,941
Operating revenues, net	$	353,259,267	247,490,157	189,949,801
Cost of gas sold		235,312,945	140,342,276	87,036,070
Other operating expenses		76,368,534	59,601,281	61,064,036
Operating income	$	41,577,788	47,546,600	41,849,695
Plant additions and replacements, net	$	78,297,663	48,996,092	46,219,693
Plant in service		721,035,585	694,206,264	667,921,516
Miles of mains		2,972	2,931	2,896
Average daily sendout (DTH)		105,368	91,107	91,011
Number of active employees – water and gas combined		876	823	815

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